

**CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA**

**Annual Financial Report
For the Year Ended
December 31, 2012**

**Prepared by
Finance Department**

**Paula O'Connell
Director of Finance**

**Brenda Isley
Accountant**

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

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NICOLLET COUNTY, MINNESOTA

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INTRODUCTORY SECTION

To the Honorable Mayor, Members of the City Council,
and Citizens of the City of Saint Peter, Minnesota

The annual financial report of the City of Saint Peter, Minnesota (the City) for the fiscal year ended December 31, 2012, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate, in all material respects, and is reported in a manner designed to present fairly the financial position and results of operations of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The report is presented in three sections: introductory, financial, and other information. The introductory section includes this letter of transmittal and a list of principal officials. The financial section includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and the combining and individual fund statements and schedules. The other information section includes supplemental schedules of statistical data.

The preparation of the report is a requirement of state law. The organization, form, and contents of this report were prepared in accordance with the standards prescribed by the Governmental Accounting Standards Board, the Government Finance Officers Association of the United States and Canada, the American Institute of Certified Public Accountants, and the Minnesota State Auditor's Office.

Accounting principles generally accepted in the United States of America require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of an MD&A. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

THE REPORTING ENTITY AND ITS SERVICES

In addition to the functions over which the City Council exerts direct financial control, the report includes all agencies and entities for which the City is considered to be financially accountable. These agencies and entities are considered component units of the City and include the River's Edge Hospital and Clinic and the Housing and Redevelopment Authority (HRA). These are separate entities and are discretely presented in the basic financial statements. The Economic Development Authority is also considered a component unit of the City. This entity's activities have been blended with that of the City.

The City provides its residents and businesses with a full range of municipal services, including public safety (police and fire), public works, community planning and development, parks and recreation, library, community center, and general administrative services. The City also operates nine enterprise funds: Electric, Water, Wastewater, Environmental Services, Storm Water, Telecommunications Conduit, Heartland Transit, Long-Term Care Facility, and the Medical Office Building Funds.

RECENT DEVELOPMENTS AND ECONOMIC OUTLOOK

The City continues to pursue, and is dedicated to, improvement and enhancement of city services and facilities. The City Council and staff have developed cooperative relationships with other entities such as Nicollet County, Independent School District No. 508, and Gustavus Adolphus College to find ways to enhance the quality of life in the City. These cooperative ventures have resulted in new public buildings, businesses, residences, and recreational facilities, which all serve to improve the high quality of life available in the City.

The crown jewel for new development in the community remains the North Industrial Park. Originally developed in 2003, the business park is anchored by the City-owned River's Edge Hospital, which opened for patients in 2004. In the spring of 2009, the City opened River's Edge Clinic, which is connected to River's Edge Hospital. The services offered on the hospital campus further expanded with the addition of a Mayo Health Clinic. Most recently, completed in 2010, was the construction of a 45+ unit senior housing facility that is interconnected to the hospital and operated by Benedictine Health Systems. A second senior housing facility named Prairie Hill, which is across the street from the hospital campus, and which is owned by Second Century Housing, LLC (Ecumen), is now accepting residents and includes senior housing and memory care units. In addition, the Marshall Street cul-du-sac is the home of three new health related businesses in the last two years, including Sioux Trails Mental Health Services, Shiloh's Hope (group home services), and Counseling Services of Southern Minnesota.

The Saint Peter Food Co-op moved into the award winning, remodeled former Nielsen Chevrolet building on Mulberry Street. After 30 years of business and 15 years at their previous location, the Co-op invested \$3.1 million to purchase and renovate the former auto dealership into a retail grocery store. The move doubled the space of the Co-op and allows for a greater variety of products.

In 2010, Creation Technologies, Inc. relocated their operations to a new 50,000 square foot manufacturing facility within the North Industrial Park. The facility, owned by Traverse des Sioux Enterprises, is leased to Creation Technologies. Creation Technologies, Inc. has increased employment more than the 24 jobs that were committed to by the company during its first two full years in their new facility.

In 2012, at the corner of Jefferson Avenue and Highway 169, a closed convenience store was razed and a new four-store strip mall has been constructed on that site. This has provided a major visual upgrade and a great business improvement at this prominent intersection.

Historic downtown Saint Peter continues to thrive. The 2009 improvements to Minnesota Avenue (Highway 169) have enhanced the appearance of the retail district while improving pedestrian and vehicular circulation. The exceptionally low vacancy rate of downtown properties is significantly better than that found in most other greater Minnesota communities. We continue to encourage upgrades, programs, and enhancements to the downtown storefronts.

The City's transportation master plan identified the need for a cross-town street, Washington Avenue, for better local traffic flow throughout the community. State Trunk Highway 169, also called Minnesota Avenue, provides for traffic accessing the community or passing through. Two projects were necessary to complete the Washington Avenue cross-town connector. The project to connect South Washington Avenue to Trunk Highway 169 at the south end of the community was opened for use in 2012. The Washington Avenue Link project to connect North Washington Avenue at Dodd Road to North Washington Avenue at Davis Street will begin construction in late 2013 and will be open for use by mid-2014.

Planning continues for improvements on State Trunk Highway 169 from the Union Street intersection to the Dodd Avenue intersection for construction in 2014. The goals of the project will be: 1) highway improvements to minimize traffic interruption due to flooding; 2) to improve safe access from the City to the highway with high traffic volumes; and 3) to improve access to and from the highway for local businesses.

Nicollet County is planning for major improvements to their governmental campus in downtown Saint Peter. The county plans to demolish the former Saint Peter Cinema 5 building and in its place construct an office building to allow for the consolidation of off-campus activities.

After a few very slow years, the construction of new housing units is definitely on the rebound. Drummer Construction is completing the development in Orchard Ridge 2nd Addition with the construction of 36 apartment units. Drummer Construction has also purchased the 4.4 acres east of Orchard Ridge 2nd Addition and anticipates the construction of up to 60 apartment units at that location.

Southwest Minnesota Housing Partnership is going to be constructing 40 apartment units called Park Row Crossing. Two buildings, each holding 20 apartment units, will be under construction in the summer of 2013. This will be the third multi-family construction project undertaken by Southwest Minnesota Housing Partnership in the City since 2000.

There is also various single family building sites available within the City.

The City's water utility upgraded the existing water treatment plant located on St. Julien Street and installed a new plant and wells on Broadway Avenue which began operation in 2011. The facilities utilize the latest reverse osmosis membrane filtration technology to provide one of the upper Midwest's best water qualities. The plants are designed to meet drinking water standards and to provide a safe and reliable drinking water supply to the residents of the City, now, and into the foreseeable future. The wells and treatment plants will meet the water demand and growth needs through 2031 and are designed for expansion when necessary. A water storage tower was also added to provide redundancy between the City's upper and lower water distribution systems which increases the reliability of the entire system.

A transmission/substation project for the electric utility began construction in the fall of 2011 and was completed in the spring of 2013. The overhead transmission lines through the community were replaced with more reliable underground transmission lines to interconnect three city substations in series – providing dual service to each electric substation. A new electric substation was constructed on Sunrise Drive and placed in service in May 2012 to add capacity and meet the City's demand and electric growth needs through 2030. Breakers were added to each substation to intercept transmission line faults to further improve the reliability of the electric service to the community. The City now has four substation transformers to provide redundancy to ensure the electric system can meet the City's electrical needs in the event of a failure of any one substation transformer. The City's electric distribution system is "looped" to minimize any electrical outage related to failure of any given section of electric distribution line. Work will continue in 2013 on the installation of an electric distribution line across the west side of the City to further improve the City's electric reliability.

The wastewater treatment plant continues to be adjusted to meet the increasingly stringent requirements of the Minnesota Pollution Control Agency for discharge of wastewater effluent to the Minnesota River. The wastewater treatment plant, which began service in 2004, was designed to meet increasingly strict discharge requirements. Work continued in 2012 on improvements to wastewater collection lines and replacement of service lines to reduce inflow and infiltration, with the goal of reducing the overall cost of the wastewater utility operation.

Recent data suggests that population growth will continue to out-pace much of greater Minnesota which is aided by business growth in the City, our proximity to the Mankato Metropolitan Statistical Area, and our proximity to the Twin Cities Metropolitan Area. Very low unemployment numbers, improved housing starts, sales tax, and lodging tax growth all point towards a positive economic outlook.

FINANCIAL INFORMATION AND INTERNAL CONTROLS

The City's staff is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the presentation of financial statements in accordance with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

The accounting for all activities of the City is divided into various funds as required by state statutes, debt agreements, and good accounting practices. Financial statements are presented on the accrual or modified accrual basis as appropriate. All funds are in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities.

Accounting and bookkeeping functions for all city activities are centralized under the finance department. Responsibility for development and maintenance of financial records, maintenance of internal controls, and preparation of financial reports is delegated to this department. Utility services continue to stretch out across our community, which brings additional customer service as well as the need for new technology. Internal controls and segregation of duties are reviewed daily to improve our operations.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring that adequate internal controls are in place to ensure compliance with applicable laws and regulations related to those programs. Internal controls are subject to periodic evaluation by city staff, and an annual audit using prescribed parameters.

BUDGETING CONTROLS

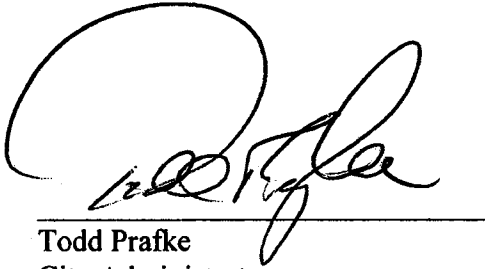
In addition to internal controls, the City maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund and special revenue funds are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within the General Fund, and the fund level for the special revenue funds.

As demonstrated by the financial statements and schedules included in the financial section of this report, the City continues to set realistic goals and has demonstrated the ability to meet these goals through sound financial management.

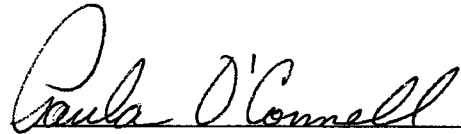
INDEPENDENT AUDIT

Minnesota Statutes require an annual audit by independent certified public accountants. In addition to meeting the requirements set forth in state statutes, the audit was also designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related U.S. Office of Management and Budget Circular A-133, if applicable. The auditor's report on the basic financial statements is included in the financial section of this report. The auditor's reports related specifically to the City's compliance with laws and regulations and internal controls are included in a separate document.

Respectfully submitted,



Todd Prafke
City Administrator



Paula O'Connell
Director of Finance

CITY OF SAINT PETER
NICOLLET COUNTY, MINNESOTA

City Council and Other Officials
Year Ended December 31, 2012

CITY COUNCIL

		<u>Term Expires December 31,</u>
Timothy Strand	Mayor	2013
Jeff Brand	Councilmember	2015
Susan Carlin	Councilmember	2013
Ken Eichmann	Councilmember	2013
John Kvamme	Councilmember	2015
Jerry Pfeifer	Councilmember	2013
Chuck Zieman	Councilmember	2015

OFFICIALS

Todd Prafke	City Clerk/Administrator	Appointed
Paula O'Connell	Director of Finance/Treasurer	Appointed
Russ Wille	Director of Community Development	Appointed
Lewis Giesking	Director of Public Works	Appointed
Matthew Peters	Chief of Police	Appointed
Jane Timmerman	Director of Recreation and Leisure Services	Appointed
Dean Busse	Director of Building and Planning	Appointed
James Brandt	City Attorney	Appointed

FINANCIAL SECTION



PRINCIPALS

Thomas M. Montague, CPA
Thomas A. Karnowski, CPA
Paul A. Radosevich, CPA
William J. Lauer, CPA
James H. Eichten, CPA
Aaron J. Nielsen, CPA
Victoria L. Holinka, CPA

INDEPENDENT AUDITOR'S REPORT

City Council and Management
City of Saint Peter, Minnesota

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Saint Peter, Minnesota (the City) as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. The prior year partial comparative information presented has been derived from the City's financial statements for the year ended December 31, 2011, and in our report dated June 18, 2012, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the discretely presented component units' financial statements. These include the financial statements of the River's Edge Hospital and Clinic, whose statements reflect total assets and expenses of \$23,995,239 and \$18,302,659, respectively, as of and for the year ended December 31, 2012. They also include the financial statements of the Housing and Redevelopment Authority (HRA), whose statement reflects total assets and expenses of \$1,366,690 and \$333,968, respectively, as of and for the year ended March 31, 2012. Those statements were audited by other auditors whose reports have been furnished to us. Our opinion on the basic financial statements, insofar as it relates to the amounts included for these organizations as component units of the City, is based solely on the reports of the other auditors. 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 from material misstatement.

(continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OPINIONS

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

The financial statements include prior year partial comparative information, which does not include all of the information required in a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City's financial statements for the year ended December 31, 2011, from which it was derived.

OTHER MATTERS

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the supplemental information, and the other information section, as listed in the table of contents, are presented for purposes of additional analysis and are not required parts of the basic financial statements.

(continued)

The supplemental information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and other information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2013 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Malloy, Montague, Karnowski, Radosevich, & Co., P.A.

Minneapolis, Minnesota
June 20, 2013

CITY OF SAINT PETER

Management's Discussion and Analysis Year Ended December 31, 2012

As management of the City of Saint Peter, 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, 2012. We encourage readers to consider the information presented here in conjunction with the additional information we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The assets of the primary government exceeded its liabilities at the close of the most recent fiscal year by \$83,224,462 (*net position*). Of this amount, \$9,979,245 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The primary government's total net position increased by \$961,680.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7,773,634, an increase of \$923,195 in comparison with the prior year. Of this total, \$2,665,755 is available for spending at the government's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, the fund balance for the General Fund was \$3,963,763, or 63.9 percent, of General Fund 2013 budgeted expenditures, up from the beginning of the year, which reflected 55.7 percent.
- Total primary government long-term liabilities decreased by \$4,116,548.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*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, parks and recreation, and economic development. The business-type activities of the City include electric, water, environmental services, wastewater, transit, storm water, telecommunications conduit, the long-term care facility, and the medical office building.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate River's Edge Hospital and Clinic and a legally separate Housing and Redevelopment Authority, for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. Additional financial information for these entities can be found in the separately issued financial statements of these entities. The Economic Development Authority, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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 governments, 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 the 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 of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenue, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 30 individual governmental funds within its financial report. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenue, Expenditures, and Changes in Fund Balances for the General Fund and funds designated as major funds. Data from the other 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 elsewhere in this report.

The City adopts annual appropriated budgets for its General Fund and special revenue funds. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Proprietary Funds – The City maintains one type of proprietary fund; propriety funds are enterprise funds. These enterprise funds are used to report the functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its electric, water, environmental services, wastewater, Heartland Transit, storm water, telecommunications conduit, long-term care facility, and medical office building operations.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. 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.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s progress in funding its obligation to provide pension benefits to the fire department volunteers. Additional information on nonmajor funds can be found in the combining and individual fund statements and schedules section.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$83,224,462 at the close of the most recent fiscal year. This is an increase in net position of \$961,680 from the prior fiscal year.

Summary of Net Position as of December 31, 2012 and 2011						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 12,514,907	\$ 12,762,818	\$ 9,652,689	\$ 12,778,238	\$ 22,167,596	\$ 25,541,056
Capital assets	28,350,566	27,663,223	99,374,493	100,738,316	127,725,059	128,401,539
Total assets	\$ 40,865,473	\$ 40,426,041	\$ 109,027,182	\$ 113,516,554	\$ 149,892,655	\$ 153,942,595
Liabilities						
Long-term debt liabilities	\$ 7,433,982	\$ 8,404,723	\$ 56,455,730	\$ 59,601,537	\$ 63,889,712	\$ 68,006,260
Other liabilities	1,088,606	1,788,544	1,689,875	1,885,009	2,778,481	3,673,553
Total liabilities	\$ 8,522,588	\$ 10,193,267	\$ 58,145,605	\$ 61,486,546	\$ 66,668,193	\$ 71,679,813
Net position						
Net investment in capital assets	\$ 21,903,302	\$ 20,130,564	\$ 43,624,677	\$ 43,936,523	\$ 65,527,979	\$ 64,067,087
Restricted	6,040,936	6,293,170	1,676,302	1,632,735	7,717,238	7,925,905
Unrestricted	4,398,647	3,809,040	5,580,598	6,460,750	9,979,245	10,269,790
Total net position	\$ 32,342,885	\$ 30,232,774	\$ 50,881,577	\$ 52,030,008	\$ 83,224,462	\$ 82,262,782

By far, the largest portion of the City's net position (78.7 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is 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 investments 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.

An additional portion of the City's net position (9.3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (12.0 percent) may be used to meet the government's ongoing obligations to citizens and creditors.

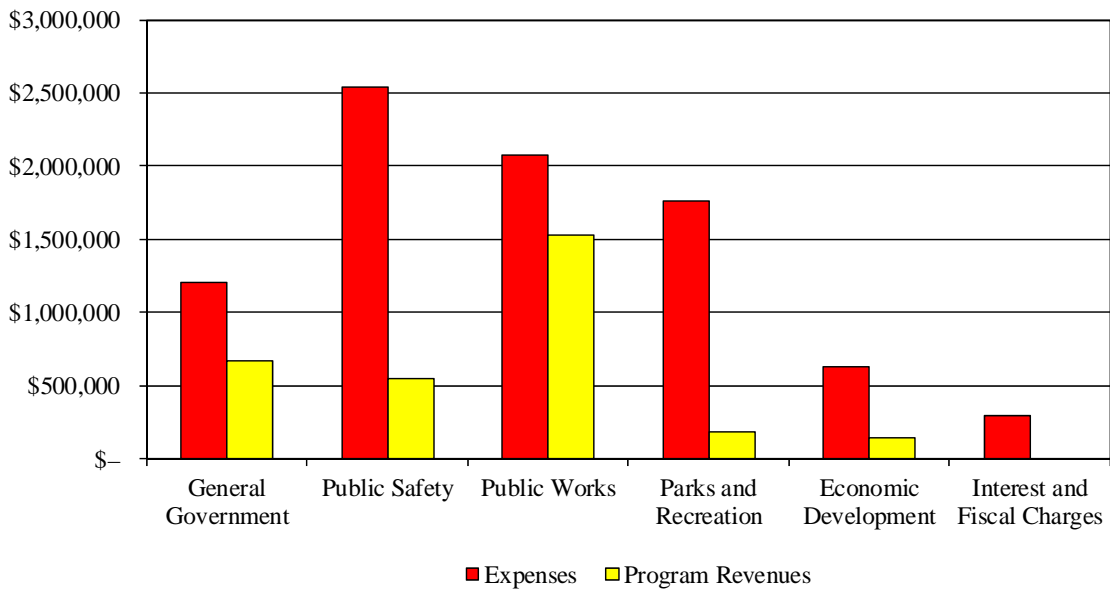
Governmental Activities – Governmental activities increased the City’s net position by \$2,110,111. Elements of this change are seen in the table below:

Change in Net Position for the Years Ended December 31, 2012 and 2011						
	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues						
Charges for services	\$ 1,225,616	\$ 1,147,146	\$ 18,676,239	\$ 19,681,347	\$ 19,901,855	\$ 20,828,493
Operating grants and contributions	275,248	259,742	225,783	396,742	501,031	656,484
Capital grants and contributions	1,568,870	2,057,494	–	–	1,568,870	2,057,494
General revenues						
Taxes	2,954,063	2,544,562	–	–	2,954,063	2,544,562
Grants and contributions not restricted to specific programs	2,923,347	2,658,545	–	–	2,923,347	2,658,545
Gain on sale of asset	29,131	–	495	15,000	29,626	15,000
Other	86,591	214,154	63,000	100,695	149,591	314,849
Total revenues	<u>9,062,866</u>	<u>8,881,643</u>	<u>18,965,517</u>	<u>20,193,784</u>	<u>28,028,383</u>	<u>29,075,427</u>
Expenses						
General government	1,202,469	5,913,176	–	–	1,202,469	5,913,176
Public safety	2,540,582	2,444,982	–	–	2,540,582	2,444,982
Public works	2,074,011	1,940,707	–	–	2,074,011	1,940,707
Parks and recreation	1,765,456	1,728,040	–	–	1,765,456	1,728,040
Economic development	623,734	521,741	–	–	623,734	521,741
Interest and fiscal charges	297,361	330,985	–	–	297,361	330,985
Electric	–	–	10,124,291	9,835,101	10,124,291	9,835,101
Water	–	–	2,833,841	2,638,840	2,833,841	2,638,840
Environmental services	–	–	725,109	674,261	725,109	674,261
Wastewater	–	–	2,789,797	2,837,925	2,789,797	2,837,925
Transit	–	–	332,038	297,412	332,038	297,412
Storm water	–	–	533,382	461,177	533,382	461,177
Telecommunications conduit	–	–	19,670	14,264	19,670	14,264
Long-term care facility	–	–	801,667	812,286	801,667	812,286
Medical office building	–	–	403,295	424,400	403,295	424,400
Total expenses	<u>8,503,613</u>	<u>12,879,631</u>	<u>18,563,090</u>	<u>17,995,666</u>	<u>27,066,703</u>	<u>30,875,297</u>
Change in net position before transfers	559,253	(3,997,988)	402,427	2,198,118	961,680	(1,799,870)
Transfers	<u>1,550,858</u>	<u>1,535,192</u>	<u>(1,550,858)</u>	<u>(1,535,192)</u>	<u>–</u>	<u>–</u>
Change in net position	2,110,111	(2,462,796)	(1,148,431)	662,926	961,680	(1,799,870)
Net position – beginning	<u>30,232,774</u>	<u>32,695,570</u>	<u>52,030,008</u>	<u>51,367,082</u>	<u>82,262,782</u>	<u>84,062,652</u>
Net position – ending	<u>\$ 32,342,885</u>	<u>\$ 30,232,774</u>	<u>\$ 50,881,577</u>	<u>\$ 52,030,008</u>	<u>\$ 83,224,462</u>	<u>\$ 82,262,782</u>

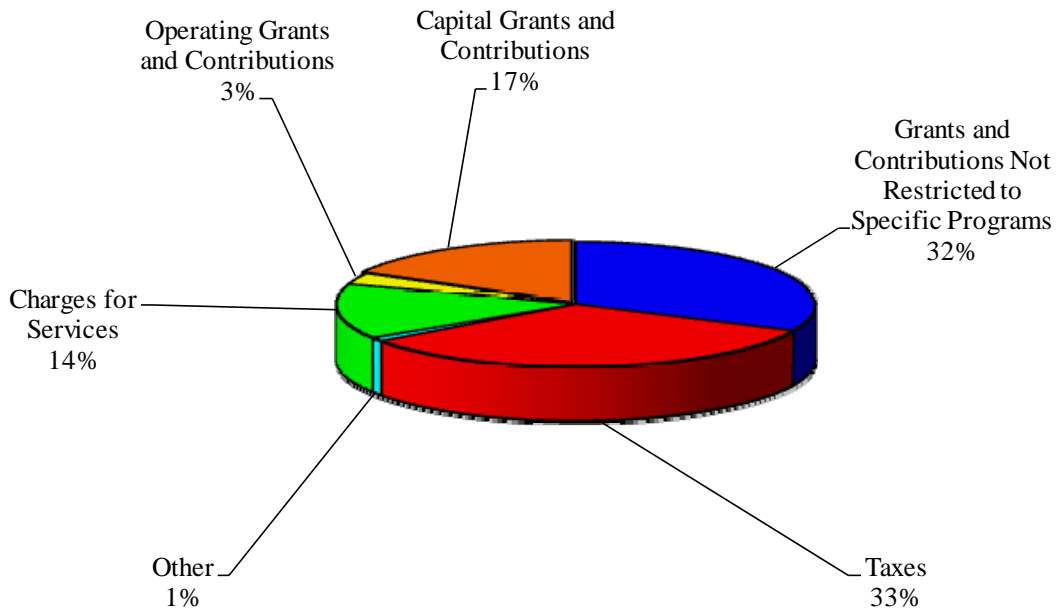
The significant decrease in general government expenses in fiscal 2012 is due to the demolition of the old hospital and nursing home facility owned by the City in the prior year, which caused a loss on disposal of capital assets totaling about \$4,350,000.

The decrease in business-type activities revenue was mainly the result of lower revenues in the Electric Fund totaling \$613,343 and the Wastewater Fund totaling \$329,812. The Electric Fund decline was mainly due to the City issuing credits to customers related to a meter that the City found to have incorrect settings. The decline in the Wastewater Fund revenue was due to a decline in customer usage.

Expenses and Program Revenues – Governmental Activities



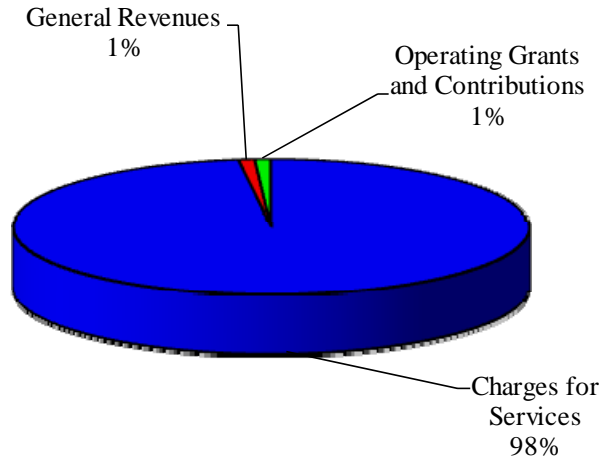
Revenues by Source – Governmental Activities



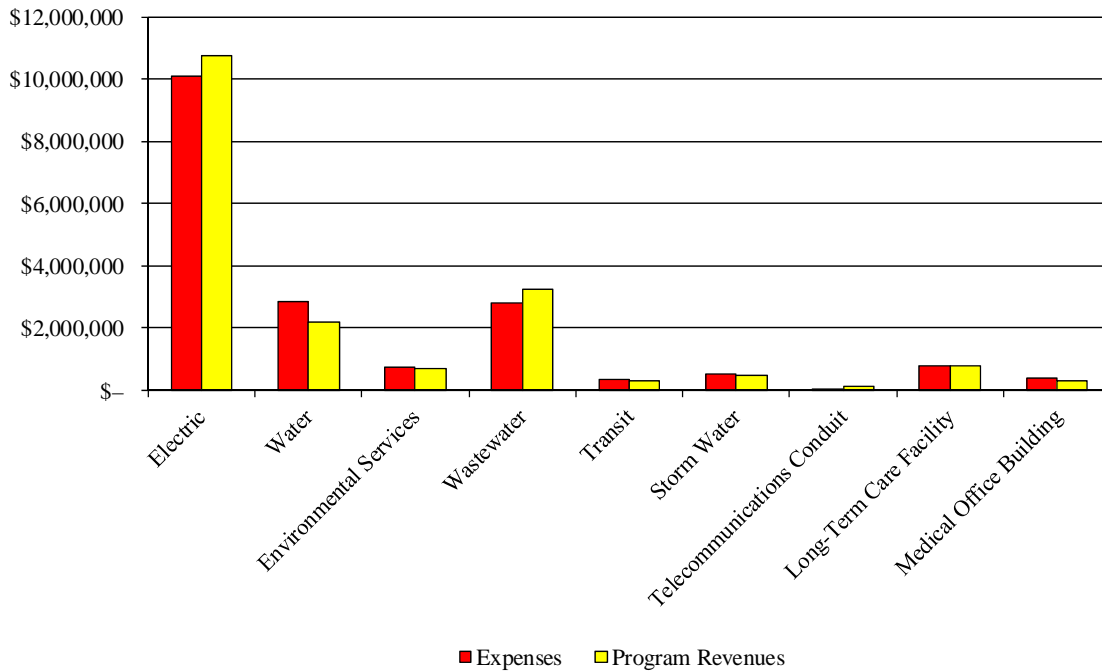
It is important to note these revenues exclude transfers received from other funds.

Business-Type Activities – Business-type activities decreased the City’s net position by \$1,148,431. As it shows in the graphs, these funds are supported by rates collected from users.

Revenues by Source – Business-Type Activities



Expenses and Program Revenues – 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, 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 \$7,773,634, an increase of \$923,195 in comparison with the prior year. Of this total amount, \$2,665,755 constitutes unassigned fund balance, which is available for spending at the government's discretion.

General Fund – The General Fund is the chief operating fund of the City. At the end of the current fiscal year, fund balance of the General Fund was \$3,963,763, an increase of \$566,429. As a measure of the General Fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Fund balance represents 63.9 percent of total General Fund 2013 budgeted expenditures and transfers out.

The following table shows the General Fund expenditures and transfers out or budgeted expenditures and transfers out, and beginning fund balances over the past nine years and the upcoming year:

Year	General Fund Expenditures and Transfers Out	General Fund – Fund Balance at Beginning of Year	Fund Balance as a Percentage of Expenditures
2004	\$ 4,605,939	\$ 1,551,091	33.7 %
2005	4,648,825	1,568,451	33.7
2006	5,015,069	1,781,076	35.5
2007	5,185,418	1,920,192	37.0
2008	5,546,334	2,045,164	36.9
2009	5,485,688	2,050,652	37.4
2010	5,394,036	2,325,697	43.1
2011	6,119,576	3,519,518	57.5
2012	6,099,427	3,397,334	55.7
Budgeted 2013	6,206,679	3,963,763	63.9

The fund balance of the General Fund increased by \$566,429 to a balance of \$3,963,763. This balance represents approximately 166 working days (33 weeks) of expenditures. Because the City receives property tax settlements and local government aid (LGA) in two large disbursements each year, the City depends on this fund balance to provide cash flow for its daily operations throughout the year.

The General Fund balance has increased from \$1,551,091 at January 1, 2004 to \$3,963,763 as of December 31, 2012, an increase of \$2,412,672 in 10 years. In the 2013 budget, the fund balance is projected to decline by \$250,000.

Capital Projects – Permanent Improvement Fund – This fund experienced revenues in excess of expenditures of \$89,863 mainly related to capital projects being lower than available revenue sources.

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

Factors concerning the finances of these funds have already been addressed in the discussion of the City’s business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The City did not amend the original budget during the year.

During the year, expenditures and transfers out exceeded revenues and transfers in and increased the City’s fund balance by \$566,429.

Total General Fund revenues exceeded budget by \$600,275. The largest portion of this amount was from intergovernmental revenue sources which exceeded budget by \$304,234, mainly from a grant for fire department equipment.

Total General Fund expenditures were over budget in 2012 by \$212,972. Expenditures were over budget mainly due to the purchase of fire radios purchased from an Assistance to Firefighters Grant. Street repairs and improvements also exceeded the 2012 budget for the second year after City Council approval to provide additional resources for these projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City’s investment in capital assets for its governmental and business-type activities as of December 31, 2012 amounts to \$127,725,059 (net of accumulated depreciation). This investment in capital assets includes: land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and trails. The total decrease in the City’s investment in capital assets for the current fiscal year was \$676,480 (a 2.5 percent increase for governmental activities and 1.4 percent decrease for business-type activities).

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

- Water treatment facility construction
- Electric substation
- Major street repair
- Emergency radio system

City of Saint Peter’s Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 1,632,289	\$ 1,632,289	\$ 976,861	\$ 976,861	\$ 2,609,150	\$ 2,609,150
Land improvements	616,114	616,114	–	–	616,114	616,114
Buildings and improvements	17,115,332	17,097,119	58,009,842	57,974,988	75,125,174	75,072,107
Utility plant and infrastructure	13,504,313	10,693,203	57,654,816	55,801,839	71,159,129	66,495,042
Machinery and equipment	5,638,660	5,683,024	10,535,304	10,545,447	16,173,964	16,228,471
Construction in progress	894,074	2,047,527	2,997,922	3,068,194	3,891,996	5,115,721
Less accumulated depreciation	(11,050,216)	(10,106,053)	(30,800,252)	(27,629,013)	(41,850,468)	(37,735,066)
Total	\$ 28,350,566	\$ 27,663,223	\$ 99,374,493	\$ 100,738,316	\$ 127,725,059	\$ 128,401,539

Additional details of capital asset activity for the year can be found in the notes to basic financial statements.

Long-Term Debt – At the end of the current fiscal year, the City had total long-term liabilities of \$63,889,712.

City of Saint Peter’s Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds	\$ 6,235,349	\$ 7,185,489	\$ –	\$ –	\$ 6,235,349	\$ 7,185,489
General obligation equipment certificates	787,240	811,700	–	–	787,240	811,700
General obligation notes payable	–	–	27,814,665	29,181,727	27,814,665	29,181,727
Notes payable	50,785	79,999	–	–	50,785	79,999
Utility revenue bonds	–	–	15,149,960	16,646,600	15,149,960	16,646,600
Long-term care facility revenue bonds and notes	–	–	13,162,500	13,453,915	13,162,500	13,453,915
Compensated absences	360,608	327,535	328,605	319,295	689,213	646,830
Total	\$ 7,433,982	\$ 8,404,723	\$ 56,455,730	\$ 59,601,537	\$ 63,889,712	\$ 68,006,260

There was a decrease in the City’s total long-term liabilities of \$4,116,548 during the current fiscal year.

Under current state statutes, the City’s general obligation bonded debt issuances are subject to a legal limitation based on 3 percent of total market value of real and personal property. As of December 31, 2012, the total market value was \$485,960,600, producing an allowable debt of \$14,578,818. The City’s net debt for general obligation bonds as of December 31, 2012 is \$685,957, which is 4.7 percent of the total allowable debt. The net debt per capita for general obligation bonds equaled \$60 in 2012.

Additional details of the City’s long-term debt activity for the year can be found in the notes to basic financial statements.

Discretely Presented Component Units – Please refer to separately issued financial statements of the component units for the management’s discussion and analysis of those entity’s financial activities.

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 government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Saint Peter, Director of Finance, 227 South Front Street, Municipal Building, Saint Peter, Minnesota 56082.

BASIC FINANCIAL STATEMENTS

CITY OF SAINT PETER

Statement of Net Position
as of December 31, 2012

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Assets					
Cash and investments	\$ 6,794,509	\$ 5,376,579	\$ 12,171,088	\$ 4,639,042	\$ 526,283
Receivables (net of allowance)					
Accounts	136,484	1,398,165	1,534,649	2,636,314	20
Interest	12,517	9,743	22,260	-	-
Special assessments	934,929	397,639	1,332,568	-	-
Notes	2,738,836	50,786	2,789,622	-	-
Due from other governmental units	746,928	54,915	801,843	-	-
Deferred charges	-	377,309	377,309	267,474	-
Inventory	4,538	818,382	822,920	354,014	-
Prepaid items	1,599	943	2,542	218,214	4,841
Assets held for resale	1,144,567	-	1,144,567	-	-
Other assets	-	-	-	388,565	-
Restricted assets – temporarily restricted					
Cash and investments for debt service	-	1,168,228	1,168,228	-	-
Cash and investments for River's Edge Hospital and Clinic	-	-	-	6,407,830	-
Capital assets					
Land	1,632,289	976,861	2,609,150	28,886	236,680
Land improvements	616,114	-	616,114	1,156,850	-
Buildings and improvements	17,115,332	58,009,842	75,125,174	7,128,336	2,461,907
Utility plant and infrastructure	13,504,313	57,654,816	71,159,129	-	-
Machinery and equipment	5,638,660	10,535,304	16,173,964	11,663,120	277,869
Construction in progress	894,074	2,997,922	3,891,996	32,555	-
Less accumulated depreciation	(11,050,216)	(30,800,252)	(41,850,468)	(10,925,961)	(2,140,910)
Total capital assets, net of depreciation	28,350,566	99,374,493	127,725,059	9,083,786	835,546
Total assets	\$ 40,865,473	\$ 109,027,182	\$ 149,892,655	\$ 23,995,239	\$ 1,366,690
Liabilities					
Accounts and contracts payable	\$ 282,353	\$ 1,002,541	\$ 1,284,894	\$ 501,431	\$ 8,695
Salaries and withholdings payable	246,093	9,079	255,172	994,184	10,866
Accrued interest payable	84,863	476,056	560,919	155,625	-
Customer deposits	8,022	114,300	122,322	-	17,195
Due to other governmental units	-	34,247	34,247	-	41,668
Unearned revenue	467,275	53,652	520,927	-	597
Long-term liabilities					
Due within one year	1,418,174	2,984,389	4,402,563	490,000	-
Due in more than one year	6,015,808	53,471,341	59,487,149	12,706,040	-
Total long-term liabilities	7,433,982	56,455,730	63,889,712	13,196,040	-
Total liabilities	8,522,588	58,145,605	66,668,193	14,847,280	79,021
Net position					
Net investment in capital assets	21,903,302	43,624,677	65,527,979	(4,112,254)	835,546
Restricted for					
Debt service	614,319	1,168,228	1,782,547	-	-
Revolving loans	3,677,639	-	3,677,639	-	-
Capital replacement	1,748,978	508,074	2,257,052	-	-
Unrestricted	4,398,647	5,580,598	9,979,245	13,260,213	452,123
Total net position	32,342,885	50,881,577	83,224,462	9,147,959	1,287,669
Total liabilities and net position	\$ 40,865,473	\$ 109,027,182	\$ 149,892,655	\$ 23,995,239	\$ 1,366,690

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Activities
Year Ended December 31, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-Type Activities		River's Edge Hospital and Clinic	Housing and Redevelopment Authority
Primary government									
Governmental activities									
General government	\$ 1,202,469	\$ 550,053	\$ 122,202	\$ -	\$ (530,214)	\$ -	\$ (530,214)	\$ -	\$ -
Public safety	2,540,582	408,460	138,439	-	(1,993,683)	-	(1,993,683)	-	-
Public works	2,074,011	1,895	-	1,525,345	(546,771)	-	(546,771)	-	-
Parks and recreation	1,765,456	176,777	536	-	(1,588,143)	-	(1,588,143)	-	-
Economic development	623,734	88,431	14,071	43,525	(477,707)	-	(477,707)	-	-
Interest and fiscal charges	297,361	-	-	-	(297,361)	-	(297,361)	-	-
Total governmental activities	\$ 8,503,613	\$ 1,225,616	\$ 275,248	\$ 1,568,870	(5,433,879)	-	(5,433,879)	-	-
Business-type activities									
Electric	\$ 10,124,291	\$ 10,751,186	\$ 1,408	\$ -	-	628,303	628,303	-	-
Water	2,833,841	2,204,700	10,651	-	-	(618,490)	(618,490)	-	-
Environmental services	725,109	683,726	326	-	-	(41,057)	(41,057)	-	-
Wastewater	2,789,797	3,253,915	1,048	-	-	465,166	465,166	-	-
Transit	332,038	85,947	212,307	-	-	(33,784)	(33,784)	-	-
Storm water	533,382	488,622	43	-	-	(44,717)	(44,717)	-	-
Telecommunications conduit	19,670	143,736	-	-	-	124,066	124,066	-	-
Long-term care facility	801,667	776,165	-	-	-	(25,502)	(25,502)	-	-
Medical office building	403,295	288,242	-	-	-	(115,053)	(115,053)	-	-
Total business-type activities	18,563,090	18,676,239	225,783	-	-	338,932	338,932	-	-
Total primary government	\$ 27,066,703	\$ 19,901,855	\$ 501,031	\$ 1,568,870	(5,433,879)	338,932	(5,094,947)	-	-
Component units									
River's Edge Hospital and Clinic	\$ 18,302,659	\$ 17,469,762	\$ 66,236	\$ -	-	-	-	(766,661)	-
Housing and Redevelopment Authority	333,968	169,089	39,128	14,483	-	-	-	-	(111,268)
Total component units	\$ 18,636,627	\$ 17,638,851	\$ 105,364	\$ 14,483	-	-	-	(766,661)	(111,268)
General revenues									
Taxes					2,954,063	-	2,954,063	-	-
Grants and contributions not restricted to specific programs					2,923,347	-	2,923,347	-	-
Other general revenues					73,163	-	73,163	-	3,923
Investment earnings					42,559	63,000	105,559	39,603	6,682
Gain on sale of assets					-	495	495	-	-
Transfers					1,550,858	(1,550,858)	-	-	-
Total general revenues and transfers					7,543,990	(1,487,363)	6,056,627	39,603	10,605
Change in net position					2,110,111	(1,148,431)	961,680	(727,058)	(100,663)
Net position – beginning					30,232,774	52,030,008	82,262,782	9,875,017	1,388,332
Net position – ending					\$ 32,342,885	\$ 50,881,577	\$ 83,224,462	\$ 9,147,959	\$ 1,287,669

See notes to basic financial statements

CITY OF SAINT PETER

Balance Sheet
 Governmental Funds
 as of December 31, 2012
 (With Partial Comparative Information as of December 31, 2011)

	Capital Projects –			Total Governmental Funds	
	General	Permanent Improvement	Nonmajor	2012	2011
Assets					
Cash and investments	\$ 3,802,526	\$ –	\$ 2,991,983	\$ 6,794,509	\$ 6,596,978
Receivables					
Accounts	54,884	31,299	50,301	136,484	89,154
Interest	12,517	–	–	12,517	8,085
Delinquent taxes	96,330	–	7,480	103,810	72,369
Delinquent special assessments	1,040	5,002	357,449	363,491	275,541
Deferred special assessments	12,001	220,050	339,387	571,438	692,416
Notes	231,540	2,865	2,504,431	2,738,836	3,175,843
Due from other funds	893,995	–	–	893,995	601,478
Due from other governmental units	63,071	575,090	4,957	643,118	633,449
Inventory	4,538	–	–	4,538	5,338
Prepaid items	1,404	–	195	1,599	2,581
Assets held for resale	–	–	1,144,567	1,144,567	1,144,567
	<u>\$ 5,173,846</u>	<u>\$ 834,306</u>	<u>\$ 7,400,750</u>	<u>\$13,408,902</u>	<u>\$13,297,799</u>
Liabilities and Fund Balances					
Liabilities					
Accounts and contracts payable	\$ 158,273	101,879	\$ 22,201	\$ 282,353	\$ 508,022
Salaries and withholdings payable	246,093	–	–	246,093	74,572
Due to other funds	–	373,683	520,312	893,995	534,981
Customer deposits	–	–	8,022	8,022	–
Deferred revenue	338,442	190,340	3,208,748	3,737,530	4,222,718
Unearned revenue	467,275	–	–	467,275	1,107,067
Total liabilities	<u>1,210,083</u>	<u>665,902</u>	<u>3,759,283</u>	<u>5,635,268</u>	<u>6,447,360</u>
Fund balances (deficit)					
Nonspendable	5,942	–	195	6,137	7,585
Restricted	–	168,404	3,184,417	3,352,821	3,168,595
Committed	–	–	974,601	974,601	826,611
Assigned	774,320	–	–	774,320	389,947
Unassigned	3,183,501	–	(517,746)	2,665,755	2,457,701
Total fund balances	<u>3,963,763</u>	<u>168,404</u>	<u>3,641,467</u>	<u>7,773,634</u>	<u>6,850,439</u>
Total liabilities and fund balances	<u>\$ 5,173,846</u>	<u>\$ 834,306</u>	<u>\$ 7,400,750</u>	<u>\$13,408,902</u>	<u>\$13,297,799</u>

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Balance Sheet to the
Statement of Net Position
Governmental Funds
as of December 31, 2012

Total fund balances – governmental funds \$ 7,773,634

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.

Cost of capital assets 39,400,782
Less accumulated depreciation (11,050,216)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds and notes payable (7,073,374)
Compensated absences (360,608)

Interest on long-term debt is included in the change in net position as it accrues, regardless of when payment is due. However, it is included in the change in fund balances when due.

(84,863)

Due to availability, certain revenues are not recognized under the governmental fund statements until received; however, under full accrual in the government-wide Statement of Activities, revenues are recorded when earned regardless of when received.

3,737,530

Total net position – governmental activities

\$ 32,342,885

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Governmental Funds
 Year Ended December 31, 2012
 (With Partial Comparative Information for the Year Ended December 31, 2011)

	General	Capital Projects –		Total Governmental Funds	
		Permanent Improvement	Nonmajor Funds	2012	2011
Revenue					
Taxes					
Property taxes and tax increments	\$ 1,324,535	\$ –	\$ 1,566,912	\$ 2,891,447	\$ 2,599,036
Other taxes	79,274	–	44,783	124,057	122,267
Licenses and permits	163,510	–	–	163,510	149,243
Intergovernmental	3,042,060	1,371,365	89,872	4,503,297	4,747,938
Special assessments	–	61,714	85,911	147,625	84,089
Charges for services	365,805	–	–	365,805	334,542
Fines and forfeitures	91,342	–	–	91,342	81,530
Investment earnings	22,811	1,640	18,108	42,559	44,567
Other	157,759	16,214	1,044,439	1,218,412	1,120,397
Total revenue	5,247,096	1,450,933	2,850,025	9,548,054	9,283,609
Expenditures					
Current					
General government	741,273	–	396,852	1,138,125	1,411,435
Public safety	2,394,611	–	–	2,394,611	2,331,147
Public works	1,187,139	–	–	1,187,139	1,220,575
Parks and recreation	1,132,686	–	321,565	1,454,251	1,420,545
Economic development	139,335	–	186,273	325,608	542,246
Other	43,769	–	298,126	341,895	529,713
Capital outlay	409,753	1,361,070	248,070	2,018,893	2,459,898
Debt service					
Principal	–	–	1,243,814	1,243,814	1,227,089
Interest and fiscal charges	–	–	311,381	311,381	347,568
Total expenditures	6,048,566	1,361,070	3,006,081	10,415,717	11,490,216
Excess (deficiency) of revenue over expenditures	(801,470)	89,863	(156,056)	(867,663)	(2,206,607)
Other financing sources (uses)					
Debt issued	–	–	240,000	240,000	94,800
Proceeds from sale of assets	–	–	–	–	76,123
Transfers in	1,418,760	–	633,537	2,052,297	2,049,312
Transfers (out)	(50,861)	–	(450,578)	(501,439)	(514,120)
Total other financing sources (uses)	1,367,899	–	422,959	1,790,858	1,706,115
Net change in fund balances	566,429	89,863	266,903	923,195	(500,492)
Fund balances					
Beginning of year	3,397,334	78,541	3,374,564	6,850,439	7,350,931
End of year	\$ 3,963,763	\$ 168,404	\$ 3,641,467	\$ 7,773,634	\$ 6,850,439

See notes to basic financial statements

CITY OF SAINT PETER

Reconciliation of the Statement of
Revenue, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
Year Ended December 31, 2012

Total net change in fund balances – governmental funds \$ 923,195

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlays	1,865,721
Depreciation expense	(1,153,879)

A gain or (loss) on the disposal of capital assets, including the difference between the carrying value and any related sale proceeds, is included in the change of net position. However, only the sale proceeds are included in the change in fund balances.

(24,499)

The amount of bond proceeds is reported in the governmental funds as a source of financing. Bond proceeds are not revenues in the Statement of Activities, but rather constitute long-term liabilities.

(240,000)

Repayment of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

1,243,814

The net change in compensated absences payable affects expenditures in the governmental funds, but also affects long-term liabilities in the Statement of Net Position.

(33,073)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds 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.

14,020

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

(485,188)

Change in net position – governmental activities \$ 2,110,111

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 General Fund
 Year Ended December 31, 2012

	Original and Final Budget	Actual	Over (Under) Final Budget
Revenue			
Property taxes	\$ 1,275,614	\$ 1,324,535	\$ 48,921
Other taxes	71,500	79,274	7,774
Licenses and permits	130,479	163,510	33,031
Intergovernmental	2,737,826	3,042,060	304,234
Charges for services	286,650	365,805	79,155
Fines and forfeitures	83,000	91,342	8,342
Investment earnings	30,000	22,811	(7,189)
Other	21,952	157,759	135,807
Total revenue	<u>4,637,021</u>	<u>5,247,096</u>	<u>610,075</u>
Expenditures			
Current			
General government	742,897	741,273	(1,624)
Public safety	2,483,416	2,394,611	(88,805)
Public works	1,134,380	1,187,139	52,759
Parks and recreation	1,178,852	1,132,686	(46,166)
Economic development	127,949	139,335	11,386
Other	48,600	43,769	(4,831)
Capital outlay	119,500	409,753	290,253
Total expenditures	<u>5,835,594</u>	<u>6,048,566</u>	<u>212,972</u>
Excess (deficiency) of revenues over expenditures	(1,198,573)	(801,470)	397,103
Other financing sources (uses)			
Transfers in	1,198,573	1,418,760	220,187
Transfers (out)	-	(50,861)	(50,861)
Total other financing sources (uses)	<u>1,198,573</u>	<u>1,367,899</u>	<u>169,326</u>
Net change in fund balances	<u>\$ -</u>	<u>566,429</u>	<u>\$ 566,429</u>
Fund balances			
Beginning of year		<u>3,397,334</u>	
End of year		<u>\$ 3,963,763</u>	

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Net Position
Enterprise Funds
as of December 31, 2012

(With Partial Comparative Information as of December 31, 2011)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2012	2011
Assets											
Current assets											
Cash and investments	\$ 2,557,742	\$ 1,151,796	\$ 222,143	\$ 636,778	\$ -	\$ 564,249	\$ -	\$ 1,702	\$ 242,169	\$ 5,376,579	\$ 4,518,800
Receivables											
Accounts (net of allowance)	807,813	163,109	74,570	264,049	12,806	40,411	35,407	-	-	1,398,165	1,815,560
Interest	9,743	-	-	-	-	-	-	-	-	9,743	22,151
Special assessments	-	133,225	22,666	229,998	-	11,750	-	-	-	397,639	372,989
Notes	50,786	-	-	-	-	-	-	-	-	50,786	67,323
Due from other funds	43,056	-	-	-	-	-	-	-	-	43,056	-
Due from other governmental units	39,158	133	-	2,535	11,389	1,700	-	-	-	54,915	65,503
Inventory	735,447	68,516	-	13,627	-	-	792	-	-	818,382	940,167
Prepaid items	423	-	25	-	-	495	-	-	-	943	910
Total current assets	4,244,168	1,516,779	319,404	1,146,987	24,195	618,605	36,199	1,702	242,169	8,150,208	7,803,403
Noncurrent assets											
Cash and investments – restricted	1,061,428	-	-	-	-	-	-	106,800	-	1,168,228	4,655,883
Capital assets											
Land	34,420	88,835	-	853,606	-	-	-	-	-	976,861	976,861
Building and improvements	3,180,053	14,352,856	-	23,903,056	-	-	-	10,836,345	5,737,532	58,009,842	57,974,988
Utility plant and infrastructure	24,022,098	15,891,865	-	10,981,165	-	6,331,756	427,932	-	-	57,654,816	55,801,839
Machinery and equipment	4,053,990	4,992,131	157,051	992,219	250,581	89,332	-	-	-	10,535,304	10,545,447
Construction in progress	2,877,349	10,638	449	80,122	-	29,364	-	-	-	2,997,922	3,068,194
Less accumulated depreciation	(11,566,836)	(6,814,603)	(142,055)	(8,594,850)	(218,811)	(1,622,699)	(173,847)	(1,310,626)	(355,925)	(30,800,252)	(27,629,013)
Total capital assets (net of accumulated depreciation)	22,601,074	28,521,722	15,445	28,215,318	31,770	4,827,753	254,085	9,525,719	5,381,607	99,374,493	100,738,316
Unamortized bond discount	84,284	19,912	-	33,609	-	434	-	221,540	17,530	377,309	385,449
Total noncurrent assets	23,746,786	28,541,634	15,445	28,248,927	31,770	4,828,187	254,085	9,854,059	5,399,137	100,920,030	105,779,648
Total assets	\$ 27,990,954	\$ 30,058,413	\$ 334,849	\$ 29,395,914	\$ 55,965	\$ 5,446,792	\$ 290,284	\$ 9,855,761	\$ 5,641,306	\$ 109,070,238	\$ 113,583,051
Liabilities and Net Position											
Current liabilities											
Accounts and contracts payable	\$ 848,121	\$ 38,962	\$ 59,190	\$ 46,196	\$ 6,193	\$ (3,198)	\$ -	\$ -	\$ 7,077	\$ 1,002,541	\$ 1,153,905
Salaries and withholdings payable	-	9,079	-	-	-	-	-	-	-	9,079	9,532
Accrued interest payable	134,148	192,087	-	94,534	-	4,186	-	3,800	47,301	476,056	513,786
Customer deposits	114,300	-	-	-	-	-	-	-	-	114,300	113,900
Due to other governmental units	28,436	2,190	3,621	-	-	-	-	-	-	34,247	44,479
Unearned revenue	4,877	-	-	-	-	39,575	-	-	-	53,652	49,407
Due to other funds	-	-	-	-	10,351	-	32,705	-	9,200	43,056	66,497
Long-term liabilities due within one year	725,000	623,066	-	1,210,240	-	121,365	-	234,718	70,000	2,984,389	4,153,717
Total current liabilities	1,854,882	865,384	62,811	1,350,970	16,544	161,928	32,705	238,518	133,578	4,717,320	6,105,223
Long-term liabilities, less current portion above	9,652,279	19,086,853	26,085	11,617,360	10,860	220,122	-	10,382,782	2,475,000	53,471,341	55,447,820
Net position (deficit)											
Net investment in capital assets	12,435,359	8,899,087	39,881	15,447,412	31,770	4,533,187	254,085	(870,241)	2,854,137	43,624,677	43,936,523
Restricted for debt service	1,061,428	-	-	-	-	-	-	106,800	-	1,168,228	1,168,228
Restricted for capital replacement	-	-	-	508,074	-	-	-	-	-	508,074	464,507
Unrestricted	2,987,006	1,207,089	206,072	472,098	(3,209)	531,555	3,494	(2,098)	178,591	5,580,598	6,460,750
Total net position (deficit)	16,483,793	10,106,176	245,953	16,427,584	28,561	5,064,742	257,579	(765,539)	3,032,728	50,881,577	52,030,008
Total liabilities and net position	\$ 27,990,954	\$ 30,058,413	\$ 334,849	\$ 29,395,914	\$ 55,965	\$ 5,446,792	\$ 290,284	\$ 9,855,761	\$ 5,641,306	\$ 109,070,238	\$ 113,583,051

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Revenue, Expenses, and Changes in Fund Net Position
 Enterprise Funds
 Year Ended December 31, 2012
 (With Partial Comparative Information for the Year Ended December 31, 2011)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2012	2011
Operating revenue											
Charges for services	\$ 9,793,027	\$ 2,139,518	\$ 674,321	\$ 3,138,762	\$ 85,271	\$ 468,717	\$ 143,736	\$ -	\$ -	\$ 16,443,352	\$ 17,003,043
Electric generation	432,000	-	-	-	-	-	-	-	-	432,000	432,000
Other	526,159	65,182	9,405	115,153	676	19,905	-	776,165	288,242	1,800,887	2,246,304
Total operating revenue	10,751,186	2,204,700	683,726	3,253,915	85,947	488,622	143,736	776,165	288,242	18,676,239	19,681,347
Operating expenses											
Personal services	749,221	455,422	216,339	601,120	223,895	260,077	-	-	-	2,506,074	2,300,066
Repairs and maintenance	171,464	82,171	35,893	162,254	11,021	15,132	-	-	-	477,935	448,872
Supplies and materials	285,493	168,292	43,782	231,799	65,566	15,666	-	-	-	810,598	703,873
Utilities and bulk energy	7,410,581	454,878	6,837	487,117	-	4,859	-	-	-	8,364,272	8,425,020
Depreciation	839,876	1,044,931	4,033	801,198	22,028	196,573	14,264	221,529	118,673	3,263,105	2,708,464
Professional services	73,842	62,832	405,609	129,501	659	15,319	-	-	141,444	829,206	921,844
General and administrative	79,050	36,011	12,483	43,254	8,869	15,073	5,406	3,794	-	203,940	193,043
Bad debt expense (recovery)	40,523	245	133	446	-	88	-	-	-	41,435	(1,870)
Total operating expenses	9,650,050	2,304,782	725,109	2,456,689	332,038	522,787	19,670	225,323	260,117	16,496,565	15,699,312
Operating income (loss)	1,101,136	(100,082)	(41,383)	797,226	(246,091)	(34,165)	124,066	550,842	28,125	2,179,674	3,982,035
Other revenue (expense)											
State and federal grants	1,408	10,651	326	1,048	212,307	43	-	-	-	225,783	396,742
Gain (loss) on disposal of capital assets	-	-	-	-	-	-	495	-	-	495	(124,374)
Investment earnings	35,721	10,848	1,810	8,526	-	3,688	193	726	1,488	63,000	100,695
Interest expense	(474,241)	(529,059)	-	(333,108)	-	(10,595)	-	(576,344)	(143,178)	(2,066,525)	(2,156,980)
Total other revenue (expense)	(437,112)	(507,560)	2,136	(323,534)	212,307	(6,864)	688	(575,618)	(141,690)	(1,777,247)	(1,783,917)
Income (loss) before transfers	664,024	(607,642)	(39,247)	473,692	(33,784)	(41,029)	124,754	(24,776)	(113,565)	402,427	2,198,118
Transfers											
Transfers (out)	(924,465)	(210,040)	(3,486)	(239,327)	-	(29,804)	(143,736)	-	-	(1,550,858)	(1,535,192)
Change in net position	(260,441)	(817,682)	(42,733)	234,365	(33,784)	(70,833)	(18,982)	(24,776)	(113,565)	(1,148,431)	662,926
Net position (deficit)											
Beginning of year	16,744,234	10,923,858	288,686	16,193,219	62,345	5,135,575	276,561	(740,763)	3,146,293	52,030,008	51,367,082
End of year	\$ 16,483,793	\$ 10,106,176	\$ 245,953	\$ 16,427,584	\$ 28,561	\$ 5,064,742	\$ 257,579	\$ (765,539)	\$ 3,032,728	\$ 50,881,577	\$ 52,030,008

See notes to basic financial statements

CITY OF SAINT PETER

Statement of Cash Flows
Enterprise Funds

Year Ended December 31, 2012

(With Partial Comparative Information for the Year Ended December 31, 2011)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2012	2011
Cash flows from operating activities											
Cash received from customers	\$ 10,419,698	\$ 2,203,499	\$ 656,886	\$ 3,278,327	\$ 117,639	\$ 477,852	\$ 144,573	\$ -	\$ 26,291	\$ 17,324,765	\$ 17,159,194
Cash payments to suppliers for goods and services	(8,148,942)	(1,036,939)	(567,130)	(1,267,743)	(145,845)	(145,288)	1,408	(3,794)	(137,883)	(11,452,156)	(12,003,850)
Cash payments to employees for services	(588,786)	(320,769)	(154,135)	(428,852)	(163,127)	(198,057)	-	-	-	(1,853,726)	(2,303,475)
Cash received from other sources	526,159	65,182	9,405	115,153	676	19,905	-	776,165	288,242	1,800,887	2,540,452
Net cash provided (used) by operating activities	2,208,129	910,973	(54,974)	1,696,885	(190,657)	154,412	145,981	772,371	176,650	5,819,770	5,392,321
Cash flows from noncapital financing activities											
Cash received (paid) to other funds	(43,056)	-	-	-	(20,508)	-	(2,933)	-	-	(66,497)	66,498
Cash received on notes receivable	16,537	-	-	-	-	-	-	-	-	16,537	13,831
Grants received	1,408	10,651	326	1,048	212,307	43	-	-	-	225,783	396,742
Transfers in (out)	(924,465)	(210,040)	(3,486)	(239,327)	-	(29,804)	(143,736)	-	-	(1,790,185)	(1,535,192)
Net cash provided (used) by noncapital financing activities	(949,576)	(199,389)	(3,160)	(238,279)	191,799	(29,761)	(146,669)	-	-	(1,614,362)	(1,058,121)
Cash flows from capital and related financing activities											
Proceeds from issuance of debt	-	761,014	-	1,890,000	-	-	-	-	-	2,651,014	2,005,627
Purchases of property, plant, and equipment	(862,142)	(761,149)	(2,933)	(138,773)	(1,142)	(135,880)	-	-	-	(1,902,019)	(3,121,261)
Proceeds from the sale of capital assets	-	2,737	-	-	-	-	495	-	-	3,232	120,081
Principal payments of long-term debt	(525,000)	(1,907,606)	-	(3,007,960)	-	(74,150)	-	(226,415)	(65,000)	(8,814,091)	(2,225,444)
Interest paid on debt	(470,956)	(536,329)	-	(375,335)	-	(10,948)	-	(559,304)	(143,243)	(2,096,115)	(2,061,501)
Net cash provided (used) by capital and related financing activities	(1,858,098)	(2,441,333)	(2,933)	(1,632,068)	(1,142)	(220,978)	495	(785,719)	(208,243)	(10,157,979)	(5,282,498)
Cash flows from investing activities											
Interest received on investments	48,129	10,848	1,810	8,526	-	3,688	193	726	1,488	75,408	93,672
Increase (decrease) in cash and cash equivalents	(551,416)	(1,718,901)	(59,257)	(164,936)	-	(92,639)	-	(12,622)	(30,105)	(5,877,163)	(854,626)
Cash and cash equivalents											
Beginning of year	4,170,586	2,870,697	281,400	801,714	-	656,888	-	121,124	272,274	9,174,683	10,029,309
End of year	\$ 3,619,170	\$ 1,151,796	\$ 222,143	\$ 636,778	\$ -	\$ 564,249	\$ -	\$ 108,502	\$ 242,169	\$ 6,544,807	\$ 9,174,683
Cash and cash equivalents comprised of											
Cash and investments	\$ 2,557,742	\$ 1,151,796	\$ 222,143	\$ 636,778	\$ -	\$ 564,249	\$ -	\$ 1,702	\$ 242,169	\$ 5,376,579	\$ 4,518,800
Cash and investments -- restricted	1,061,428	-	-	-	-	-	-	106,800	-	1,168,228	4,655,883
Total	\$ 3,619,170	\$ 1,151,796	\$ 222,143	\$ 636,778	\$ -	\$ 564,249	\$ -	\$ 108,502	\$ 242,169	\$ 6,544,807	\$ 9,174,683

See notes to basic financial statements

(continued)

CITY OF SAINT PETER

Statement of Cash Flows (continued)
Enterprise Funds

Year Ended December 31, 2012

(With Partial Comparative Information for the Year Ended December 31, 2011)

	Electric	Water	Environmental Services	Wastewater	Heartland Transit	Storm Water	Telecommunications Conduit	Long-Term Care Facility	Medical Office Building	Totals	
										2012	2011
Reconciliation of operating income (loss) to net cash provided (used) by operating activities											
Operating income (loss)	\$ 1,101,136	\$ (100,082)	\$ (41,383)	\$ 797,226	\$ (246,091)	\$ (34,165)	\$ 124,066	\$ 550,842	\$ 28,125	\$ 2,179,674	\$ 3,982,035
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities											
Depreciation	839,876	1,044,931	4,033	801,198	22,028	196,573	14,264	221,529	118,673	3,263,105	2,708,464
Change in assets and liabilities											
Receivables	187,919	54,407	(17,802)	140,827	(889)	10,355	837	-	17,091	392,745	(49,549)
Due from other governmental units	(39,048)	19,161	234	(1,708)	33,257	(1,308)	-	-	-	10,588	212,427
Inventory	115,870	(148)	-	(751)	-	-	6,814	-	-	121,785	(95,475)
Prepaid items	(423)	-	15	-	-	375	-	-	-	(33)	(486)
Accounts and contracts payable	(1,243)	(94,850)	3,150	(42,203)	(444)	(19,335)	-	-	3,561	(151,364)	(1,223,251)
Salaries and withholdings payable	-	(453)	-	-	-	-	-	-	-	(453)	(412)
Customer deposits	400	-	-	-	-	-	-	-	-	400	2,000
Due to other governmental units	(4,714)	(5,273)	(80)	(149)	-	(16)	-	-	-	(10,232)	6,144
Compensated absences payable	3,479	3,112	(3,141)	2,445	1,482	1,933	-	-	-	9,310	(3,542)
Unearned revenue	4,877	(9,832)	-	-	-	-	-	-	9,200	4,245	(144,173)
Net cash provided (used) by operating activities	\$ 2,208,129	\$ 910,973	\$ (54,974)	\$ 1,696,885	\$ (190,657)	\$ 154,412	\$ 145,981	\$ 772,371	\$ 176,650	\$ 5,819,770	\$ 5,394,182

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Fiduciary Net Position
 as of December 31, 2012

	<u>Private-Purpose Trusts</u>	<u>Agency Funds</u>
Assets		
Cash and investments	\$ 112,723	\$ 227,133
Accounts receivable	<u>1,324</u>	<u>-</u>
Total assets	114,047	<u><u>\$ 227,133</u></u>
Liabilities		
Liabilities		
Accounts payable	<u>4,517</u>	<u><u>\$ 227,133</u></u>
Net Position		
Held in trust for private purposes	<u><u>\$ 109,530</u></u>	

See notes to basic financial statements

CITY OF SAINT PETER

Fiduciary Funds
 Statement of Changes in Fiduciary Net Position
 Year Ended December 31, 2012

	<u>Private-Purpose Trusts</u>
Additions	
Donations	\$ 92,216
Other	5,000
Investment earnings	96
Total additions	<u>97,312</u>
Deductions	
Trust-related expenses	<u>97,118</u>
Change in net position	194
Net position	
Beginning of year	<u>109,336</u>
End of year	<u><u>\$ 109,530</u></u>

See notes to basic financial statements

CITY OF SAINT PETER

Notes to Basic Financial Statements
December 31, 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Saint Peter, Minnesota (the City) operates under “the Standard Plan” form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and six elected trustees or councilmembers, exercises legislative authority and determines all matters of policy.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant policies:

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and its component units. Component units are legally separate entities for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit’s board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit. As a result of applying these criteria, certain organizations have been included in the report as follows:

1. **River’s Edge Hospital and Clinic** – River’s Edge Hospital and Clinic is a component unit, proprietary fund type, of the City. River’s Edge Hospital and Clinic was formed to own, maintain, and operate healthcare and related facilities, and to furnish medical and surgical care to the sick, infirmed, aged, or injured. River’s Edge Hospital and Clinic is exempt from federal and state income taxes on related income. River’s Edge Hospital and Clinic is governed by the Hospital Commission (the Commission), which is appointed by the City Council. The Commission exercises governing oversight responsibility for River’s Edge Hospital and Clinic which includes such duties as budget review, care of the patients, and management of the facilities as set forth by the ordinance of the City.

The financial statements of River’s Edge Hospital and Clinic also include the financial activities of the Community Hospital Foundation (the Foundation). The Foundation is a corporation organized to support the purposes of River’s Edge Hospital and Clinic. The Foundation is organized as a nonprofit corporation and is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation is governed by a Board of Directors, which has all of the powers necessary and convenient to provide operation and administration of the Foundation as the Board of Directors determines to be necessary and expedient.

2. **Housing and Redevelopment Authority (HRA)** – The HRA of the City is a component unit, proprietary fund type, of the City. The HRA operates for the purpose of providing housing and redevelopment services to the Saint Peter area. The governing body consists of a five-member Board of Commissioners appointed by the City Council. Information included for the HRA is as of March 31, 2012 and for the year then ended. Separate financial statements of the HRA are available upon request.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- 3. Economic Development Authority (EDA)** – The Saint Peter EDA is fiscally dependent upon the City and its governing body is appointed by the City Council members. Therefore, the EDA is included as a component unit of the City. The EDA’s financial data has been blended with that of the City (i.e. reported as though its funds were funds of the City).

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (Statement of Net Position and Statement of Activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except for the fiduciary funds. The fiduciary funds are only reported in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position at the fund financial statement level. 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 sales, fees, and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 fiscal year for which they are levied while special assessments are recognized when certified. Grants and similar items are recognized as revenue when all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City’s enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense is included in the direct expenses of each function. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

D. Measurement Focus, Basis of Accounting, and Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining nonmajor governmental funds is reported in a single column in the fund financial statements. Fiduciary funds are presented in the fiduciary fund financial statements by type, pension (or other benefit), trust, and agency. Since, by definition, fiduciary fund assets are held for the benefit of a third-party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. 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. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

The private-purpose trust funds are reported using the economic resources measurement focus. All fiduciary funds use the accrual basis of accounting as described earlier in these notes.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Description of Funds

The City reports the following major governmental funds:

General 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.

Capital Projects – Permanent Improvement Fund – The Capital Projects – Permanent Improvement Fund accounts for the resources accumulated and payments made for the City's improvement projects.

The City reports the following major proprietary funds:

Electric Fund – The Electric Fund accounts for the activities of the City's electric distribution operations.

Water Fund – The Water Fund accounts for the activities of the City's water distribution operations.

Environmental Services Fund – The Environmental Services Fund accounts for the activities of the City's solid waste collection operations.

Wastewater Fund – The Wastewater Fund accounts for the activities of the City's wastewater processing operations.

Heartland Transit Fund – The Heartland Transit Fund accounts for the activities of the City's transportation activities.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Storm Water Fund – The Storm Water Fund accounts for the activities of the City’s surface storm water operations.

Telecommunications Conduit Fund – The Telecommunications Conduit Fund accounts for rental income and expenses of the City’s underground conduit lines.

Long-Term Care Facility Fund – The Long-Term Care Facility Fund accounts for the construction of the new long-term care facility, which is being leased out and operated by a separate nonprofit corporation, and the related lease income and debt service expenses.

Medical Office Building Fund – The Medical Office Building Fund accounts for the construction of the new medical office building.

Additionally, the City reports the following funds as fiduciary fund types:

Private-Purpose Trust Funds – The private-purpose trust funds are used to administer resources received and held by the City in a trustee capacity. These funds include the library trust and restricted contributions trust activities.

Agency Funds – Agency funds are used to account for assets held by the City in the capacity of agent. The activity in these funds includes the DARE program, youth center, and the flexible benefit plan.

Component Units

The component unit columns in the basic financial statements include the financial data of the City’s component units. They are discretely presented in separate columns to emphasize that they are separate entities from the City.

The information in the component unit columns on the City’s basic financial statements reflects combined information for the following:

<u>Component Unit</u>	<u>Combined Information</u>
River’s Edge Hospital and Clinic	Operating (enterprise) and Donor-Restricted Funds (fiduciary)
Housing and Redevelopment Authority	Operating Fund (enterprise) as of March 31, 2012

Complete financial statements of the individual component units can be obtained at their respective administrative offices or from the City’s finance department at City Hall.

E. Cash and Investments

Cash and temporary investments include balances from all funds that are combined and invested to the extent available in various securities as authorized by state law. Earnings from the pooled investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Certain proceeds of enterprise fund revenue debt issues, as well as certain resources set aside for their repayment, are classified as restricted assets in the basic financial statements because their use is limited by applicable bond covenants.

Cash and investments which are restricted also include the River's Edge Hospital and Clinic. Assets limited as to use include assets designated by the River's Edge Hospital and Clinic for future capital acquisitions, debt redemption, self-funded insurance, and other uses over which the River's Edge Hospital and Clinic retains control and may, at its discretion, subsequently use for other purposes.

Short-term, highly liquid debt instruments (including commercial paper, bankers' acceptances, and U.S. treasury and agency obligations) purchased with a remaining maturity of one year or less are reported at amortized cost. Other investments are reported at fair value.

F. Recognition of Property Tax Revenue

A property tax levy is approved by City Council resolution prior to December 31 of each year and is certified to the County Auditor for collection. Property taxes attach an enforceable lien on taxable property within the City on January 1. Property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. The City receives tax settlements from the county at various times throughout the year.

A portion of the property taxes levied is paid by the state of Minnesota through various tax credits.

Taxes which remain unpaid are classified as delinquent taxes receivable. Revenue from these delinquent taxes that is not collected within 60 days of year-end is deferred in the governmental fund statements because it is not known to be available to finance the operations of the City in the current year. No allowance for uncollectible taxes has been provided as such amounts are not expected to be material.

G. 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. The corresponding revenue from the delinquent (unremitted) and deferred (certified but not yet levied) special assessments receivable are deferred in the governmental fund financial statements until the year in which they become available (collected within 60 days of year-end). In the government-wide and proprietary fund financial statements they are recorded as receivable and revenue upon certification to the county.

H. Notes Receivable

Notes receivable consist primarily of loans made by the City to area businesses for development or redevelopment purposes. The terms and interest rates of the individual loans vary. The loans receivable in the governmental funds are offset by deferred revenue.

I. Receivables

a. Primary Government

All receivables are shown net of any allowance for uncollectibles. The allowance for uncollectibles totaled \$8,487 at December 31, 2012. The receivables not expected to be collected within one year include property taxes, special assessments, and notes receivable.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. River’s Edge Hospital and Clinic

Patient receivables are uncollateralized customer and third-party payor obligations. Payments of patient receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim.

The carrying amount of patient receivables is reduced by a valuation allowance that reflects management’s estimate of amounts that will not be collected from patients and third-party payors. Management reviews patient receivables by payor class and applies percentages to determine estimated amounts that will not be collected from third parties under contractual agreements and amounts that will not be collected from patients due to bad debts. Management considers historical write-off and recovery information in determining the estimated bad debt provision.

River’s Edge Hospital and Clinic has agreements with third-party payors that provide for payments to the River’s Edge Hospital and Clinic at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

J. Interfund Receivables and Payables

All outstanding balances between funds that are not lending or borrowing arrangements are reported as “due to or 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.”

K. Inventories and Prepaid Items

Inventories are stated at the lower of cost or market, cost being determined by the first-in, first-out method. In the governmental funds, inventories are recorded using the consumption method.

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. Prepaid items are reported using the consumption method and recorded as expenditures at the time of consumption.

L. Assets Held for Resale

Assets held for resale are recorded in the governmental fund which purchased them at the lower of cost or market.

M. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (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 government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest costs incurred on the construction of fixed assets are not capitalized. Interest costs incurred on borrowed funds of River’s Edge Hospital and Clinic during the period of construction of capital assets are capitalized as components of the cost of acquiring those assets. Capital assets are depreciated using the straight-line method over their estimated useful lives. Capital assets not being depreciated include land and construction in progress. The City has chosen to report governmental fund infrastructure beginning with capital assets acquired after 1980.

The estimated useful lives are as follows:

	Primary	Component Unit	
	Governmental and Business-Type Activities	River’s Edge Hospital and Clinic	Housing and Redevelopment Authority
Land improvements	30–50	8–25	3–40
Building and improvements	30–50	2–40	3–40
Utility plant and infrastructure	50	–	–
Machinery and equipment	5–7	2–25	3–40

N. Compensated Absences

It is the City’s policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. In the government-wide and proprietary fund financial statements, sick leave is expensed as used or when it becomes likely it will be paid as termination pay and vacation is expensed when incurred. 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. Compensated absences are paid by the fund for which the employee was employed, including the General Fund and various enterprise funds.

Paid vacation and sick leave is granted to all permanent, full-time employees of the City. Vacation benefits vary with the length of service of the employee. Sick leave can be accumulated up to 130 working days.

An employee of the City with more than six months of service who leaves the City in good standing is paid for all unused and accrued vacation time. An employee who leaves the City may also receive pay for a percentage of accumulated sick days up to 60 percent.

Severance pay for all full-time employees of the police department who are members of the Minnesota Law Enforcement Union Local No. 320 is paid in accordance with the terms of their contract.

O. Long-Term Obligations and Deferred Charges

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. 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 governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

At the River's Edge Hospital and Clinic, deferred refunding costs are amortized to interest expense over the shorter of the period that the prior obligation or the current obligation is outstanding using the straight-line method. Original issue discount is amortized to interest expense over the period the related obligation is outstanding using the straight-line method. Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method.

P. Use of Estimates

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.

Q. Net Position Classifications and Flow Assumptions

In the government-wide and proprietary fund financial statements, net position represents the difference between assets, liabilities, deferred inflows/outflows as applicable. Net position is displayed in three components:

- **Net Investment in Capital Assets** – Consists of capital assets, net of accumulated depreciation, reduced by any outstanding debt attributable to acquire capital assets.
- **Restricted Net Position** – Consists of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments, or enabling legislation.
- **Unrestricted Net Position** – All remaining net position that do not meet the definition of “restricted” or “net investment in capital assets.”

The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available.

R. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

- **Nonspendable** – Consists of amounts that are not in spendable form, such as prepaid items, inventory, and other long-term assets.
- **Restricted** – Consists of amounts related to externally imposed constraints established by creditors, grantors, or contributors; or constraints imposed by state statutory provisions.
- **Committed** – Consists of internally imposed constraints that are established by resolution of the City Council. Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts.
- **Assigned** – Consists of internally imposed constraints. These constraints consist of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to Council resolution, the Finance Director and/or the City Administrator is authorized to establish assignments of fund balance.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- **Unassigned** – The residual classification for the General Fund, which also reflects negative residual amounts in other funds.

When both restricted and unrestricted resources are available for use, it is the City's policy to first use restricted resources, then use unrestricted resources as they are needed. When committed, assigned, or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed, 2) assigned, and 3) unassigned.

S. Budgets and Budgetary Accounting

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- The budget is legally enacted through passage of a resolution.
- The City Council must authorize transfers of budgeted amounts between departments within the General Fund.
- Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
- Budgetary control is maintained at the department level within the General Fund. Also inherent in this controlling function is the management philosophy that the existence of a particular item or appropriation in the approved budget does not automatically mean that it will be spent. The budget process has flexibility in that, where need has been properly demonstrated, an adjustment can be made within the department budget by the city administrator or between departments by the City Council. Therefore, there is a constant review process and expenditures are not approved until it has been determined that adequate funds were appropriated, the expenditure is still necessary, and funds are available.
- Budgeted expenditure appropriations lapse at year-end.

T. Statement of Cash Flows

For purposes of the Statement of Cash Flows, the City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number member of cities. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that LMCIT will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits for each insured event. The City also carries commercial insurance for certain other risks of loss, including employee health insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during 2012. The City participates in a self-insured dental insurance plan as described later in these footnotes.

River's Edge Hospital and Clinic is exposed to various risks of loss from torts: theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; medical malpractice, employee health, dental, and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years. River's Edge Hospital and Clinic is self-insured for employee dental as discussed later in these footnotes.

V. Comparative Data

Comparative data for the prior year has been presented to provide an understanding of changes in the City's financial position and operations. Certain prior year comparative data has been reclassified to conform to current year presentation.

W. Change in Accounting Principle

For the fiscal year ended December 31, 2012, the City implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." This statement changed how governmental entities present a statement of net position, adding two new basic financial statement elements, and replacing "net assets" with "net position" as the terminology used to describe the difference between the other four elements. The two basic financial statement elements added are "deferred inflows of resources" and "deferred outflows of resources." These new elements are differentiated from assets (deferred outflows of resources) and liabilities (deferred inflows of resources), but have similar effects on net position.

NOTE 2 – CASH AND INVESTMENTS

A. Components of Cash and Investments

	Primary Government	Component Units		Total Reporting Entity
		River's Edge Hospital and Clinic	Housing and Redevelopment Authority	
Deposits	\$ 9,459,702	\$ 11,046,872	\$ 39,919	\$ 20,546,493
Investments	4,218,090	–	486,364	4,704,454
Cash on hand	1,380	–	–	1,380
	<u>\$ 13,679,172</u>	<u>\$ 11,046,872</u>	<u>\$ 526,283</u>	<u>\$ 25,252,327</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the 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 City's investment policy does not have any additional deposit policies addressing custodial credit risk.

Deposits, consisting of checking and savings accounts and certificates of deposit, are as follows:

	Bank Balance	Carrying Amount
Primary government	\$ 9,721,891	\$ 9,459,702
Component units		
River's Edge Hospital and Clinic	11,088,692	11,046,872
Housing and Redevelopment Authority	41,742	39,919
	<u>\$ 20,852,325</u>	<u>\$ 20,546,493</u>

During the year ended December 31, 2012, all deposits were fully collateralized by federal depositor insurance (FDIC) or by collateral held by the City or component unit's agent in their name.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Credit Risk		Interest Risk – Maturity Duration in Years				Total
	Rating	Agency	No Maturity Date	1 to 5	5 to 10	More Than 10	
U.S. government agency securities							
Primary government	AA+	S&P	\$ –	\$ 3,982	\$ 7,753	\$ 24,256	\$ 35,991
Negotiable certificates of deposit	N/R	N/A	–	2,631,468	–	–	2,631,468
Municipal bonds	A+	S&P	–	318,057	–	–	318,057
Investment pools/mutual funds							
Money market funds							
Primary government	AAA	S&P	997,747	–	–	–	997,747
Primary government	A1+	S&P	234,827	–	–	–	234,827
Housing and Redevelopment Authority	N/V	N/V	486,364	–	–	–	486,364
Total investments			<u>\$ 1,718,938</u>	<u>\$ 2,953,507</u>	<u>\$ 7,753</u>	<u>\$ 24,256</u>	<u>\$ 4,704,454</u>

N/A – Not Applicable

N/R – No Rating

N/V – Not Available

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy does not further address this risk, but the City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities.

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City’s investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated “A” or better; revenue obligations rated “AA” or better; general obligations of the Minnesota Housing Finance Agency rated “A” or better; bankers’ acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers. The City’s investment policy does not further address credit risk.

NOTE 2 – CASH AND INVESTMENTS (CONTINUED)

Concentration Risk – This is the risk associated with investing a significant portion of the City’s investment (considered 5 percent or more) in the securities of a single issuer, excluding U.S. guaranteed investments (such as treasuries), negotiable certificates of deposit, investment pools, and mutual funds. The City’s investment policy does not limit the concentration of investments. At December 31, 2012, the City’s investment portfolio includes the following percentages of specific issuers:

Municipal Bonds	
Illinois State	6.8%

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City’s investment policy does not limit the duration of investments.

Deposits, investments, and cash on hand are reported on the City’s financial statements as follows:

	Primary Government	Component Units		Total Reporting Entity
		River’s Edge Hospital and Clinic	Housing and Redevelopment Authority	
Statement of Net Position – government-wide				
Cash and investments	\$ 12,171,088	\$ 4,639,042	\$ 526,283	\$ 17,336,413
Restricted assets – cash and investments for debt service	1,168,228	6,407,830	–	7,576,058
Statement of Fiduciary Net Position – fiduciary funds				
Cash and investments – private-purpose trust funds	112,723	–	–	112,723
Cash and investments – agency funds	227,133	–	–	227,133
Total cash and investments	<u>\$ 13,679,172</u>	<u>\$ 11,046,872</u>	<u>\$ 526,283</u>	<u>\$ 25,252,327</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A. Due To and Due From Other Funds

Due To Other Funds	Due From Other Funds		Total
	Governmental Fund General Fund	Proprietary Fund Electric Fund	
Governmental funds			
Nonmajor Equipment Certificates Capital Projects Fund	\$ 83,788	\$ –	\$ 83,788
Nonmajor Firefighters’ Relief Special Revenue Fund	3,250	–	3,250
Nonmajor Special Assessment Debt Service Fund	433,274	–	433,274
Major Permanent Improvement Capital Projects Fund	373,683	–	373,683
Proprietary funds			
Major Heartland Transit Enterprise Fund	–	10,351	10,351
Major Telecommunications Conduit Enterprise Fund	–	32,705	32,705
Total	<u>\$ 893,995</u>	<u>\$ 43,056</u>	<u>\$ 937,051</u>

NOTE 3 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

B. Transfers In and Transfers Out

Transfers Out	Transfers In		
	Governmental		Total
	General	Nonmajor	
Governmental funds			
General	\$ –	\$ 50,861	\$ 50,861
Nonmajor	133,786	316,792	450,578
Proprietary funds			
Electric	845,562	78,903	924,465
Water	190,516	19,524	210,040
Environmental Services	–	3,486	3,486
Wastewater	220,450	18,877	239,327
Storm Water	28,446	1,358	29,804
Telecommunications Conduit	–	143,736	143,736
Total	\$ 1,418,760	\$ 633,537	\$ 2,052,297

Transfers are made in accordance with budget appropriations or as approved by the City Council for special funding of city activities.

NOTE 4 – CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the year ended December 31, 2012 was as follows:

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 1,632,289	\$ –	\$ –	\$ –	\$ 1,632,289
Construction in progress	2,047,527	1,675,070	–	(2,828,523)	894,074
Capital assets, depreciated					
Land improvements	616,114	–	–	–	616,114
Buildings and improvements	17,097,119	–	–	18,213	17,115,332
Utility plant and infrastructure	10,693,203	800	–	2,810,310	13,504,313
Machinery and equipment	5,683,024	189,851	(234,215)	–	5,638,660
Total capital assets	37,769,276	1,865,721	(234,215)	–	39,400,782
Less accumulated depreciation on					
Land improvements	(401,506)	(11,157)	–	–	(412,663)
Buildings and improvements	(4,011,894)	(342,091)	–	–	(4,353,985)
Utility plant and infrastructure	(1,615,264)	(360,418)	–	–	(1,975,682)
Machinery and equipment	(4,077,389)	(440,213)	209,716	–	(4,307,886)
Total accumulated depreciation	(10,106,053)	(1,153,879)	209,716	–	(11,050,216)
Net capital assets	\$ 27,663,223	\$ 711,842	\$ (24,499)	\$ –	\$ 28,350,566

B. Business-Type Activities

	Balance – Beginning of Year	Additions	Deletions	Transfers and Completed Construction	Balance – End of Year
Capital assets, not depreciated					
Land	\$ 976,861	\$ –	\$ –	\$ –	\$ 976,861
Construction in progress	3,068,194	904,110	–	(974,382)	2,997,922
Capital assets, depreciated					
Buildings and improvements	57,974,988	16,640	–	18,214	58,009,842
Utility plant and infrastructure	55,801,839	912,823	(11,967)	952,121	57,654,816
Machinery and equipment	10,545,447	68,446	(82,636)	4,047	10,535,304
Total capital assets	128,367,329	1,902,019	(94,603)	–	130,174,745
Less accumulated depreciation on					
Buildings and improvements	(6,622,306)	(1,193,823)	–	–	(7,816,129)
Utility plant and infrastructure	(16,957,236)	(1,614,699)	11,967	–	(18,559,968)
Machinery and equipment	(4,049,471)	(454,583)	79,899	–	(4,424,155)
Total accumulated depreciation	(27,629,013)	(3,263,105)	91,866	–	(30,800,252)
Net capital assets	\$ 100,738,316	\$ (1,361,086)	\$ (2,737)	\$ –	\$ 99,374,493

NOTE 4 – CAPITAL ASSETS (CONTINUED)

C. Component Unit – River’s Edge Hospital and Clinic

	Balance – Beginning of Year	Transfers/ Additions	Retirements/ Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 28,886	\$ –	\$ –	\$ 28,886
Construction in progress	–	342,017	(309,462)	32,555
Capital assets, depreciated				
Land improvements	1,156,850	–	–	1,156,850
Buildings and improvements	7,128,336	–	–	7,128,336
Machinery and equipment	11,410,812	418,855	(166,547)	11,663,120
Total capital assets	<u>19,724,884</u>	<u>760,872</u>	<u>(476,009)</u>	<u>20,009,747</u>
Less accumulated depreciation on				
Land improvements	(520,794)	(68,022)	–	(588,816)
Buildings and improvements	(2,160,935)	(274,704)	–	(2,435,639)
Machinery and equipment	(7,004,423)	(1,029,105)	132,022	(7,901,506)
Total accumulated depreciation	<u>(9,686,152)</u>	<u>(1,371,831)</u>	<u>132,022</u>	<u>(10,925,961)</u>
Net capital assets	<u>\$ 10,038,732</u>	<u>\$ (610,959)</u>	<u>\$ (343,987)</u>	<u>\$ 9,083,786</u>

D. Component Unit – Housing and Redevelopment Authority

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year
Capital assets, not depreciated				
Land	\$ 236,680	\$ –	\$ –	\$ 236,680
Capital assets, depreciated				
Buildings and improvements	2,446,339	15,568	–	2,461,907
Machinery and equipment	275,304	2,565	–	277,869
Total capital assets	<u>2,958,323</u>	<u>18,133</u>	<u>–</u>	<u>2,976,456</u>
Accumulated depreciation	<u>(2,040,982)</u>	<u>(99,928)</u>	<u>–</u>	<u>(2,140,910)</u>
Net capital assets	<u>\$ 917,341</u>	<u>\$ (81,795)</u>	<u>\$ –</u>	<u>\$ 835,546</u>

NOTE 4 – CAPITAL ASSETS (CONTINUED)

E. Depreciation Expense by Function

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

Governmental activities	
General government	\$ 11,390
Public safety	130,553
Public works	703,487
Parks and recreation	<u>308,449</u>
Total depreciation expense – governmental activities	<u>\$ 1,153,879</u>
Business-type activities	
Electric	\$ 839,876
Water	1,044,931
Environmental services	4,033
Wastewater	801,198
Heartland Transit	22,028
Storm water	196,573
Telecommunications conduit	14,264
Long-term care facility	221,529
Medical office building	<u>118,673</u>
Total depreciation expense – business-type activities	<u>\$ 3,263,105</u>

NOTE 5 – LONG-TERM DEBT

A. Components of Long-Term Debt

	Original Issue	Interest Rate	Issue Date	Final Maturity Date	Balance – End of Year
Governmental activities – primary government					
Debt supported primarily by property taxes					
G.O. Equipment Certificates of 2008A	\$ 365,000	3.23–3.92%	2008	2013	\$ 260,000
G.O. Equipment Certificates of 2009	\$ 300,500	2.90–3.25%	2009	2014	120,200
G.O. Equipment Certificates of 2010	\$ 152,000	2.90–3.35%	2010	2015	91,200
G.O. Equipment Certificates of 2011	\$ 94,800	3.00–3.40%	2011	2016	75,840
G.O. Equipment Certificates of 2012	\$ 240,000	1.95–2.90%	2012	2017	240,000
Public Project Revenue Bonds Refunding Bonds, Series 2009A	\$ 2,775,000	4.65%	2009	2020	1,940,000
Total debt supported primarily by property taxes					<u>2,727,240</u>
Debt supported primarily by tax increments					
G.O. Tax Increment Bonds, Series 1999A	\$ 245,000	6.25%	1999	2018	110,309
Notes payable – Nicollet Plaza	\$ 194,065	7.75%	1999	2013	50,785
G.O. Tax Increment Bonds, Series 2004A	\$ 2,205,000	2.00–4.00%	2004	2020	1,415,000
G.O. Tax Increment Bonds, Series 2005A	\$ 330,000	3.00–4.20%	2005	2020	210,000
G.O. Tax Increment Refunding Bonds, Series 2009C	\$ 2,990,000	1.05–4.00%	2009	2022	2,310,000
G.O. Tax Increment Bonds, Series 2010B	\$ 89,610	1.20–4.50%	2010	2020	70,040
Total debt supported primarily by tax increments					<u>4,166,134</u>
Special assessment bonds					
G.O. Permanent Improvement Revolving Fund Bonds, Series 2004B	\$ 1,380,000	2.00–3.60%	2004	2013	35,000
Revenue					
EDA Taxable Lease Purchase Revenue Bonds, Series 2009B	\$ 540,000	5.75%	2009	2013	145,000
Compensated absences					
Total governmental activities					<u>360,608</u> <u>7,433,982</u>
Business-type activities – primary government					
Utility revenue bonds and notes					
Public Project Revenue Bonds, Series 2000	\$ 655,000	5.25–6.30%	2000	2014	125,000
G.O. PFA Sewer Revenue Note, Series 2001	\$ 11,733,250	2.04%	2001	2021	5,988,000
G.O. PFA Sewer Revenue Note, Series 2002	\$ 7,260,850	2.04%	2002	2022	3,062,000
G.O. Water and Sewer Revenue Bonds, Series 2004C	\$ 805,000	1.70–3.55%	2004	2014	200,000
G.O. Electric Revenue Bonds, Series 2004D	\$ 1,555,000	2.25–4.10%	2004	2016	640,000
G.O. Water and Sewer Refunding Bonds, Series 2004E	\$ 775,000	2.00–3.50%	2004	2013	110,000
G.O. PFA Sewer Revenue Note, Series 2004	\$ 2,240,000	3.48%	2004	2022	1,422,000
Electric Revenue Advance Refunding Bonds, Series 2006B	\$ 5,045,000	4.00–4.15%	2006	2027	4,070,000
Electric Revenue Refunding Bonds, Series 2006C	\$ 1,620,000	4.00%	2006	2018	980,000
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	\$ 1,509,483	2.48%	2009	2028	1,183,937
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	\$ 16,731,458	2.75%	2009	2029	15,400,000
G.O. PFA Water Revenue Note, Series 2010	\$ 896,750	1.71%	2010	2029	758,728
G.O. Utility Revenue Bonds, Series 2010B	\$ 780,390	1.20–4.50%	2010	2020	609,960
Electric Revenue Bonds, Series 2010C	\$ 4,435,000	2.00–6.25%	2010	2031	4,435,000
G.O. Water Revenue Refunding Bonds, Series 2011B	\$ 1,405,000	1.50–3.00%	2011	2026	1,405,000
G.O. Sewer Revenue Refunding Bonds, Series 2012A	\$ 1,890,000	1.00–3.70%	2012	2035	1,830,000
G.O. Water Revenue Bonds, Series 2012C	\$ 745,000	0.60–2.25%	2012	2023	745,000
					<u>42,964,625</u>
Long-term care facility bonds and notes					
Tax Exempt Loan Participation Note, Series 2005C	\$ 6,000,000	4.88%	2005	2035	5,466,844
Subordinate Nursing Home Revenue Bonds, Series 2005D	\$ 1,140,000	8.00%	2005	2022	1,140,000
Tax Exempt Loan Participation Note, Series 2006A	\$ 4,400,000	5.00%	2006	2035	4,010,656
					<u>10,617,500</u>
Medical office building notes					
Healthcare Revenue Note, Series 2008A	\$ 2,675,000	4.12–6.12%	2008	2034	2,545,000
Compensated absences					
Total business-type activities					<u>328,605</u> <u>56,455,730</u>
Total primary government					63,889,712
Component unit – River’s Edge Hospital and Clinic					
General obligation bonds					
G.O. Hospital Refunding Bond, Series 2010A	\$ 14,290,000	2.00–4.30%	2010	2032	13,350,000
Total reporting entity					<u>\$ 77,239,712</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

B. Changes in Long-Term Debt

	Balance – Beginning of Year	Additions	Deletions	Balance – End of Year	Due Within One Year
Primary government					
Governmental activities					
Property tax supported	\$ 2,946,700	\$ 240,000	\$ 459,460	\$ 2,727,240	\$ 397,460
Tax increment supported	4,725,488	–	559,354	4,166,134	561,918
Special assessment supported	120,000	–	85,000	35,000	35,000
Revenue supported	285,000	–	140,000	145,000	145,000
Compensated absences payable	<u>327,535</u>	<u>278,796</u>	<u>245,723</u>	<u>360,608</u>	<u>278,796</u>
Total governmental activities	<u>8,404,723</u>	<u>518,796</u>	<u>1,489,537</u>	<u>7,433,982</u>	<u>1,418,174</u>
Business-type activities					
Utility revenue bonds and notes	45,828,327	2,651,014	5,514,716	42,964,625	2,612,305
Long-term care facility bonds and notes	10,843,915	–	226,415	10,617,500	247,689
Medical office building notes	2,610,000	–	65,000	2,545,000	70,000
Compensated absences payable	<u>319,295</u>	<u>149,490</u>	<u>140,180</u>	<u>328,605</u>	<u>54,395</u>
Total business-type activities	<u>59,601,537</u>	<u>2,800,504</u>	<u>5,946,311</u>	<u>56,455,730</u>	<u>2,984,389</u>
Total government-wide	<u>\$ 68,006,260</u>	<u>\$ 3,319,300</u>	<u>\$ 7,435,848</u>	<u>\$ 63,889,712</u>	<u>\$ 4,402,563</u>
Component unit					
River’s Edge Hospital and Clinic					
General obligation bonds	\$ 13,825,000	\$ –	\$ 475,000	\$ 13,350,000	\$ 490,000
Deferred refunding costs	(160,225)	–	7,753	(152,472)	–
Original issue discount	<u>(1,564)</u>	<u>–</u>	<u>76</u>	<u>(1,488)</u>	<u>–</u>
	<u>\$ 13,663,211</u>	<u>\$ –</u>	<u>\$ 482,829</u>	<u>\$ 13,196,040</u>	<u>\$ 490,000</u>

C. Minimum Debt Payments

Minimum annual principal and interest payments required to retire long-term debt, excluding compensated absences, are as follows:

Year Ending December 31,	Governmental Activities							
	Property Tax Supported		Tax Increment Supported		Special Assessment Supported		Revenue Supported	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 397,460	\$ 116,579	\$ 561,918	\$ 139,883	\$ 35,000	\$ 630	\$ 145,000	\$ 8,338
2014	412,460	99,241	533,197	124,256	–	–	–	–
2015	367,360	83,137	575,450	107,125	–	–	–	–
2016	346,960	68,180	534,819	86,706	–	–	–	–
2017	338,000	53,524	371,180	69,242	–	–	–	–
2018–2022	<u>865,000</u>	<u>77,938</u>	<u>1,589,570</u>	<u>133,190</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>
Total	<u>\$ 2,727,240</u>	<u>\$ 498,599</u>	<u>\$ 4,166,134</u>	<u>\$ 660,402</u>	<u>\$ 35,000</u>	<u>\$ 630</u>	<u>\$ 145,000</u>	<u>\$ 8,338</u>

NOTE 5 – LONG-TERM DEBT (CONTINUED)

Year Ending December 31,	Business-Type Activities					
	Utility Revenue Bonds and Notes		Long-Term Care Facility Bonds and Notes		Medical Office Building Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 2,612,305	\$ 1,317,472	\$ 247,689	\$ 543,630	\$ 70,000	\$ 140,462
2014	2,605,125	1,262,812	259,539	530,180	70,000	137,491
2015	2,860,125	1,184,532	281,979	516,140	75,000	134,042
2016	2,876,820	1,099,955	295,040	501,479	75,000	130,202
2017	2,673,370	1,014,078	308,752	486,167	80,000	126,234
2018-2022	14,405,430	3,847,109	2,734,592	2,029,002	460,000	564,512
2023-2027	10,497,450	1,977,327	2,135,767	1,336,827	585,000	427,429
2028-2032	3,553,999	476,161	2,723,948	748,646	760,000	234,702
2033-2037	355,000	139,646	1,630,194	104,750	370,000	22,950
2038-2042	430,000	63,600	-	-	-	-
2043	95,000	1,900	-	-	-	-
Total	\$ 42,964,624	\$ 12,384,592	\$ 10,617,500	\$ 6,796,821	\$ 2,545,000	\$ 1,918,024

Year Ending December 31,	River's Edge Hospital and Clinic	
	Principal	Interest
2013	\$ 490,000	\$ 466,875
2014	500,000	457,075
2015	515,000	447,075
2016	525,000	436,775
2017	535,000	424,438
2018-2022	2,935,000	1,871,390
2023-2027	3,515,000	1,319,385
2028-2032	4,335,000	565,515
Total	\$ 13,350,000	\$ 5,988,528

D. Descriptions of Long-Term Debt

- **General Obligation and Public Project Bonds** – These bonds were issued for improvements, projects, or to refund previous general obligation or public project bonds which benefit the City as a whole and, therefore, could be repaid from ad valorem levies. All general obligation debt is backed by the full faith and credit of the City.
- **Equipment Certificates** – The City has outstanding a series of equipment certificates, issued in accordance with Minnesota Statute § 412.301, to finance the purchase of equipment. These certificates will be repaid primarily by ad valorem tax levies and enterprise fund revenues.
- **Tax Increment Bonds** – The City has established tax increment financing districts and has issued general obligation tax increment bonds in accordance with Minnesota Statutes, Chapters 462.585 and 273.77. It is anticipated that the ad valorem taxes, derived from the captured assessed value of property in the tax increment districts, will provide substantially all funds necessary to retire the bond principal and interest. In addition, future tax levies may be placed on the tax rolls annually as scheduled for supplementary financing.
- **Notes Payable** – These notes were issued to assist in the financing of tax increment districts in the City. It is anticipated that the ad valorem taxes derived from the captured assessed value of these properties in the tax increment districts will provide all the funds necessary to retire these notes.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

- **Special Assessment Bonds** – These bonds are payable primarily from special assessments levied on the properties benefiting from the improvements funded by these issues. Any deficiencies in revenue to fund these issues will be provided from general property taxes.
- **EDA Lease Purchase Revenue Bonds** – These bonds were issued by the EDA. A lease-purchase contract between the EDA and the City has been established for the purpose of financing payment of these bonds. The City has pledged rental payments in amounts equal to the debt service requirements and plans to annually appropriate city funds available for this purpose.

Through the transactions described above, the City has, in substance, assumed the debt service on the revenue bonds issued by the EDA. Therefore, the bonds have been included in the City's Statement of Net Position as a long-term liability. Further, the lease payments made by the City will be reflected as debt service principal and interest payments on the City's financial statements.

- **Utility Revenue Bonds and Notes** – These general obligation bonds and revenue notes were issued for improvements or projects that directly benefited a specific enterprise fund. These debt issues will be repaid from revenue sources of the fund that the debt issue directly benefited.
- **Long-Term Care Facility Bonds and Notes** – The City authorized the issuance of its \$4,400,000 Tax Exempt Loan Participation Note, Series 2006A. The City also authorized the issuance of its \$6,000,000 Tax Exempt Loan Participation Note, Series 2005C and \$1,140,000 of Subordinate Nursing Home Revenue Bonds, Series 2005D. These funds were used to construct and equip a Long-Term Care Center Facility Project (the Project). The Project is being leased to and operated by a separate nonprofit corporation pursuant to a lease and operating agreement between the City and the nonprofit corporation. The lease agreement requires the nonprofit corporation to make payments in amounts sufficient to pay principal and interest on the Project's bonds and notes when due. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on the Project's bonds and notes.
- **Medical Office Building Notes** – During 2008, the City authorized the issuance of its \$2,675,000 Healthcare Revenue Note, Series 2008A. These notes were issued to finance a portion of the costs of a new clinic building to be located on the River's Edge Hospital and Clinic's campus. The City has pledged the payments it receives in the lease agreement to the payment of principal and interest on these notes.
- **Build America Bonds** – During 2010, the City authorized the issuance of its \$870,000 G.O. Utility Revenue and Tax Increment Bonds, Series 2010B and \$4,435,000 Electric Revenue Bonds, Series 2010C. These bonds are "Qualified Build America Bonds – Direct Pay" under the authorization of the American Recovery and Reinvestment Act of 2009. This designation provides for a federal subsidy credit to be paid to the City in an amount equal to 35 percent of the interest paid to investors in these bonds. The credit will be received semiannually to coincide with the debt service payment schedule.

NOTE 5 – LONG-TERM DEBT (CONTINUED)

E. Refunding Bonds

In 2012, the City issued \$1,890,000 of General Obligation Sewer Revenue Refunding Bonds, Series 2012A. The proceeds of this issue were used to retire, in advance of their stated maturities, the 2012 through 2034 maturities of the City’s General Obligation Sewer Revenue Bonds, Series 2003C, on the call date of April 17, 2012. This current refunding decreased the City’s total future debt service payments by \$173,469 and resulted in a present value savings of \$100,048.

In 2011, the City issued \$1,405,000 of General Obligation Water Revenue Refunding Bonds, Series 2011B. The proceeds of this issue were used to retire, in advance of their stated maturities, the 2012 through 2026 maturities of the City’s General Obligation Water Revenue Bonds, Series 2005B, on the call date of February 1, 2012. This advance refunding decreased the City’s total future debt service payments by \$146,927 and resulted in a present value savings of \$120,458.

G. Revenue Pledged

Future revenue pledged for the payment of long-term debt is as follows:

Bond Issue	Use of Proceeds	Type	Revenue Pledged			Current Year	
			Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
Public Project Revenue Bonds, Series 2000	Improvements	Utility charges	100%	2000–2014	\$ 133,033	\$ 69,443	\$ 9,478,976
G.O. PFA Sewer Revenue Note, Series 2001	Improvements	Utility charges	100%	2001–2021	\$ 6,615,218	\$ 729,158	\$ 3,138,762
G.O. PFA Sewer Revenue Note, Series 2002	Improvements	Utility charges	100%	2002–2022	\$ 3,415,940	\$ 338,096	\$ 3,138,762
G.O. Water and Sewer Revenue Bonds, Series 2004C	Improvements	Utility charges	100%	2004–2014	\$ 207,025	\$ 102,182	\$ 1,676,580
G.O. Electric Revenue Bonds, Series 2004D	Improvements	Utility charges	100%	2004–2016	\$ 720,283	\$ 170,426	\$ 9,478,976
G.O. Water and Sewer Refunding Bonds, Series 2004E	Improvements	Utility charges	100%	2004–2013	\$ 111,925	\$ 109,133	\$ 2,832,003
G.O. PFA Sewer Revenue Note, Series 2004	Improvements	Utility charges	100%	2004–2022	\$ 1,708,160	\$ 168,358	\$ 3,138,762
Electric Revenue Advance Refunding Bonds, Series 2006B	Improvements	Utility charges	100%	2006–2027	\$ 5,443,719	\$ 347,647	\$ 9,478,976
Electric Revenue Refunding Bonds, Series 2006C	Improvements	Utility charges	100%	2006–2018	\$ 1,102,800	\$ 179,524	\$ 9,478,976
G.O. PFA Water Revenue Note, Series 2009 – Wells Project	Improvements	Utility charges	100%	2009–2028	\$ 1,448,590	\$ 97,949	\$ 2,129,686
G.O. PFA Water Revenue Note, Series 2009 – Treatment Center	Improvements	Utility charges	100%	2009–2029	\$ 20,197,024	\$ 698,860	\$ 2,129,686
G.O. PFA Water Revenue Note, Series 2010	Improvements	Utility charges	100%	2010–2029	\$ 878,659	\$ 54,065	\$ 2,129,686
G.O. Utility Revenue Bonds, Series 2010B	Improvements	Utility charges	100%	2010–2020	\$ 785,043	\$ 128,344	\$ 2,134,231
Electric Revenue Bonds, Series 2010C	Improvements	Utility charges	100%	2010–2031	\$ 7,081,729	\$ 222,324	\$ 9,478,976
G.O. Water Revenue Refunding Bonds, Series 2011B	Improvements	Utility charges	100%	2011–2026	\$ 1,662,309	\$ 30,581	\$ 2,129,686
G.O. Sewer Revenue Refunding Bonds, Series 2012A	Improvements	Utility charges	100%	2011–2035	\$ 3,008,998	\$ 104,481	\$ 3,138,762
G.O. Water Revenue Bonds, Series 2012C	Improvements	Utility charges	100%	2012–2023	\$ 828,760	\$ 6,348	\$ 2,129,686

NOTE 6 – INDIVIDUAL FUND DISCLOSURES

A. Budgeted vs. Actual Expenditures

In the General Fund, total actual expenditures exceeded budgeted expenditures in the following departments:

<u>Department</u>	<u>Excess of Actual Over Budget</u>
Mayor and City Council	\$ 1,940
Elections	\$ 7,378
Legal	\$ 19,131
General government building	\$ 3,979
Old hospital	\$ 230
Community service officer	\$ 43
Streets	\$ 52,590
Street lighting	\$ 3,103
Senior coordinator	\$ 1,295
Recreation and leisure services	\$ 320
Economic development	\$ 11,386
Capital outlay	\$ 290,253

B. Deficit Fund Balance

The following table summarizes the deficit fund balances/net position as of December 31, 2012:

<u>Fund</u>	<u>Amount</u>
Major Long-Term Care Facility Enterprise Fund	\$ (765,539)
Nonmajor Firefighters' Relief Special Revenue Fund	\$ (3,250)
Nonmajor Special Assessment Debt Service Fund	\$ (430,708)
Nonmajor Equipment Certificates Capital Projects Fund	\$ (83,788)

The City intends to fund these deficits through future special assessment revenues, loan principal receipts, bond proceeds, utility charges, transfers from other funds, and various other sources.

NOTE 7 – FUND BALANCES

A. Classifications

At December 31, 2012, a summary of the City’s governmental fund balance classifications are as follows:

	General Fund	Capital Projects – Permanent Improvement Fund	Nonmajor Funds	Total
Nonspendable				
Inventory	\$ 4,538	\$ –	\$ –	\$ 4,538
Prepaid items	1,404	–	195	1,599
Total nonspendable	<u>5,942</u>	<u>–</u>	<u>195</u>	<u>6,137</u>
Restricted				
Capital improvements	–	168,404	1,078,110	1,246,514
Future debt service	–	–	117,673	117,673
Economic revolving loans	–	–	1,472,575	1,472,575
Tax increment	–	–	516,059	516,059
Total restricted	<u>–</u>	<u>168,404</u>	<u>3,184,417</u>	<u>3,352,821</u>
Committed				
Library operation	–	–	388,322	388,322
Public access operations	–	–	163,567	163,567
Fire equipment	–	–	61,010	61,010
Façade renovation loans	–	–	63,411	63,411
Housing activities	–	–	24,449	24,449
Community center operations	–	–	273,842	273,842
Total committed	<u>–</u>	<u>–</u>	<u>974,601</u>	<u>974,601</u>
Assigned				
Tornado closure	247,725	–	–	247,725
Insurance	276,595	–	–	276,595
2013 budget	250,000	–	–	250,000
Total assigned	<u>774,320</u>	<u>–</u>	<u>–</u>	<u>774,320</u>
Unassigned	<u>3,183,501</u>	<u>–</u>	<u>(517,746)</u>	<u>2,665,755</u>
Total	<u>\$ 3,963,763</u>	<u>\$ 168,404</u>	<u>\$ 3,641,467</u>	<u>\$ 7,773,634</u>

B. Unrestricted Fund Balance Policy

The City Council has formally adopted a fund balance policy regarding the fund balance for the General Fund. The policy establishes that the City will strive to maintain an unassigned fund balance in the General Fund in the range of 35 to 50 percent of the following year’s budgeted expenditures. At December 31, 2012, the unassigned fund balance of the General Fund was 53.4 percent of the subsequent year’s budgeted expenditures.

In the event that the year-end unassigned General Fund balance is less than the 35 percent level, the City shall plan to adjust budget resources in the subsequent fiscal years to bring the fund balance into compliance with the adopted fund balance policy.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE

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 (PERA) of Minnesota. 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, firefighters, and peace officers who qualify for membership by statute are covered by 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 state statutes, 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 a 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 member 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 of service 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 members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and for GERF 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 Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan 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 at mnpera.org; by writing to PERA at 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103-2088; or by calling (651) 296-7460 or (800) 652-9026.

NOTE 8 – DEFINED BENEFIT PENSION PLANS – STATE-WIDE (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 state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1 percent and 6.25 percent, respectively, of their annual covered salary in 2012. PEPFF members were required to contribute 9.6 percent of their annual covered salary in 2012. In 2012, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERP members, 7.25 percent for Coordinated Plan GERP members, and 14.4 percent for PEPFF members. The City’s contributions for the past three years ending December 31, which were equal to the contractually required contributions for each year as set by state statutes, were as follows:

	<u>GERP</u>	<u>PEPFF</u>	<u>Total</u>
2010	\$ 241,620	\$ 122,001	\$ 363,621
2011	\$ 246,056	\$ 128,018	\$ 374,074
2012	\$ 257,475	\$ 131,139	\$ 388,614

River’s Edge Hospital and Clinic’s contributions for the past three years ended December 31, which were equal to the contractually required contributions for each year as set by state statutes, are as follows:

	<u>GERP</u>
2010	\$ 450,984
2011	\$ 435,696
2012	\$ 466,168

NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION

A. Plan Description

Members of the City’s volunteer fire department are members of the Saint Peter Firefighters’ Relief Association (the Association). The Association is a single-employer defined benefit plan and operates under the provisions of Minnesota Statutes § 69 and § 424A, as amended. It is governed by a Board of Trustees consisting of six officers and trustees elected by the members of the Association for terms of three years. The mayor, city treasurer, and fire chief are ex-officio members of the Board of Trustees.

As of December 31, 2012, the membership of the Association was as follows:

Retirees and beneficiaries currently receiving benefits and retired firefighters entitled to benefits, but not receiving them yet	5
Active plan participants	
Vested	25
Non-vested	<u>3</u>
Total	<u><u>33</u></u>

**NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

B. Pension Benefits

Retirement Benefits – According to the bylaws of the Association and pursuant to Minnesota Statutes § 424A.02, Subds. 2 and 4, the Association pays to each member who has served as an active firefighter in the Saint Peter Fire Department for a period of 20 years or more to his resignation, and who has reached the age of 50 years or more, \$2,400 per year of service in a lump sum. A member who has served in the Saint Peter Fire Department for at least 20 years, but has not reached the age of 50 years, may retire and be placed on the deferred pension roll until he reaches the age of 50. Members who retire with less than 20 years of service but have reached the age of 50 years and have completed at least 5 years of active membership are entitled to a reduced service pension not to exceed the amount calculated by multiplying the member's service pension for the completed years of service times the applicable nonforfeitable percentage of pension. The reduced pension percentage available to members with five years of service shall be equal to 40 percent. This percentage increases 4 percent per year so that at 20 years of service the full amount prescribed is paid.

Sick and Disability Benefits – If a member of the Association becomes permanently disabled with a service related disability, the Association shall pay to such member an amount equal to the full years of active service multiplied by the yearly lump sum determined at the withdrawal of active service (currently \$2,400). The member shall be eligible to receive the disability benefit immediately upon approval of the Board of Trustees.

Death Benefits – Upon the death of any active member, not in the line of duty, the Association shall pay to the surviving spouse of one year, if any, and if there is no surviving spouse, to the surviving child or children, if any, a death benefit based on the number of years of completed service. Active members who have completed less than five years of service shall receive a fixed amount of \$2,000. Active members who have completed more than five years of service are entitled to receive a death benefit calculated by multiplying the member's completed years of service times the vested percentage of the yearly lump sum (currently \$2,400). This death benefit to members with five years of service shall be 25 percent. This percentage increases 25 percent with every five years of additional service so that at 20 years of service, the full amount prescribed is paid.

Upon the death of an active member while in performance of official duties as a member, the Association shall pay a survivor benefit equal to the amount per year of service for each year that the member served as an active firefighter without regard to minimum or partial vesting requirements, but in no case less than five times the pension amount per year of service in effect on the date of death.

C. Funding Policy

The Association's funding policy provided for contributions from the state and the City in amounts sufficient to accumulate sufficient assets to pay benefits when due. The annual contribution is the sum of the normal cost, the state contribution payment, and the provision for administrative expenses.

The Association is comprised of volunteers; therefore, there are no payroll expenditures or covered payroll percentage calculations.

Required contributions of \$52,522 (which includes both city and state aid contributions) were made by the state in accordance with Minnesota Statute requirements for the year ended December 31, 2012.

**NOTE 9 – DEFINED BENEFIT PLAN – FIRE DEPARTMENT RELIEF ASSOCIATION
(CONTINUED)**

D. Funding Status and Progress

The amount of the total accrued pension liability is based on a standardized measurement established by GASB that, with some exceptions, must be used by relief associations for financial statement presentation. This standardized measurement is based on Minnesota Statute § 69.772. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of service years performed by the members of the Association. A standardized measure of the accrued pension liability was adopted by GASB to enable the readers of relief association financial statements to (a) assess the relief association’s funding status on a going concern basis, (b) assess progress being made in accumulating sufficient assets to pay benefits when due, and (c) make comparisons among relief associations.

Because the standardized measure is used only for disclosure purposes by the Association, the measurement is independent of the actuarial computation made to determine contributions to the Association.

E. Three-Year Trend Information

Fiscal Year Ended December 31,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2010	\$ 65,461	100%	\$ –
2011	\$ 70,108	100%	\$ –
2012	\$ 52,522	100%	\$ –

NOTE 10 – FLEXIBLE BENEFIT PLAN

The City offers three types of flexible spending accounts: medical premiums, medical expenses, and dependant care expenses. Eligible employees can elect to participate by contributing pre-tax dollars withheld from payroll checks to the Flexible Benefit Plan (the Plan) for healthcare and dependant care benefits. Payments are made from the Plan to participating employees upon submitting a request for reimbursement of eligible expenses actually incurred by the participant.

Before the beginning of the Plan year, which is from January 1 to December 31, each participant designates a total amount of pre-tax dollars to be contributed to the Plan during the year. At December 31, the City is contingently liable for claims against the total amount of participants’ annual contributions to the Plan, whether or not such contributions have been made.

Assets of the Plan are held in the City’s payroll checking account. Amounts withheld to pay for employee medical insurance premiums are administered and paid out directly by the City’s finance department. Medical expense and dependent care expense accounts are administered by a benefit consulting firm. Claims are made directly to the administrator by participants of the Plan. The administrator then reimburses the participants and bills the City for these reimbursements.

All property of the Plan and income attributable to that property is solely the property of the City subject to the claims of the City’s general creditors. Participants’ rights under the Plan are equal to those of general creditors of the City in an amount equal to the eligible healthcare and dependant care expenses incurred by the participants. The City believes that it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

NOTE 11 – SELF-INSURANCE

The City participates in a self-funded dental insurance plan (the Plan). The Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, the City had the following changes in the balances of claims liabilities. These changes represent the sum of actual claims paid resulting from incidents that occurred during the year.

<u>December 31,</u>	<u>Beginning of Fiscal Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance at Fiscal Year-End</u>
2010	\$ –	\$ 68,655	\$ (68,655)	\$ –
2011	\$ –	\$ 63,720	\$ (63,720)	\$ –
2012	\$ –	\$ 77,433	\$ (77,433)	\$ –

River's Edge Hospital and Clinic participates in a self-funded dental insurance plan (the Plan). The Plan is administered by an insurance company which determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time. In connection therewith, River's Edge Hospital and Clinic charged to operations a provision that represents the sum of actual claims paid and the actuarially determined estimates of liability relating to claims, both asserted and unasserted, resulting from incidents that occurred during those years for the Plan.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Power Sales Contract

Saint Peter Municipal Utilities (the Company) is a member of the Southern Minnesota Municipal Power Agency (SMMPA). Under the terms of the power sales contract, the Company and other members are committed to purchase 100 percent of their power requirements from SMMPA through 2030. The rates paid are subject to periodic review.

B. Federal Revenue

Amounts received or receivable from federal agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

C. Litigation – Primary Government

The City had the usual and customary type of miscellaneous claims pending at year-end, mostly of a minor nature and usually all covered by insurance carried for that purpose. However, the outcome of these cases is unknown. It is not determinable at this time whether unfavorable settlements of the claims will exceed insurance coverage. City management believes that the City will not incur any material monetary loss relating to the cases. No loss has been recorded on the City's financial statements relating to these claims.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

D. Malpractice Claims – River’s Edge Hospital and Clinic

River’s Edge Hospital and Clinic has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of \$1 million per claim, and an annual aggregate limit of \$1 million per claim and an annual aggregate limit of \$3 million. River’s Edge Hospital and Clinic also has an additional \$2 million umbrella policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, will be uninsured.

E. Litigation – River’s Edge Hospital and Clinic

The River’s Edge Hospital and Clinic is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs. In the opinion of management, the ultimate settlement of litigations, claims, and disputes in process will not be material to the financial position of the River’s Edge Hospital and Clinic.

The healthcare industry is subject to laws and regulations of federal, state, and local governments. Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Federal government activity has increased with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services.

F. Government Regulations – River’s Edge Hospital and Clinic

River’s Edge Hospital and Clinic has agreements with third-party payors that provide for payments to River’s Edge Hospital and Clinic at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

- **Medicare** – River’s Edge Hospital and Clinic is licensed as a Critical Access Hospital. River’s Edge Hospital and Clinic is reimbursed for most inpatient and outpatient services at cost plus 1 percent with final settlement determined after submission of annual cost reports by River’s Edge Hospital and Clinic subject to audits thereof by the Medicare intermediary. River’s Edge Hospital and Clinic’s Medicare Cost Reports have been audited by the Medicare fiscal intermediary through the year ended December 31, 2010. Clinical services are paid on a fixed fee schedule.
- **Medicaid** – Inpatient services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services related to Medicaid beneficiaries are paid based on the lower of customary charges, allowable cost as determined through River’s Edge Hospital and Clinic’s Medicare Cost Reports, or rates as established by the Medicaid program. River’s Edge Hospital and Clinic is reimbursed at a tentative rate with final settlement determined by the program based on River’s Edge Hospital and Clinic’s final Medicare Cost Report. River’s Edge Hospital and Clinic’s Medicaid cost reports have been audited by the Medicaid fiscal intermediary through the year ended December 31, 2008. Clinical services are paid on a fixed fee schedule.

NOTE 12 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

- **Blue Cross** – Inpatient services rendered to Blue Cross subscribers are paid at prospectively determined rates per discharge. Outpatient services are reimbursed at outpatient payment fee screens or at charges less a prospectively determined discount. Clinical services are paid on a fixed fee schedule.
- **Other** – River’s Edge Hospital and Clinic has also entered into payment agreements with certain commercial insurance carriers and other organizations. The basis for payment to River’s Edge Hospital and Clinic under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded revenue estimates will change by material amounts in the near term.

G. Contract Commitments – Primary Government

The City has contract commitments for uncompleted construction projects as of December 31, 2012 of approximately \$970,000.

NOTE 13 – CONDUIT DEBT OBLIGATIONS

The City has issued private activity bonds to provide financial assistant to nonprofit corporations for the construction and equipping of facilities deemed to be in the public interest. The notes are secured by the property financed and are payable solely from payments received on the underlying revenue note. Upon repayment of the Commercial Development Revenue Note of 1998, the ownership of the acquired facilities transfers to the nonprofit corporation served by the revenue note issuance. Neither the City nor any political subdivision thereof is obligated in any manner for repayment of the revenue note. Accordingly, the revenue notes are not reported as liabilities in the accompanying financial statements.

As of December 31, 2012, the outstanding balance due on these revenue notes are as follows:

Bond	Description	Amount Issued	Amount
Commercial Development Revenue Note of 1998	Office facilities	\$ 2,900,000	\$ 1,398,850
Tax Exempt Loan Participation Note, Series 2010A	Housing facilities	\$ 5,500,000	5,471,565
			<u>\$ 6,870,415</u>

NOTE 14 – MAJOR SUPPLIER

For the year ended December 31, 2012, bulk energy totaling \$7,357,680 was purchased from one supplier.

NOTE 15 – SUBSEQUENT EVENT

In March 2013, the City awarded the sale of \$730,000 in general obligation equipment certificates at an average interest rate of 1.3 percent.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SAINT PETER

Required Supplementary Information

Saint Peter Fire Department Relief Association
Schedule of Funding Progress and Schedule of Contributions

A. Schedule of Funding Progress

Actuarial Valuation Date – December 31,	Actuarial Value of Assets	Actuarial Accrued Liability	Funded Ratio	Assets in Excess of (Unfunded) Accrued Liability	Benefit per Year of Service
2007	\$ 809,058	\$ 873,944	85.6 %	\$ (64,886)	\$ 2,350
2008	736,659	965,047	76.3	(228,388)	2,400
2009	704,627	893,805	78.8	(189,178)	2,400
2010	697,111	838,290	83.2	(141,179)	2,400
2011	753,629	909,928	82.8	(156,299)	2,400
2012	868,404	975,226	89.0	(106,822)	2,400

B. Schedule of Contributions

Year	Annual Required Contribution	Percent Contributed
2007	\$ 51,085	100.0 %
2008	43,199	100.0
2009	40,081	100.0
2010	65,461	100.0
2011	70,108	100.0
2012	52,522	100.0

C. Notes to Required Supplementary Information

Valuation date	12/31/2012
Actuarial cost method	Entry age normal
Amortization method	Level dollar closed
Remaining amortization period	
Normal cost	20 Years
Prior service cost	5 Years
Asset valuation method	Market
Actuarial assumptions	
Investment rate of return	9.0%
Projected salary increases	N/A
Inflation rate	N/A
Cost-of-living adjustments	None

N/A – Not Available

SUPPLEMENTAL INFORMATION

CITY OF SAINT PETER

Combining Balance Sheet
 Nonmajor Governmental Funds
 as of December 31, 2012

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Total Nonmajor Governmental</u>
Assets				
Cash and investments	\$ 1,796,895	\$ 116,978	\$ 1,078,110	\$ 2,991,983
Receivables				
Accounts	50,301	-	-	50,301
Delinquent taxes	7,480	-	-	7,480
Delinquent special assessments	-	357,449	-	357,449
Deferred special assessments	45,650	224,060	69,677	339,387
Notes	2,261,984	-	242,447	2,504,431
Due from other governmental units	1,696	3,261	-	4,957
Prepaid items	195	-	-	195
Assets held for resale	1,144,567	-	-	1,144,567
	<u>\$ 5,308,768</u>	<u>\$ 701,748</u>	<u>\$ 1,390,234</u>	<u>\$ 7,400,750</u>
Liabilities and Fund Balances				
Liabilities				
Accounts and contracts payable	\$ 22,201	\$ -	\$ -	\$ 22,201
Due to other funds	3,250	433,274	83,788	520,312
Customer deposits	8,022	-	-	8,022
Deferred revenue	2,315,115	581,509	312,124	3,208,748
Total liabilities	<u>2,348,588</u>	<u>1,014,783</u>	<u>395,912</u>	<u>3,759,283</u>
Fund balances (deficit)				
Nonspendable	195	-	-	195
Restricted	1,988,634	117,673	1,078,110	3,184,417
Committed	974,601	-	-	974,601
Unassigned	(3,250)	(430,708)	(83,788)	(517,746)
Total fund balances (deficit)	<u>2,960,180</u>	<u>(313,035)</u>	<u>994,322</u>	<u>3,641,467</u>
	<u>\$ 5,308,768</u>	<u>\$ 701,748</u>	<u>\$ 1,390,234</u>	<u>\$ 7,400,750</u>

CITY OF SAINT PETER

Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Year Ended December 31, 2012

	Special Revenue	Debt Service	Capital Project	Total Nonmajor Governmental
Revenue				
Taxes				
Property taxes and tax increments	\$ 933,608	\$ 633,304	\$ -	\$ 1,566,912
Other taxes	44,783	-	-	44,783
Intergovernmental	89,872	-	-	89,872
Special assessments	6,438	47,478	31,995	85,911
Investment earnings	10,022	1,033	7,053	18,108
Other	989,090	51,362	3,987	1,044,439
Total revenue	<u>2,073,813</u>	<u>733,177</u>	<u>43,035</u>	<u>2,850,025</u>
Expenditures				
Current				
General government	396,852	-	-	396,852
Parks and recreation	321,565	-	-	321,565
Economic development loans made	186,273	-	-	186,273
Other	236,792	61,334	-	298,126
Capital outlay	74,414	-	173,656	248,070
Debt service				
Principal	168,897	1,074,917	-	1,243,814
Interest and fiscal charges	35,384	275,997	-	311,381
Total expenditures	<u>1,420,177</u>	<u>1,412,248</u>	<u>173,656</u>	<u>3,006,081</u>
Excess (deficiency) of revenue over expenditures	653,636	(679,071)	(130,621)	(156,056)
Other financing sources (uses)				
Debt issued	-	-	240,000	240,000
Proceeds from sale of assets	-	-	-	-
Transfers in	208,537	425,000	-	633,537
Transfers (out)	(359,578)	-	(91,000)	(450,578)
Total other financing sources (uses)	<u>(151,041)</u>	<u>425,000</u>	<u>149,000</u>	<u>422,959</u>
Net change in fund balances	502,595	(254,071)	18,379	266,903
Fund balances (deficit)				
Beginning of year	<u>2,457,585</u>	<u>(58,964)</u>	<u>975,943</u>	<u>3,374,564</u>
End of year	<u>\$ 2,960,180</u>	<u>\$ (313,035)</u>	<u>\$ 994,322</u>	<u>\$ 3,641,467</u>

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Balance Sheet
 as of December 31, 2012

	Library	Public Access	Firefighters' Relief	Fire Calls	Economic Revolving Loan	St. Peter Mall TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans
Assets											
Cash and investments	\$ 393,608	\$ 159,888	\$ -	\$ 55,815	\$ 56,042	\$ 334,296	\$ 586	\$ 23	\$ 224,686	\$ 230	\$ 48,697
Receivables											
Accounts	114	3,779	-	5,195	-	-	-	-	-	-	-
Delinquent taxes	-	-	-	-	-	6,011	-	-	-	-	-
Deferred special assessments	-	-	-	-	-	654	-	-	-	-	-
Notes	-	-	-	-	742,095	-	-	-	1,376,341	-	86,628
Due from other governmental units	-	-	-	-	-	1,079	-	-	-	-	-
Prepaid items	195	-	-	-	-	-	-	-	-	-	-
Assets held for resale	-	-	-	-	-	-	-	-	1,144,567	-	-
Total assets	\$ 393,917	\$ 163,667	\$ -	\$ 61,010	\$ 798,137	\$ 342,040	\$ 586	\$ 23	\$ 2,745,594	\$ 230	\$ 135,325
Liabilities and Fund Balances											
Liabilities											
Accounts payable	\$ 5,400	\$ 100	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,417	\$ -	\$ -
Due to other funds	-	-	3,250	-	-	-	-	-	-	-	-
Customer deposits	-	-	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	742,095	6,666	-	-	1,376,341	-	86,628
Total liabilities	5,400	100	3,250	-	742,095	6,666	-	-	1,377,758	-	86,628
Fund balances (deficit)											
Nonspendable	195	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	56,042	335,374	586	23	1,367,836	230	48,697
Committed	388,322	163,567	-	61,010	-	-	-	-	-	-	-
Unassigned	-	-	(3,250)	-	-	-	-	-	-	-	-
Total fund balances (deficit)	388,517	163,567	(3,250)	61,010	56,042	335,374	586	23	1,367,836	230	48,697
Total liabilities and fund balances	\$ 393,917	\$ 163,667	\$ -	\$ 61,010	\$ 798,137	\$ 342,040	\$ 586	\$ 23	\$ 2,745,594	\$ 230	\$ 135,325

(continued)

CITY OF SAINT PETER
 Nonmajor Special Revenue Funds
 Combining Balance Sheet (continued)
 as of December 31, 2012

	Façade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District	Mankato Clinic TIF District	Housing Revolving	Community Center	Washington Terrace TIF District	Jefferson Avenue TIF District	Total
Assets										
Cash and investments	\$ 63,411	\$ 3	\$ 70,579	\$ 1,211	\$ 1,325	\$ 24,449	\$ 255,935	\$ 2,476	\$ 103,635	\$ 1,796,895
Receivables										
Accounts	-	-	-	-	-	-	41,213	-	-	50,301
Delinquent taxes	-	-	-	-	-	-	-	1,469	-	7,480
Deferred special assessments	-	-	-	-	-	-	-	-	44,996	45,650
Notes	6,920	-	50,000	-	-	-	-	-	-	2,261,984
Due from other governmental units	-	-	-	-	-	-	-	617	-	1,696
Prepaid items	-	-	-	-	-	-	-	-	-	195
Assets held for resale	-	-	-	-	-	-	-	-	-	1,144,567
Total assets	\$ 70,331	\$ 3	\$ 120,579	\$ 1,211	\$ 1,325	\$ 24,449	\$ 297,148	\$ 4,562	\$ 148,631	\$ 5,308,768
Liabilities and Fund Balances										
Liabilities										
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,284	\$ -	\$ -	\$ 22,201
Due to other funds	-	-	-	-	-	-	-	-	-	3,250
Customer deposits	-	-	-	-	-	-	8,022	-	-	8,022
Deferred revenue	6,920	-	50,000	-	-	-	-	1,469	44,996	2,315,115
Total liabilities	6,920	-	50,000	-	-	-	23,306	1,469	44,996	2,348,588
Fund balances (deficit)										
Nonspendable	-	-	-	-	-	-	-	-	-	195
Restricted	-	3	70,579	1,211	1,325	-	-	3,093	103,635	1,988,634
Committed	63,411	-	-	-	-	24,449	273,842	-	-	974,601
Unassigned	-	-	-	-	-	-	-	-	-	(3,250)
Total fund balances (deficit)	63,411	3	70,579	1,211	1,325	24,449	273,842	3,093	103,635	2,960,180
Total liabilities and fund balances	\$ 70,331	\$ 3	\$ 120,579	\$ 1,211	\$ 1,325	\$ 24,449	\$ 297,148	\$ 4,562	\$ 148,631	\$ 5,308,768

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	Library	Public Access	Firefighters' Relief	Fire Calls	Economic Revolving Loan	St. Peter Mall TIF District	Nicollet Hotel TIF District	Nicollet Plaza TIF District	Tornado Disaster Revolving Loan	Theatre TIF District	1999 Economic Revolving Loans
Revenue											
Property taxes and tax increments	\$ 250,133	\$ -	\$ 10,000	\$ -	\$ -	\$ 173,634	\$ 10,634	\$ 12,729	\$ -	\$ 11,745	\$ -
Other taxes	-	44,783	-	-	-	-	-	-	-	-	-
Intergovernmental	45,365	87	43,175	-	-	-	-	-	-	-	-
Special assessments	-	-	-	-	-	719	-	-	-	-	-
Investment earnings	2,287	1,013	-	308	211	1,831	-	-	146	-	280
Other											
Loan principal and interest payments	-	-	-	-	93,777	-	-	-	441,611	-	9,083
Miscellaneous	82,777	2,046	-	18,065	3,919	865	-	-	101,661	-	-
Total revenue	<u>380,562</u>	<u>47,929</u>	<u>53,175</u>	<u>18,373</u>	<u>97,907</u>	<u>177,049</u>	<u>10,634</u>	<u>12,729</u>	<u>543,418</u>	<u>11,745</u>	<u>9,363</u>
Expenditures											
Current											
General government	318,203	20,579	52,522	-	4,275	-	-	1,273	-	-	-
Parks and recreation	-	-	-	-	-	-	-	-	-	-	-
Economic development loans made	-	-	-	-	177,800	-	-	-	-	-	-
Other	-	-	-	-	-	-	10,634	-	7,871	587	-
Capital outlay	44,240	4,080	-	-	-	-	-	-	-	-	-
Debt service											
Principal	-	-	-	-	-	12,360	-	16,537	140,000	-	-
Interest and fiscal charges	-	-	-	-	-	2,474	-	5,218	16,536	11,156	-
Total expenditures	<u>362,443</u>	<u>24,659</u>	<u>52,522</u>	<u>-</u>	<u>182,075</u>	<u>14,834</u>	<u>10,634</u>	<u>23,028</u>	<u>164,407</u>	<u>11,743</u>	<u>-</u>
Excess (deficiency) of revenue over expenditures	18,119	23,270	653	18,373	(84,168)	162,215	-	(10,299)	379,011	2	9,363
Other financing sources (uses)											
Transfers in	-	-	-	-	-	-	-	10,000	-	-	-
Transfers (out)	(4,025)	(125)	-	-	-	(64,000)	-	-	-	-	-
Total other financing sources (uses)	<u>(4,025)</u>	<u>(125)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(64,000)</u>	<u>-</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	14,094	23,145	653	18,373	(84,168)	98,215	-	(299)	379,011	2	9,363
Fund balances (deficit)											
Beginning of year	374,423	140,422	(3,903)	42,637	140,210	237,159	586	322	988,825	228	39,334
End of year	<u>\$ 388,517</u>	<u>\$ 163,567</u>	<u>\$ (3,250)</u>	<u>\$ 61,010</u>	<u>\$ 56,042</u>	<u>\$ 335,374</u>	<u>\$ 586</u>	<u>\$ 23</u>	<u>\$ 1,367,836</u>	<u>\$ 230</u>	<u>\$ 48,697</u>

(continued)

CITY OF SAINT PETER

Nonmajor Special Revenue Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances (continued)
 Year Ended December 31, 2012

	Facade Renovation	Vista View Volmary TIF District	Nicollet Meadows TIF District	INH Properties TIF District	Mankato Clinic TIF District	Housing Revolving	Community Center	Washington Terrace TIF District	Jefferson Avenue TIF District	Total
Revenue										
Property taxes and tax increments	\$ -	\$ 20,902	\$ 228,651	\$ 34,695	\$ 36,481	\$ -	\$ -	\$ 126,297	\$ 17,707	\$ 933,608
Other taxes	-	-	-	-	-	-	-	-	-	44,783
Intergovernmental	-	-	-	-	-	1,114	131	-	-	89,872
Special assessments	-	-	-	-	-	-	-	-	5,719	6,438
Investment earnings	387	-	1,031	82	88	151	1,343	293	571	10,022
Other										
Loan principal and interest payments	1,553	-	-	-	-	-	-	-	-	546,024
Miscellaneous	85	-	-	-	-	-	233,648	-	-	443,066
Total revenue	<u>2,025</u>	<u>20,902</u>	<u>229,682</u>	<u>34,777</u>	<u>36,569</u>	<u>1,265</u>	<u>235,122</u>	<u>126,590</u>	<u>23,997</u>	<u>2,073,813</u>
Expenditures										
Current										
General government	-	-	-	-	-	-	-	-	-	396,852
Parks and recreation	-	-	-	-	-	-	321,565	-	-	321,565
Economic development loans made	8,473	-	-	-	-	-	-	-	-	186,273
Other	-	20,902	123,173	34,678	36,462	-	-	-	2,485	236,792
Capital outlay	-	-	-	-	-	-	26,094	-	-	74,414
Debt service										
Principal	-	-	-	-	-	-	-	-	-	168,897
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	35,384
Total expenditures	<u>8,473</u>	<u>20,902</u>	<u>123,173</u>	<u>34,678</u>	<u>36,462</u>	<u>-</u>	<u>347,659</u>	<u>-</u>	<u>2,485</u>	<u>1,420,177</u>
Excess (deficiency) of revenue over expenditures	(6,448)	-	106,509	99	107	1,265	(112,537)	126,590	21,512	653,636
Other financing sources (uses)										
Transfers in	-	-	-	-	-	-	198,537	-	-	208,537
Transfers (out)	-	-	(155,000)	-	-	-	(11,428)	(125,000)	-	(359,578)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(155,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,109</u>	<u>(125,000)</u>	<u>-</u>	<u>(151,041)</u>
Net change in fund balances	(6,448)	-	(48,491)	99	107	1,265	74,572	1,590	21,512	502,595
Fund balances (deficit)										
Beginning of year	69,859	3	119,070	1,112	1,218	23,184	199,270	1,503	82,123	2,457,585
End of year	<u>\$ 63,411</u>	<u>\$ 3</u>	<u>\$ 70,579</u>	<u>\$ 1,211</u>	<u>\$ 1,325</u>	<u>\$ 24,449</u>	<u>\$ 273,842</u>	<u>\$ 3,093</u>	<u>\$ 103,635</u>	<u>\$ 2,960,180</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Balance Sheet
 as of December 31, 2012

	<u>General Obligation</u>	<u>Tax Increment</u>	<u>Special Assessment</u>	<u>Total</u>
Assets				
Cash and investments	\$ 101,283	\$ 15,695	\$ -	\$ 116,978
Receivables				
Delinquent special assessments	-	787	356,662	357,449
Deferred special assessments	-	20,589	203,471	224,060
Due from other governmental units	-	695	2,566	3,261
	<u>101,283</u>	<u>37,766</u>	<u>562,699</u>	<u>701,748</u>
Total assets	<u>\$ 101,283</u>	<u>\$ 37,766</u>	<u>\$ 562,699</u>	<u>\$ 701,748</u>
Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ -	\$ -	\$ 433,274	\$ 433,274
Deferred revenue	-	21,376	560,133	581,509
Total liabilities	<u>-</u>	<u>21,376</u>	<u>993,407</u>	<u>1,014,783</u>
Fund balances (deficit)				
Restricted	101,283	16,390	-	117,673
Unassigned	-	-	(430,708)	(430,708)
Total fund balances (deficit)	<u>101,283</u>	<u>16,390</u>	<u>(430,708)</u>	<u>(313,035)</u>
Total liabilities and fund balances	<u>\$ 101,283</u>	<u>\$ 37,766</u>	<u>\$ 562,699</u>	<u>\$ 701,748</u>

CITY OF SAINT PETER

Nonmajor Debt Service Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	General Obligation	Tax Increment	Special Assessment	Total
Revenue				
Property taxes and tax increments	\$ 482,264	\$ 151,040	\$ -	\$ 633,304
Special assessments	-	10,811	36,667	47,478
Investment earnings	914	119	-	1,033
Other	51,362	-	-	51,362
Total revenue	<u>534,540</u>	<u>161,970</u>	<u>36,667</u>	<u>733,177</u>
Expenditures				
Current				
Excess tax increment payment	-	61,334	-	61,334
Debt service				
Principal	459,460	530,457	85,000	1,074,917
Interest	127,522	144,080	2,705	274,307
Fiscal agent fees	-	1,259	431	1,690
Total expenditures	<u>586,982</u>	<u>737,130</u>	<u>88,136</u>	<u>1,412,248</u>
Excess (deficiency) of revenue over expenditures	(52,442)	(575,160)	(51,469)	(679,071)
Other financing sources				
Transfers in	-	425,000	-	425,000
Net change in fund balances	(52,442)	(150,160)	(51,469)	(254,071)
Fund balances (deficit)				
Beginning of year	<u>153,725</u>	<u>166,550</u>	<u>(379,239)</u>	<u>(58,964)</u>
End of year	<u>\$ 101,283</u>	<u>\$ 16,390</u>	<u>\$ (430,708)</u>	<u>\$ (313,035)</u>

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Balance Sheet
 as of December 31, 2012

	Parkland Dedication	2000 Housing Project	Industrial Park	Equipment Certificates	2003 Washington Terrace	Total
Assets						
Cash and investments	\$ 109,923	\$ 530,174	\$ 21,231	\$ -	\$ 416,782	\$ 1,078,110
Receivables						
Deferred special assessments	-	15,877	-	-	53,800	69,677
Notes	-	242,447	-	-	-	242,447
Total assets	\$ 109,923	\$ 788,498	\$ 21,231	\$ -	\$ 470,582	\$ 1,390,234
Liabilities and Fund Balances						
Liabilities						
Due to other funds	\$ -	\$ -	\$ -	\$ 83,788	\$ -	\$ 83,788
Deferred revenue	-	258,324	-	-	53,800	312,124
Total liabilities	-	258,324	-	83,788	53,800	395,912
Fund balances (deficit)						
Restricted	109,923	530,174	21,231	-	416,782	1,078,110
Unassigned	-	-	-	(83,788)	-	(83,788)
Total fund balances	109,923	530,174	21,231	(83,788)	416,782	994,322
Total liabilities and fund balances	\$ 109,923	\$ 788,498	\$ 21,231	\$ -	\$ 470,582	\$ 1,390,234

CITY OF SAINT PETER

Nonmajor Capital Project Funds
 Combining Statement of Revenue, Expenditures, and Changes in Fund Balances
 Year Ended December 31, 2012

	Parkland Dedication	2000 Housing Project	Industrial Park	Equipment Certificates	2003 Washington Terrace	Total
Revenue						
Special assessments	\$ -	\$ 17,782	\$ -	\$ -	\$ 14,213	\$ 31,995
Investment earnings	673	3,233	309	68	2,770	7,053
Other						
Miscellaneous	536	-	-	-	3,451	3,987
Total revenue	<u>1,209</u>	<u>21,015</u>	<u>309</u>	<u>68</u>	<u>20,434</u>	<u>43,035</u>
Expenditures						
Capital outlay						
Construction and related costs	-	8,456	-	164,897	303	173,656
Excess (deficiency) of revenue over expenditures	1,209	12,559	309	(164,829)	20,131	(130,621)
Other financing sources (uses)						
Debt issued	-	-	-	240,000	-	240,000
Transfers (out)	-	-	(30,000)	-	(61,000)	(91,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>240,000</u>	<u>(61,000)</u>	<u>149,000</u>
Net change in fund balances	1,209	12,559	(29,691)	75,171	(40,869)	18,379
Fund balances (deficit)						
Beginning of year	<u>108,714</u>	<u>517,615</u>	<u>50,922</u>	<u>(158,959)</u>	<u>457,651</u>	<u>975,943</u>
End of year	<u>\$ 109,923</u>	<u>\$ 530,174</u>	<u>\$ 21,231</u>	<u>\$ (83,788)</u>	<u>\$ 416,782</u>	<u>\$ 994,322</u>

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual
 Year Ended December 31, 2012
 (With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012			2011
	Budget	Actual	Over (Under) Budget	Actual
Revenue				
Property taxes	\$ 1,275,614	\$ 1,324,535	\$ 48,921	\$ 1,021,425
Other taxes	71,500	79,274	7,774	76,865
Licenses and permits				
Business licenses and permits	24,375	27,687	3,312	27,450
Non-business licenses and permits	106,104	135,823	29,719	121,793
Total licenses and permits	130,479	163,510	33,031	149,243
Intergovernmental				
Local government aid	2,616,126	2,616,126	–	2,616,126
State and federal grants and aids	121,700	425,934	304,234	160,338
Total intergovernmental	2,737,826	3,042,060	304,234	2,776,464
Charges for services				
General government	24,650	40,585	15,935	37,269
Public safety	106,500	129,909	23,409	121,704
Highways and streets	14,700	18,534	3,834	16,684
Recreation	140,800	176,777	35,977	158,885
Total charges for services	286,650	365,805	79,155	334,542
Fines and forfeitures	83,000	91,342	8,342	81,530
Investment earnings	30,000	22,811	(7,189)	29,867
Other				
Miscellaneous	21,952	117,472	95,520	93,866
Sale of property	–	29,131	29,131	14,578
Loan principal and interest payments	–	11,156	11,156	10,139
Total other	21,952	157,759	135,807	118,583
Total revenue	4,637,021	5,247,096	610,075	4,588,519

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2012
 (With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Expenditures				
Current				
General government				
Mayor and City Council	39,600	41,540	1,940	36,501
Administration	167,896	162,336	(5,560)	155,712
City clerk	64,492	60,583	(3,909)	61,738
Elections	10,441	17,819	7,378	10,815
Finance	238,088	213,275	(24,813)	225,500
Legal	136,500	155,631	19,131	135,488
General government building	85,880	89,859	3,979	93,216
Old hospital	-	230	230	319,698
Total general government	742,897	741,273	(1,624)	1,038,668
Public safety				
Police	1,939,824	1,876,963	(62,861)	1,844,386
Fire	267,263	265,596	(1,667)	233,855
Other				
Building and planning	188,848	171,251	(17,597)	173,901
Civil defense	7,808	1,085	(6,723)	1,091
Community service officer	79,673	79,716	43	77,914
Total other	276,329	252,052	(24,277)	252,906
Total public safety	2,483,416	2,394,611	(88,805)	2,331,147
Public works				
Public works administration	83,890	80,956	(2,934)	93,470
Highways and streets				
Streets	949,490	1,002,080	52,590	1,028,452
Street lighting	101,000	104,103	3,103	98,653
Total highways and streets	1,050,490	1,106,183	55,693	1,127,105
Total public works	1,134,380	1,187,139	52,759	1,220,575

(continued)

CITY OF SAINT PETER

General Fund
 Schedule of Revenue, Expenditures, and Changes in Fund Balances
 Budget and Actual (continued)
 Year Ended December 31, 2012
 (With Comparative Actual Amounts for the Year Ended December 31, 2011)

	2012		Over (Under) Budget	2011
	Budget	Actual		Actual
Expenditures (continued)				
Current (continued)				
Parks and recreation				
Senior coordinator	28,625	29,920	1,295	29,018
Recreation and leisure services	329,096	329,416	320	332,209
Swimming pool	174,019	169,270	(4,749)	144,673
Skating rinks	12,061	9,121	(2,940)	11,327
Parks	635,051	594,959	(40,092)	598,280
Total parks and recreation	<u>1,178,852</u>	<u>1,132,686</u>	<u>(46,166)</u>	<u>1,115,507</u>
Economic development	127,949	139,335	11,386	118,043
Other				
Insurance	20,000	18,968	(1,032)	101,582
Memberships	28,600	24,801	(3,799)	24,433
Total other	<u>48,600</u>	<u>43,769</u>	<u>(4,831)</u>	<u>126,015</u>
Capital outlay	<u>119,500</u>	<u>409,753</u>	<u>290,253</u>	<u>122,865</u>
Total expenditures	<u>5,835,594</u>	<u>6,048,566</u>	<u>212,972</u>	<u>6,072,820</u>
Excess (deficiency) of revenue over expenditures	(1,198,573)	(801,470)	397,103	(1,484,301)
Other financing sources (uses)				
Transfers in	1,198,573	1,418,760	220,187	1,408,873
Transfers (out)	—	(50,861)	(50,861)	(46,756)
Total other financing sources (uses)	<u>1,198,573</u>	<u>1,367,899</u>	<u>169,326</u>	<u>1,362,117</u>
Net change in fund balances	<u>\$ —</u>	566,429	<u>\$ 566,429</u>	(122,184)
Fund balances				
Beginning of year		<u>3,397,334</u>		<u>3,519,518</u>
End of year		<u>\$ 3,963,763</u>		<u>\$ 3,397,334</u>

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 9,793,027	\$ 10,170,050
Electric generation	432,000	432,000
Other		
Penalties	66,706	71,982
Insurance proceeds	-	391,698
Miscellaneous	459,453	298,799
Total operating revenue	<u>10,751,186</u>	<u>11,364,529</u>
Operating expenses		
Bulk energy	7,357,680	7,221,284
Power distribution		
Personal services	343,666	312,395
Repairs and maintenance	94,176	94,124
Supplies and materials	50,038	40,020
Utilities	10,841	5,268
Professional services	23,756	71,323
General and administrative	2,406	1,578
Total power distribution	<u>524,883</u>	<u>524,708</u>
General and administrative		
Personal services	274,070	268,752
Repairs and maintenance	15,832	13,471
Supplies and materials	21,770	23,142
Utilities	7,082	8,053
Professional services	15,756	18,887
General and administrative	66,726	63,762
Total general and administrative	<u>401,236</u>	<u>396,067</u>
Customer accounts		
Personal services	111,649	99,239
Repairs and maintenance	1,772	1,353
Supplies and materials	1,840	892
Professional services	2,822	4,265
General and administrative	9,918	9,570
Bad debt expense (recovery)	40,523	(1,861)
Total customer accounts	<u>168,524</u>	<u>113,458</u>

(continued)

CITY OF SAINT PETER

Municipal Electric Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating expenses (continued)		
Power production		
Personal services	19,836	17,083
Repairs and maintenance	59,684	53,432
Supplies and materials	211,845	142,352
Utilities	34,978	39,406
Professional services	31,508	27,677
Total power production	<u>357,851</u>	<u>279,950</u>
Depreciation	<u>839,876</u>	<u>799,871</u>
Total operating expenses	<u>9,650,050</u>	<u>9,335,338</u>
Operating income	1,101,136	2,029,191
Other revenue (expense)		
State and federal grants	1,408	145,860
Gain on disposal of asset	-	15,000
Investment earnings	35,721	69,241
Interest expense	<u>(474,241)</u>	<u>(499,763)</u>
Total other revenue (expense)	<u>(437,112)</u>	<u>(269,662)</u>
Income before transfers	664,024	1,759,529
Transfers		
Transfers (out)	<u>(924,465)</u>	<u>(937,673)</u>
Change in net position	(260,441)	821,856
Net position		
Beginning of year	<u>16,744,234</u>	<u>15,922,378</u>
End of year	<u>\$ 16,483,793</u>	<u>\$ 16,744,234</u>

CITY OF SAINT PETER

Municipal Water Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 2,139,518	\$ 2,005,505
Other	65,182	129,434
Total operating revenue	<u>2,204,700</u>	<u>2,134,939</u>
Operating expenses		
Source of supply		
Personal services	33,360	23,699
Repairs and maintenance	6,092	1,566
Supplies and materials	2,915	1,463
Utilities	21,455	18,637
Professional services	3,060	-
General and administrative	7,408	7,079
Total source of supply	<u>74,290</u>	<u>52,444</u>
Purification and treatment		
Personal services	170,735	154,663
Repairs and maintenance	31,804	28,978
Supplies and materials	125,391	158,410
Utilities	390,288	514,854
Professional services	4,776	9,930
General and administrative	994	975
Total purification and treatment	<u>723,988</u>	<u>867,810</u>
Distribution and storage		
Personal services	165,007	200,908
Repairs and maintenance	39,475	34,537
Supplies and materials	21,700	19,868
Utilities	40,400	86,901
Professional services	3,806	3,888
General and administrative	2,021	2,398
Total distribution and storage	<u>272,409</u>	<u>348,500</u>
General and administrative		
Personal services	64,044	59,634
Repairs and maintenance	3,028	3,810
Supplies and materials	16,855	12,321
Utilities	2,735	3,224
Professional services	49,304	33,020
General and administrative	19,236	20,314
Total general and administrative	<u>155,202</u>	<u>132,323</u>

(continued)

CITY OF SAINT PETER

Municipal Water Utility Fund

Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)

Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating expenses (continued)		
Customer accounts		
Personal services	22,276	21,040
Repairs and maintenance	1,772	1,353
Supplies and materials	1,431	767
Professional services	1,886	2,016
General and administrative	6,352	6,096
Bad debt expense	245	-
Total customer accounts	<u>33,962</u>	<u>31,272</u>
Depreciation	<u>1,044,931</u>	<u>523,904</u>
Total operating expenses	<u>2,304,782</u>	<u>1,956,253</u>
Operating income	(100,082)	178,686
Other revenue (expense)		
State and federal grants	10,651	756
(Loss) on disposal of capital asset	-	(139,374)
Investment earnings	10,848	20,769
Interest expense	(529,059)	(543,213)
Total other revenue (expense)	<u>(507,560)</u>	<u>(661,062)</u>
Income (loss) before transfers and contributions	(607,642)	(482,376)
Transfers		
Transfers (out)	<u>(210,040)</u>	<u>(180,933)</u>
Change in net position	(817,682)	(663,309)
Net position		
Beginning of year	<u>10,923,858</u>	<u>11,587,167</u>
End of year	<u>\$ 10,106,176</u>	<u>\$ 10,923,858</u>

CITY OF SAINT PETER

Environmental Services Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 674,321	\$ 732,666
Other	9,405	2,124
Total operating revenue	<u>683,726</u>	<u>734,790</u>
Operating expenses		
Refuse operations		
Personal services	149,842	131,447
Repairs and maintenance	32,073	10,208
Supplies and materials	36,437	32,232
Professional services	391,652	394,768
General and administrative	2,439	2,875
Total refuse operations	<u>612,443</u>	<u>571,530</u>
General and administrative		
Personal services	49,928	50,458
Repairs and maintenance	3,820	4,108
Supplies and materials	6,405	6,118
Utilities	6,837	3,164
Professional services	12,107	6,764
General and administrative	3,071	3,734
Total general and administrative	<u>82,168</u>	<u>74,346</u>
Customer accounts		
Personal services	16,569	13,966
Supplies and materials	940	308
Professional services	1,850	1,575
General and administrative	6,973	6,651
Bad debt expense	133	-
Total customer accounts	<u>26,465</u>	<u>22,500</u>
Depreciation	<u>4,033</u>	<u>5,885</u>
Total operating expenses	<u>725,109</u>	<u>674,261</u>
Operating income	(41,383)	60,529
Other revenue		
State and federal grants	326	326
Investment earnings	1,810	1,078
Total other revenue	<u>2,136</u>	<u>1,404</u>
Income before transfers	(39,247)	61,933
Transfers		
Transfers (out)	<u>(3,486)</u>	<u>(2,945)</u>
Change in net position	(42,733)	58,988
Net position		
Beginning of year	<u>288,686</u>	<u>229,698</u>
End of year	<u>\$ 245,953</u>	<u>\$ 288,686</u>

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 3,138,762	\$ 3,392,178
Other	115,153	191,549
Total operating revenue	<u>3,253,915</u>	<u>3,583,727</u>
Operating expenses		
Biosolids		
Personal services	44,625	38,062
Repairs and maintenance	30,480	66,780
Supplies and materials	54,017	46,550
Utilities	42,740	43,907
Professional services	2,501	1,885
General and administrative	705	830
Total biosolids	<u>175,068</u>	<u>198,014</u>
Collector system		
Personal services	145,472	134,407
Repairs and maintenance	77,063	64,685
Supplies and materials	23,678	18,788
Utilities	30,080	32,298
Professional services	4,122	81,873
General and administrative	1,111	1,311
Total collector system	<u>281,526</u>	<u>333,362</u>
Source/treatment		
Personal services	324,594	266,020
Repairs and maintenance	47,998	43,429
Supplies and materials	137,130	141,667
Utilities	410,915	438,558
Professional services	82,689	87,780
General and administrative	18,051	18,456
Total source/treatment	<u>1,021,377</u>	<u>995,910</u>
General and administrative		
Personal services	64,148	56,001
Repairs and maintenance	5,011	5,378
Supplies and materials	15,411	12,140
Utilities	3,382	3,793
Professional services	38,303	7,663
General and administrative	18,015	18,132
Total general and administrative	<u>144,270</u>	<u>103,107</u>

(continued)

CITY OF SAINT PETER

Municipal Wastewater Utility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position (continued)
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating expenses (continued)		
Customer accounts		
Personal services	22,281	19,795
Repairs and maintenance	1,702	1,353
Supplies and materials	1,563	767
Professional services	1,886	2,016
General and administrative	5,372	5,336
Bad debt expense	446	—
Total customer accounts	<u>33,250</u>	<u>29,267</u>
Depreciation	<u>801,198</u>	<u>809,504</u>
Total operating expenses	<u>2,456,689</u>	<u>2,469,164</u>
Operating income	797,226	1,114,563
Other revenue (expense)		
State and federal grants	1,048	21,000
Investment earnings	8,526	3,151
Interest expense	(333,108)	(368,761)
Total other revenue (expense)	<u>(323,534)</u>	<u>(344,610)</u>
Income before transfers	473,692	769,953
Transfers		
Transfers (out)	<u>(239,327)</u>	<u>(236,356)</u>
Change in net position	234,365	533,597
Net position		
Beginning of year	<u>16,193,219</u>	<u>15,659,622</u>
End of year	<u>\$ 16,427,584</u>	<u>\$ 16,193,219</u>

CITY OF SAINT PETER

Heartland Transit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 85,271	\$ 80,972
Other	676	-
Total operating revenue	<u>85,947</u>	<u>80,972</u>
Operating expenses		
Personal services	223,895	219,213
Repairs and maintenance	11,021	9,215
Supplies and materials	65,566	36,439
Depreciation	22,028	22,393
Professional services	659	464
General and administrative	8,869	9,688
Total operating expenses	<u>332,038</u>	<u>297,412</u>
Operating loss	(246,091)	(216,440)
Other revenue		
State and federal grants	<u>212,307</u>	<u>212,307</u>
Change in net position	(33,784)	(4,133)
Net position		
Beginning of year	<u>62,345</u>	<u>66,478</u>
End of year	<u>\$ 28,561</u>	<u>\$ 62,345</u>

CITY OF SAINT PETER

Storm Water Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 468,717	\$ 474,490
Other	19,905	27,803
Total operating revenue	<u>488,622</u>	<u>502,293</u>
Operating expenses		
Personal services	260,077	213,284
Repairs and maintenance	15,132	11,092
Supplies and materials	15,666	9,629
Utilities	4,859	5,673
Depreciation	196,573	192,442
Professional services	15,319	6,179
General and administrative	15,073	10,606
Bad debt expense (recovery)	88	(9)
Total operating expenses	<u>522,787</u>	<u>448,896</u>
Operating income	(34,165)	53,397
Other revenue (expense)		
State and federal grants	43	16,493
Investment earnings	3,688	5,242
Interest expense	(10,595)	(12,281)
Total other revenue (expense)	<u>(6,864)</u>	<u>9,454</u>
Income before transfers	(41,029)	62,851
Transfers		
Transfers (out)	<u>(29,804)</u>	<u>(30,102)</u>
Change in net position	(70,833)	32,749
Net position		
Beginning of year	<u>5,135,575</u>	<u>5,102,826</u>
End of year	<u>\$ 5,064,742</u>	<u>\$ 5,135,575</u>

CITY OF SAINT PETER

Telecommunications Conduit Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Charges for services	\$ 143,736	\$ 147,182
Operating expenses		
Depreciation	14,264	14,264
General and administrative	5,406	-
Total operating expenses	<u>19,670</u>	<u>14,264</u>
Operating income	124,066	132,918
Other revenue (expense)		
Investment earnings	193	125
Gain on disposal of capital assets	495	-
Total other revenue (expense)	<u>688</u>	<u>125</u>
Income before transfers	124,754	133,043
Transfers		
Transfers out	<u>(143,736)</u>	<u>(147,183)</u>
Change in net position	(18,982)	(14,140)
Net position		
Beginning of year	<u>276,561</u>	<u>290,701</u>
End of year	<u>\$ 257,579</u>	<u>\$ 276,561</u>

CITY OF SAINT PETER

Long-Term Care Facility Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Other		
Rental income	\$ 776,165	\$ 783,792
Operating expenses		
Depreciation	221,529	221,528
General and administrative	3,794	3,652
Total operating expenses	<u>225,323</u>	<u>225,180</u>
Operating income	550,842	558,612
Other revenue (expense)		
Investment earnings	726	-
Interest expense	<u>(576,344)</u>	<u>(587,106)</u>
Total other revenue (expense)	<u>(575,618)</u>	<u>(587,106)</u>
Change in net position	(24,776)	(28,494)
Net position (deficit)		
Beginning of year	<u>(740,763)</u>	<u>(712,269)</u>
End of year	<u>\$ (765,539)</u>	<u>\$ (740,763)</u>

CITY OF SAINT PETER

Medical Office Building Fund
 Comparative Schedule of Revenue, Expenses, and Changes in Net Position
 Years Ended December 31, 2012 and 2011

	<u>2012</u>	<u>2011</u>
Operating revenue		
Other		
Rental income	\$ 288,242	\$ 349,123
Operating expenses		
Depreciation	118,673	118,673
Professional services	141,444	159,871
Total operating expenses	<u>260,117</u>	<u>278,544</u>
Operating income	28,125	70,579
Other revenue (expense)		
Investment earnings	1,488	1,089
Interest expense	(143,178)	(145,856)
Total other revenue (expense)	<u>(141,690)</u>	<u>(144,767)</u>
Changes in net position	(113,565)	(74,188)
Net position		
Beginning of year	<u>3,146,293</u>	<u>3,220,481</u>
End of year	<u>\$ 3,032,728</u>	<u>\$ 3,146,293</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Private-Purpose Trust Funds
 as of December 31, 2012

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Assets			
Cash and investments	\$ 12,359	\$ 100,364	\$ 112,723
Accounts receivable	—	1,324	1,324
	<u>\$ 12,359</u>	<u>\$ 101,688</u>	<u>\$ 114,047</u>
Liabilities			
Liabilities			
Accounts payable	<u>\$ —</u>	<u>\$ 4,517</u>	<u>\$ 4,517</u>
Net Position			
Held in trust for private purposes	<u>\$ 12,359</u>	<u>\$ 97,171</u>	<u>\$ 109,530</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Net Position
 Private-Purpose Trust Funds
 Year Ended December 31, 2012

	<u>Library Trust</u>	<u>Restricted Contributions Trusts</u>	<u>Total Private-Purpose Trusts</u>
Additions			
Donations	\$ —	\$ 92,216	\$ 92,216
Other	—	5,000	5,000
Investment earnings	82	14	96
Total additions	<u>82</u>	<u>97,230</u>	<u>97,312</u>
Deductions			
Trust-related expenses	<u>—</u>	<u>97,118</u>	<u>97,118</u>
Changes in net position	82	112	194
Net position			
Beginning of year	<u>12,277</u>	<u>97,059</u>	<u>109,336</u>
End of year	<u>\$ 12,359</u>	<u>\$ 97,171</u>	<u>\$ 109,530</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Net Position
 Agency Funds
 as of December 31, 2012

	<u>DARE Program</u>	<u>Youth Center</u>	<u>Flexible Benefit Plan</u>	<u>Total Agency Funds</u>
Assets				
Cash and investments	<u>\$ 28,897</u>	<u>\$ 4,740</u>	<u>\$ 193,496</u>	<u>\$ 227,133</u>
Liabilities				
Liabilities				
Refunds payable and others	<u>\$ 28,897</u>	<u>\$ 4,740</u>	<u>\$ 193,496</u>	<u>\$ 227,133</u>

CITY OF SAINT PETER

Fiduciary Funds
 Combining Statement of Changes in Assets and Liabilities
 Agency Funds
 Year Ended December 31, 2012

	Balance – January 1, 2012	Additions	Deletions	Balance – December 31, 2012
DARE Program				
Assets				
Cash and investments	\$ 20,944	\$ 8,103	\$ 150	\$ 28,897
Liabilities				
Refunds payable and others	\$ 20,944	\$ 8,103	\$ 150	\$ 28,897
Youth Center				
Assets				
Cash and investments	\$ 6,580	\$ 2,500	\$ 4,340	\$ 4,740
Liabilities				
Refunds payable and others	\$ 6,580	\$ 2,500	\$ 4,340	\$ 4,740
Flexible Benefit Plan				
Assets				
Cash and investments	\$ 166,487	\$ 27,009	\$ –	\$ 193,496
Liabilities				
Refunds payable and others	\$ 166,487	\$ 27,009	\$ –	\$ 193,496
Total				
Assets				
Cash and investments	\$ 194,011	\$ 37,612	\$ 4,490	\$ 227,133
Liabilities				
Refunds payable and others	\$ 194,011	\$ 37,612	\$ 4,490	\$ 227,133

OTHER INFORMATION SECTION

CITY OF SAINT PETER

General Fund Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Taxes	Licenses and Permits	Intergovernmental Revenue	Charges for Services	Fines and Forfeits	Other	Total
2003	\$ 654,401	\$ 244,127	\$ 1,971,498	\$ 358,254	\$ 95,497	\$ 162,636	\$3,486,413
2004	853,549	305,895	2,020,234	372,491	95,306	120,615	3,768,090
2005	981,174	250,326	2,129,986	363,253	93,879	115,996	3,934,614
2006	1,010,419	156,851	2,247,918	353,191	120,316	119,317	4,008,012
2007	1,112,765	124,976	2,345,807	336,863	103,497	128,583	4,152,491
2008	1,255,059	202,839	2,350,643	355,319	94,737	154,279	4,412,876
2009	973,097	161,525	2,854,397	370,389	81,235	154,485	4,595,128
2010	1,139,902	308,040	2,739,305	395,299	80,067	150,453	4,813,066
2011	1,098,290	149,243	2,776,464	334,542	81,530	148,450	4,588,519
2012	1,403,809	163,510	3,042,060	365,805	91,342	180,570	5,247,096

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.

CITY OF SAINT PETER

General Fund Expenditures by Function
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works Administration	Highways and Streets	Parks and Recreation	Economic Development	Other	Capital Outlay	Total
2003	\$ 552,889	\$ 1,681,655	\$ 118,958	\$ 870,948	\$ 918,370	\$ 127,576	\$ 41,994	\$ 468,764	\$ 4,781,154
2004	594,082	1,921,562	92,586	813,108	956,254	103,069	38,922	86,356	4,605,939
2005	590,998	1,885,205	88,064	884,586	976,349	98,927	51,360	73,336	4,648,825
2006	644,002	2,007,046	127,602	987,666	1,034,054	92,831	54,185	65,886	5,013,272
2007	656,627	2,012,285	103,630	1,073,792	1,106,729	95,267	68,689	66,241	5,183,260
2008	714,427	2,191,529	129,067	1,149,781	1,098,340	135,828	59,474	66,318	5,544,764
2009	716,347	2,255,294	112,329	993,088	1,122,809	123,614	76,498	85,709	5,485,688
2010	698,706	2,298,125	114,866	994,109	1,076,478	97,342	60,159	7,062	5,346,847
2011	1,038,668	2,331,147	93,470	1,127,105	1,115,507	118,043	126,015	122,865	6,072,820
2012	741,273	2,394,611	80,956	1,106,183	1,132,686	139,335	43,769	409,753	6,048,566

Note: The City implemented GASB Statement No. 54 in fiscal 2011. This caused certain activities to be moved into the General Fund that were previously reported in special revenue funds.