

**CITY OF ST. CHARLES, MINNESOTA**

**FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**



CITY OF ST. CHARLES, MINNESOTA

FINANCIAL STATEMENTS  
For the Fiscal Year Ended December 31, 2014

TABLE OF CONTENTS

|  | <u>PAGE</u> |
|--|-------------|
| <b>INTRODUCTORY SECTION</b>  |             |
| List of Elected and Appointed Officials  | i           |
| <b>FINANCIAL SECTION</b>   |             |
| Independent Auditor's Report   | 1           |
| Management's Discussion and Analysis   | 3           |
| Basic Financial Statements   |             |
| Government-wide Financial Statements   |             |
| Statement of Net Position  | 14          |
| Statement of Activities  | 15          |
| Fund Financial Statements  |             |
| Balance Sheet - Governmental Funds   | 17          |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Governmental Funds  | 19          |
| Reconciliation of Net Position in the Government-wide<br>Financial Statements and Fund Balances in the Fund<br>Basis Financial Statements          | 21          |
| Reconciliation of the Statement of Revenues, Expenditures,<br>and Changes in Fund Balances of Governmental Funds<br>to the Statement of Activities | 22          |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Budget and Actual - General Fund  | 23          |
| Statement of Revenues, Expenditures, and Changes in<br>Fund Balances - Budget and Actual - Economic Development Fund                               | 28          |
| Statement of Net Position - Proprietary Funds  | 29          |
| Statement of Revenues, Expenses, and Changes in Fund<br>Net Position - Proprietary Funds   | 31          |
| Statement of Cash Flows - Proprietary Funds  | 33          |
| Notes to the Financial Statements  | 37          |
| Combining and Individual Nonmajor Fund Statements and Schedules  |             |
| Combining Balance Sheet - Nonmajor Governmental Funds  | 61          |
| Combining Statement of Revenues, Expenditures, and<br>Changes in Fund Balances - Nonmajor Governmental Funds                                       | 63          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - Advertising Fund   | 65          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - Celebration Fund   | 66          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - Library Fund   | 67          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - Volunteer Fire Department Fund                           | 68          |
| Schedule of Revenues, Expenditures, and Changes in Fund<br>Balances - Budget and Actual - Emergency Management Services Fund                       | 69          |

**CITY OF ST. CHARLES, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**For the Fiscal Year Ended December 31, 2014**

**TABLE OF CONTENTS (CONTINUED)**

| <b>FINANCIAL SECTION (CONTINUED)</b>                 | <u>PAGE</u> |
|--|-------------|
| Supplementary Information                            |             |
| Electric Fund:                                       |             |
| Statement of Net Position                            | 70          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Net Position - Budget and Actual                     | 71          |
| Water Fund:  |             |
| Statement of Net Position                            | 72          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Position - Budget and Actual                         | 73          |
| Sewer Fund:  |             |
| Statement of Net Position                            | 74          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Net Position - Budget and Actual                     | 75          |
| Storm Water Fund:                                    |             |
| Statement of Net Position                            | 76          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Net Position - Budget and Actual                     | 77          |
| Waste Management Fund:                               |             |
| Statement of Net Position                            | 78          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Net Position - Budget and Actual                     | 79          |
| Ambulance Fund:                                      |             |
| Statement of Net Position                            | 80          |
| Statement of Revenues, Expenses, and Changes in Fund |             |
| Net Position - Budget and Actual                     | 81          |
| Summary of Cash and Investments - All Fund Types     | 82          |
| Bond Retirement Schedules - Governmental Funds       | 83          |
| Bond Retirement Schedules - Business-Type Funds      | 84          |
| Auditor's Report on Legal Compliance                 | 85          |

**CITY OF ST. CHARLES, MINNESOTA**

**INTRODUCTORY SECTION**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**(This Page Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**LIST OF ELECTED AND APPOINTED OFFICIALS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

Elected

|                    |                       |
|--------------------|-----------------------|
| William J. Spitzer | Mayor                 |
| John Schaber       | Council/Mayor Pro-Tem |
| Wayne Getz         | Council               |
| David Braun        | Council               |
| Orv Dahl           | Council               |

Appointed

|                  |                     |
|------------------|---------------------|
| Nick Koverman    | Clerk Administrator |
| Kristine Huinker | Accountant          |
| Janell Dahl      | Deputy Clerk        |

**(This Page is Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**FINANCIAL SECTION**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**(This Page is Left Blank Intentionally)**

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
**City of St. Charles, Minnesota**

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of St. Charles, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of St. Charles, Minnesota as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matters**

*Report on Summarized Comparative Information*

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance 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, 2013, from which such partial information was derived.

We have previously audited the City's 2013 financial statements and our report dated April 8, 2013, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 13 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.

*Supplementary Information in Relation to the Financial Statements as a Whole*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Charles, Minnesota's financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and supplemental information are presented for purposes of additional analysis and are not a required part of the financial statements.

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

The introductory and supplemental information 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.



## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of St. Charles, Minnesota, we offer readers of the City of St. Charles, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of St. Charles, Minnesota for the fiscal year ended December 31, 2014.

### FINANCIAL HIGHLIGHTS

- The assets of the City of St. Charles, Minnesota exceeded its liabilities at the close of the most recent fiscal year by \$22,019,425 (*net position*). Of this amount, \$3,995,490 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$745,665.
- As of the close of the current fiscal year, the City of St. Charles, Minnesota's governmental funds reported combined ending fund balances of \$. Approximately 40% of this total amount, or \$554,402 is available for use within the City's designations and policies.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$647,656 or 48% of total general fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of St. Charles, Minnesota's basic financial statements. The City of St. Charles, Minnesota's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

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

The *statement of net position* presents information on all of the City of St. Charles, Minnesota'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 of St. Charles, Minnesota is improving or deteriorating.

## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the 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 not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of St. Charles, Minnesota 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 of St. Charles, Minnesota include general government, public safety, public works, library, parks and recreation and economic development. The business-type activities of the City of St. Charles, Minnesota include the electric, water, sewer, storm water utilities, waste management and ambulance services. The government-wide financial statements can be found on pages 14-16 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. Charles, Minnesota, 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 of St. Charles, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

The City of St. Charles, Minnesota maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the economic development special revenue fund, the capital improvements and I-90 construction capital projects funds, all of which are considered to be major funds. Data from the eleven 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 of St. Charles, Minnesota adopts an annual appropriated budget for its general fund and special revenue funds. Budgetary comparison statements have been provided for the general fund (pages 23-27) and the special revenue funds (page 28 and 65-69) to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 17-20 of this report.

## **CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Proprietary funds.** The City of St. Charles, Minnesota maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of St. Charles, Minnesota uses enterprise funds to account for its electric, water, sewer, storm water utilities, waste management and ambulance.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric, water, sewer, storm water utilities, waste management and ambulance, all of which are considered to be major funds of the City of St. Charles, Minnesota.

The proprietary fund financial statements can be found on pages 29-36 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 37 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 61-64 of this report.

### **IMPORTANT REMINDERS**

**Infrastructure Assets.** When the City of St. Charles, Minnesota implemented GASB Statement #34 for the year ended December 31, 2004, the City elected to record infrastructure assets prospectively, rather than retroactively for government activities. Historically, governmental capital assets, particularly infrastructure assets, have only been accounted for using the current financial resources (budgeted resources) method, and have not been expensed annually through depreciation or accounted for otherwise. Additionally, significant infrastructure assets have been constructed by developers and contributed to the City prior to 2004 but were not recorded. All 2004 and future acquisitions of infrastructure assets have and will be recorded under the new reporting model.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**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 of St. Charles, Minnesota, assets exceeded liabilities by \$22,019,425 at the close of the most recent fiscal year.

By far the largest portion of the City of St. Charles, Minnesota's net position (81%) reflects its investment in capital assets (e.g. land, buildings, infrastructure, vehicles, and equipment), less any related debt used to acquire those assets that are still outstanding. The City of St. Charles, Minnesota uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of St. Charles, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**City of St. Charles, Minnesota's Net Position**

|                             | Governmental        | Business-Type        | Totals               |                      |
|-----------------------------|---------------------|----------------------|----------------------|----------------------|
|                             | Activities          | Activities           | 2014                 | 2013                 |
| Current and other assets    | \$ 1,688,473        | \$ 2,996,065         | \$ 4,684,538         | \$ 4,927,187         |
| Capital assets              | 8,847,751           | 13,439,697           | 22,287,448           | 21,834,437           |
| Total assets                | <u>10,536,224</u>   | <u>16,435,762</u>    | <u>26,971,986</u>    | <u>26,761,624</u>    |
| Long-term liabilities       |                     |                      |                      |                      |
| outstanding                 | 1,908,973           | 2,524,701            | 4,433,674            | 5,006,855            |
| Other liabilities           | 119,294             | 399,593              | 518,887              | 481,009              |
| Total liabilities           | <u>2,028,267</u>    | <u>2,924,294</u>     | <u>4,952,561</u>     | <u>5,487,864</u>     |
| Net position:               |                     |                      |                      |                      |
| Invested in capital assets, |                     |                      |                      |                      |
| net of related debt         | 6,938,778           | 10,914,996           | 17,853,774           | 16,827,582           |
| Restricted                  | 170,161             |                      | 170,161              | 168,046              |
| Unrestricted                | 1,399,018           | 2,596,472            | 3,995,490            | 4,278,132            |
| Total net position          | <u>\$ 8,507,957</u> | <u>\$ 13,511,468</u> | <u>\$ 22,019,425</u> | <u>\$ 21,273,760</u> |

The balance of *unrestricted net position* (\$3,995,490) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of St. Charles, Minnesota is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its business-type activities.

**Governmental activities.** Governmental activities increased the City of St. Charles, Minnesota's net position by \$221,750. The most significant change in governmental net position is due to the effect of accounting for net position under full accrual accounting, current year infrastructure capital outlay, which was funded during the year, will be expensed over its useful life and capital assets constructed by developers and contributed to the City are recorded as increases in net position.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type activities.** Business-type activities increased the City of St. Charles, Minnesota's net position by \$523,915. The City's electric utility contributed the most significant portion of that increase, or \$189,163.

A condensed version of the Statement of Activities follows:

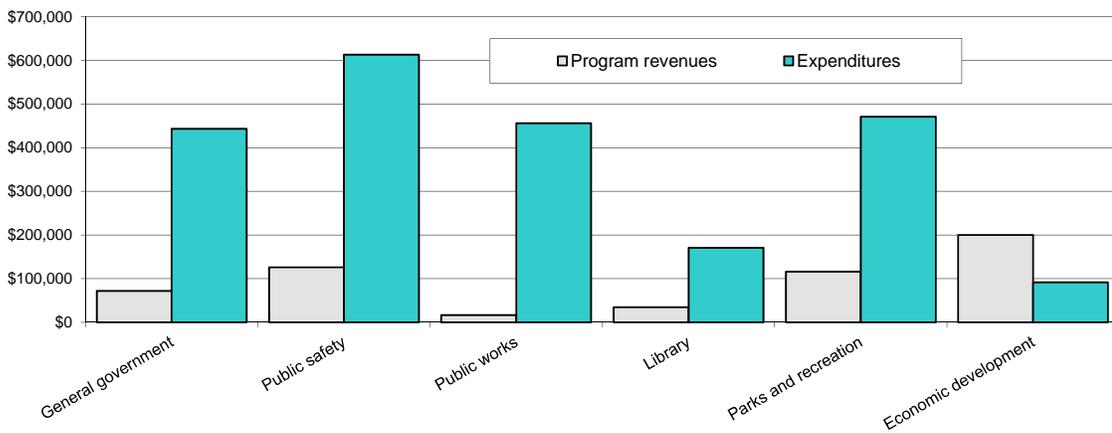
**City of St. Charles, Minnesota's Change in Net Position**

|   | Governmental<br>Activities | Business-Type<br>Activities | Totals               |                      |
|---|----------------------------|-----------------------------|----------------------|----------------------|
|   |                            |                             | 2014                 | 2013                 |
| Revenue:  |                            |                             |                      |                      |
| Program revenues:   |                            |                             |                      |                      |
| Charges for services  | \$ 235,872                 | \$ 4,559,687                | \$ 4,795,559         | \$ 4,751,401         |
| Operating grants and contributions                              | 117,316                    | 20,549                      | 137,865              | 151,436              |
| Capital grants and contributions                                | 211,608                    | 26,163                      | 237,771              | 213,697              |
| General revenues:   |                            |                             |                      |                      |
| Property taxes  | 870,961                    |                             | 870,961              | 871,774              |
| TIF proceeds  | 20,716                     |                             | 20,716               | 18,840               |
| Franchise fees  | 53,863                     |                             | 53,863               | 51,476               |
| Grants and contributions not<br>restricted to specific programs | 861,229                    |                             | 861,229              | 757,434              |
| Other   | 15,764                     | 41,124                      | 56,888               | 60,323               |
| Total revenues  | <u>2,387,329</u>           | <u>4,647,523</u>            | <u>7,034,852</u>     | <u>6,876,381</u>     |
| Expenses:   |                            |                             |                      |                      |
| General government  | 443,275                    |                             | 443,275              | 447,050              |
| Public safety   | 613,560                    |                             | 613,560              | 615,173              |
| Public works  | 456,154                    |                             | 456,154              | 437,471              |
| Library   | 170,846                    |                             | 170,846              | 162,965              |
| Parks and recreation  | 471,433                    |                             | 471,433              | 479,468              |
| Economic development  | 91,374                     |                             | 91,374               | 116,380              |
| Interest on long-term debt                                      | 45,437                     |                             | 45,437               | 49,050               |
| Electric  |                            | 2,591,083                   | 2,591,083            | 2,414,475            |
| Water   |                            | 413,777                     | 413,777              | 418,063              |
| Sewer   |                            | 586,190                     | 586,190              | 566,235              |
| Storm water drainage  |                            | 21,344                      | 21,344               | 18,233               |
| Waste management  |                            | 193,798                     | 193,798              | 191,740              |
| Ambulance   |                            | 190,916                     | 190,916              | 202,107              |
| Total expenses  | <u>2,292,079</u>           | <u>3,997,108</u>            | <u>6,289,187</u>     | <u>6,118,410</u>     |
| Increase in net position before transfers                       | 95,250                     | 650,415                     | 745,665              | 757,971              |
| Transfers   | 126,500                    | (126,500)                   |                      |                      |
| Increase in net position  | 221,750                    | 523,915                     | 745,665              | 757,971              |
| Net position, beginning   | 8,286,207                  | 12,987,553                  | 21,273,760           | 20,515,789           |
| Net position, end of year                                       | <u>\$ 8,507,957</u>        | <u>\$ 13,511,468</u>        | <u>\$ 22,019,425</u> | <u>\$ 21,273,760</u> |

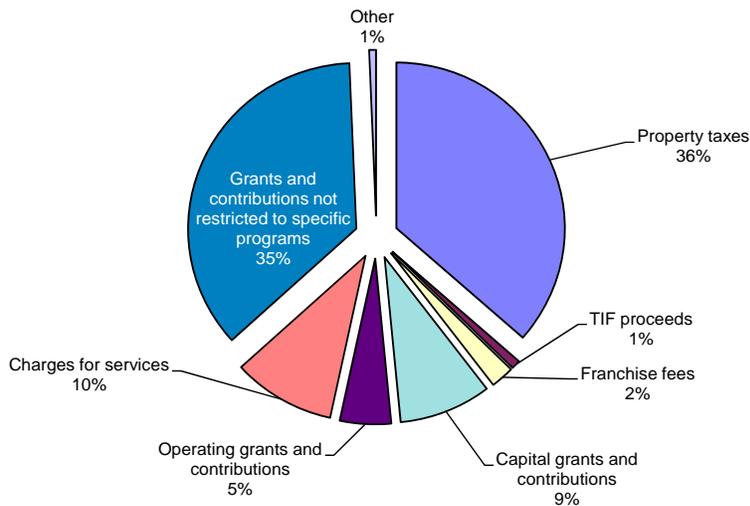
## CITY OF ST. CHARLES, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenditures. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

**Expenditures and Program Revenues - Governmental Activities**



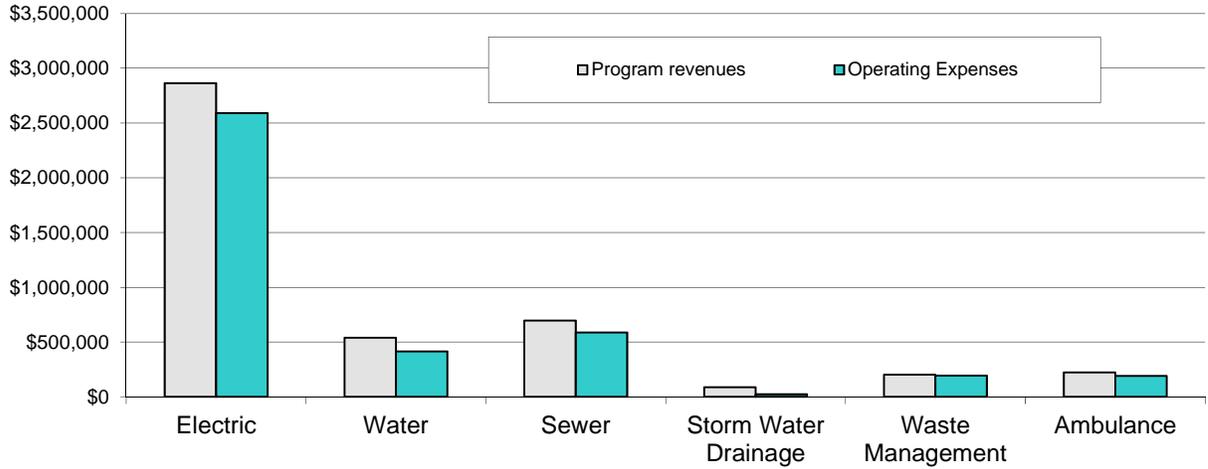
**Revenues by Source - Governmental Activities**



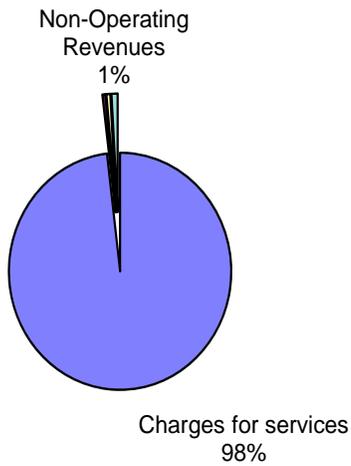
**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenditures. Since all of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenditures to keep pace with growing demand for services.

**Expenses and Program Revenues - Business-Type Activities**



**Revenues by Source - Business-Type Activities**



**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FUND BASIS FINANCIAL ANALYSIS**

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

**Governmental funds.** The focus of the City of St. Charles, Minnesota'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 of St. Charles, Minnesota's financing requirements. In particular, unassigned and assigned fund balance may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

Fund balance is classified as non-spendable, restricted, committed, assigned or unassigned according to the following definitions:

*Nonspendable* – representing that portion of fund balance that is not in a spendable form. Included in this category are advances to other funds, prepaid items and inventory.

*Restricted* – reports resources that have external constraints placed upon their use.

*Committed* – reports those resources for a specific purpose by Council action. The constraints cannot be changed or removed without Council action.

*Assigned* – represents the portion of fund balance that reflects the amounts the City intends to use for a specific purpose. The Council has authorized the City Administrator to assign fund balance.

*Unassigned* – comparable to the old unreserved, undesignated classification of fund balance, this represents the amount available for any purpose. However, only the General Fund may report a positive fund balance. Fund balance in other governmental funds will fall into one or more of the categories listed above, unless a fund has a negative fund balance.

Detailed information regarding the fund balance classifications are found in Note 3 in the Notes to Financial Statements.

As of the end of the current fiscal year, the City of St. Charles, Minnesota's governmental funds reported combined ending fund balances of \$1,390,710, an increase of \$64,434. Approximately 60% of this balance is either Nonspendable (\$214,355) related to advances or prepaid items, Restricted (\$210,286) related to debt covenants or regulations or (\$411,667) Committed to projects by Council. The remainder is available for spending at the City's discretion.

The general fund is the chief operating fund of the City of St. Charles, Minnesota. At the end of the current fiscal year, unassigned fund balance of the general fund was \$647,656. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 48% of total general fund expenditures.

The general fund's total fund balance increased by \$34,623 during the current fiscal year. This year's increase was primarily due to the increase of building permits. 43 single family units and 2 multi-family structures have been built during the past 12 months.

The economic development fund increased its fund balance by \$28,968 due to the approval of a \$0.05 sales tax referendum by the City of Rochester. In an agreement set forth by the City of Rochester, the premise of the dollars must be used for economic development purposes. The use of the funds was left up to each respective city. Seventeen cities surrounding Rochester were the recipients of \$5 million of the tax generated by the ten year sales tax extension.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental funds (continued).**

The City of St. Charles will receive a total of \$399,901.50 in 2013 and 2014. The first half payment of those dollars was received in July of 2013 for \$199,950.75; the second half was received in July of 2014 in the same amount. The Economic Development Authority recommended to the City Council two programs to be implemented in 2014. The first program focused on waiving the new home construction building permit fee and utilizing the Rochester Sales Tax dollars to reimburse the city for those expenditures. Through that program in 2014, seventeen new housing starts were created. Funds have been set aside to help continue this program in 2015. The second program was designed as a 5-year forgivable loan/grant to create private investment into Main Street and the City's commercial business owners. The design of the program was a matching 50/50 grant up to \$10,000 (max) for commercial/industrial renovations and improvements within the City's business/commercial districts. A few of the projects will be completed in 2015, but the vast majority were done in 2014. By year end, just over \$162,000 was committed to this program with over \$679,000 in private investment being made by local business owners. A small portion of the dollars (\$14,000.00) was committed to a Downtown Beautification Plan, while additional proceeds were used to make payment toward costs (engineering, legal, appraisals) associated with the development of a trail from St. Charles to Whitewater State Park.

The capital improvement fund increased its fund balance by \$88,045 for the year, and ended the year with a fund balance of \$271,705. This year's increase was primarily due to a return of monies associated with the creation of one of the City's TIF districts.

The I-90 construction fund decreased its fund balance by \$14,672 and ended the year with a negative fund balance of \$195,586. This year's decrease was primarily due to a \$9,000 payment of Minnesota Energy Resources for contribution in aid of construction and fees for water retention and drain tiling.

The debt service funds have a total fund balance of \$170,161 all of which is restricted for the payment of debt service on outstanding bonds and notes payable.

**Proprietary funds.** The City of St. Charles, Minnesota's proprietary funds statements found on pages 29-36 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted position in the respective proprietary funds are Electric - \$1,683,302, Water - \$475,363, Sewer - \$177,746, Storm Water - \$18,294, Waste Management - \$79,370, Ambulance - \$162,397.

Electric Utility rates remained unchanged for 2014 as determined by staff and electrical engineer's recommendation. Due to extreme temperatures that were experienced from the end of 2013 through the beginning of 2014, the market associated contract with Dairyland created a future debt that was carried throughout the calendar year. It was the intent of the City to take a wait and see approach to the increased expense to determine the final ending year balance. This forwarding balance will be divided within the 2015 calendar year as part of purchased power. In 2014, a mainline feeder project along the 4<sup>th</sup> Street corridor, which is the primary feed of power to the city, was taken from overhead to underground service as a way to make the line more stable in case of threatening weather. Rather than bond, the City Council elected to use cash reserves for the full project. The total cost of the project was \$661,106. In addition, the City continues to design programs in an effort to adhere to the State's mandated energy conservation requirements, which is to spend roughly 1.5% of gross revenues, in order to reduce consumption by approximately 340,000 kWh per year based on current figures.

Water Utility rates increased in 2014, with the base rate and usage rate seeing a 3% increase over the previous year. Rates were increased in order to plan for future capital projects, meter replacement and upkeep.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Proprietary funds (continued).**

Sewer Utility rates increased 6% in 2014 on the base rate as well as usage rates. Sanitary District fees were reviewed, projecting a 7% increase in cost to the City due to scheduled upgrades to the 30 year old wastewater treatment plant. In addition, rates were increased to cover future capital projects and upkeep as well as a concerted effort that the City continued to decrease their Infiltration and Inflow of sewer.

Garbage and recycling rates were increased by Advanced Disposal Services 3.7% in 2014 – the rate increase was passed on to the users.

**General Fund Budgetary Highlights**

The City has remained consistent in spending within established budget guidelines. Local Government Aid (LGA) increased by \$103,646 in 2014. No amendments were made to the original 2014 budget.

**Capital Asset and Debt Administration**

**Capital assets.** The City of St. Charles, Minnesota's investment in capital assets for its governmental and business-type activities as of December 31, 2014, amounts to \$22,287,448 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, and bridges. The City of St. Charles reported an increase in its investment in capital assets for the current fiscal year of \$453,011.

**City of St. Charles, Minnesota's Capital Assets**

(net of depreciation)

|                            | Governmental        | Business-Type        | Totals               |                      |
|----------------------------|---------------------|----------------------|----------------------|----------------------|
|                            | Activities          | Activities           | 2014                 | 2013                 |
| Land                       | \$ 1,798,702        | \$ 142,189           | \$ 1,940,891         | \$ 1,940,891         |
| Construction in process    | 13,234              |                      | 13,234               | 13,234               |
| Buildings and improvements | 1,972,961           | 4,717,144            | 6,690,105            | 6,820,302            |
| Machinery and equipment    | 468,510             | 8,580,364            | 9,048,874            | 8,415,732            |
| Infrastructure             | 4,594,344           |                      | 4,594,344            | 4,644,278            |
| Total                      | <u>\$ 8,847,751</u> | <u>\$ 13,439,697</u> | <u>\$ 22,287,448</u> | <u>\$ 21,834,437</u> |

Additional information on the City of St. Charles, Minnesota's capital assets can be found in Note 3E on pages 49-50 of this report.

**CITY OF ST. CHARLES, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-term debt.** At the end of the current fiscal year, the City of St. Charles, Minnesota had \$4,476,663 in bonds and notes outstanding. All of this debt is backed by the full faith and credit of the City.

**City of St. Charles, Minnesota's Outstanding Debt**

General Obligation and Revenue Bonds and Notes Payable

|                                     | Governmental<br>Activities | Business-Type<br>Activities | Totals              |                     |
|-------------------------------------|----------------------------|-----------------------------|---------------------|---------------------|
|                                     |                            |                             | 2014                | 2013                |
| General obligation bonds            | \$ 1,882,400               | \$ 532,600                  | \$ 2,415,000        | \$ 2,745,000        |
| General obligation<br>revenue bonds |                            | 2,010,000                   | 2,010,000           | 2,235,000           |
| Notes payable                       | 51,663                     |                             | 51,663              | 72,878              |
| Total                               | <u>\$ 1,934,063</u>        | <u>\$ 2,542,600</u>         | <u>\$ 4,476,663</u> | <u>\$ 5,052,878</u> |

The City of St. Charles, Minnesota's total bonds and notes payable decreased by \$576,215 during the current fiscal year. A more detailed breakdown of these obligations can be found in Note 3G, beginning on page 52.

**Economic Factors and Next Year's Budgets and Rates**

The City of St. Charles, Minnesota maintains an AA- bond rating on its general obligation bonds from both Moody's Investors Service and Standard and Poor's.

All of these factors were considered in preparing the City of St. Charles, Minnesota's budget for the 2015 fiscal year. To deal with both cycles in the economy and to plan for future capital expansion, the City routinely puts aside resources.

- The unemployment rate for the City of St. Charles, Minnesota ended at 3.8 percent in 2014. This rate is slightly higher than Winona County's average of 3.7 percent, and lower than the State's average of 4.4 percent and the national average rate of 6.3 percent.
- The median household income in City of St. Charles, Minnesota is \$57,935. This is 4.6% greater than the Minnesota average and 8.7% greater than the National average.
- As of the 2013 Census Estimates, City of St. Charles, Minnesota's population is 3,695 people. The City has seen a slight decline from 2010 Census data at 3,740. However, since 2000 the City has had a population growth of 6.9 percent.
- The City of St. Charles, Minnesota relies on Local Government Aid (LGA) for 67 percent of its General Fund revenues. Local Government Aid increased \$103,646 to \$860,985 in 2014. The outlook for 2015 is that the 2014 figure would remain and possibly even increase slightly.

**Requests for Information**

This financial report is designed to provide a general overview of the City of St. Charles, Minnesota's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, City Hall, St. Charles, MN 55976.

**(This Page is Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**(This Page is Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**STATEMENT OF NET POSITION**  
December 31, 2014  
With Comparative Totals for December 31, 2013

|  | Governmental<br>Activities | Business-Type<br>Activities | Totals               |                      |
|--|----------------------------|-----------------------------|----------------------|----------------------|
|  |                            |                             | 2014                 | 2013                 |
| <b>ASSETS</b>  |                            |                             |                      |                      |
| Cash and investments                                 | \$ 1,458,606               | \$ 1,866,001                | \$ 3,324,607         | \$ 3,795,099         |
| Accrued interest receivable                          | 1,618                      | 7,123                       | 8,741                | 6,979                |
| Receivables (net of allowance<br>for uncollectibles) | 250,155                    | 574,842                     | 824,997              | 678,372              |
| Internal balances                                    | (80,000)                   | 80,000                      |                      |                      |
| Due from other governmental units                    | 40,166                     |                             | 40,166               | 32,995               |
| Inventory  |                            | 376,741                     | 376,741              | 380,855              |
| Prepaid items  | 17,928                     | 91,358                      | 109,286              | 32,887               |
| Capital assets:                                      |                            |                             |                      |                      |
| Nondepreciable                                       | 1,811,936                  | 142,189                     | 1,954,125            | 1,954,125            |
| Depreciable, net                                     | 7,035,815                  | 13,297,508                  | 20,333,323           | 19,880,312           |
| Total Assets   | <u>10,536,224</u>          | <u>16,435,762</u>           | <u>26,971,986</u>    | <u>26,761,624</u>    |
| <b>LIABILITIES</b>                                   |                            |                             |                      |                      |
| Accounts payable                                     | 74,271                     | 332,979                     | 407,250              | 376,275              |
| Deposits payable                                     |                            | 18,875                      | 18,875               | 18,325               |
| Accrued interest payable                             | 14,810                     | 20,910                      | 35,720               | 46,328               |
| Unearned revenue                                     | 499                        |                             | 499                  | 500                  |
| Accrued compensated absences                         | 29,714                     | 26,829                      | 56,543               | 39,581               |
| Noncurrent liabilities:                              |                            |                             |                      |                      |
| Due within one year                                  | 189,943                    | 251,977                     | 441,920              | 576,178              |
| Due in more than one year                            | 1,719,030                  | 2,272,724                   | 3,991,754            | 4,430,677            |
| Total Liabilities                                    | <u>2,028,267</u>           | <u>2,924,294</u>            | <u>4,952,561</u>     | <u>5,487,864</u>     |
| <b>NET POSITION</b>                                  |                            |                             |                      |                      |
| Net investment in capital assets                     | 6,938,778                  | 10,914,996                  | 17,853,774           | 16,827,582           |
| Restricted for:                                      |                            |                             |                      |                      |
| Debt service   | 170,161                    |                             | 170,161              | 168,046              |
| Unrestricted   | 1,399,018                  | 2,596,472                   | 3,995,490            | 4,278,132            |
| Total Net Position                                   | <u>\$ 8,507,957</u>        | <u>\$ 13,511,468</u>        | <u>\$ 22,019,425</u> | <u>\$ 21,273,760</u> |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA  
STATEMENT OF ACTIVITIES**

For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

| <b>Functions/Programs</b>             | <b>Expenses</b>     | <b>Program Revenues</b>     |   |   |
|---------------------------------------|---------------------|-----------------------------|---|---|
|                                       |                     | <b>Charges for Services</b> | <b>Operating Grants and Contributions</b> | <b>Capital Grants and Contributions</b> |
| <b>Governmental activities:</b>       |                     |                             |   |   |
| General government                    | \$ 443,275          | \$ 57,772                   | \$ 14,006                                 | \$                                      |
| Public safety                         | 613,560             | 59,076                      | 66,879                                    |   |
| Public works                          | 456,154             | 198                         | 4,767                                     | 11,504                                  |
| Library                               | 170,846             | 2,730                       | 31,664                                    | 88                                      |
| Parks and recreation                  | 471,433             | 116,096                     |   | 65                                      |
| Economic development                  | 91,374              |                             |   | 199,951                                 |
| Interest on long-term debt            | 45,437              |                             |   |   |
| <b>Total governmental activities</b>  | <b>2,292,079</b>    | <b>235,872</b>              | <b>117,316</b>                            | <b>211,608</b>                          |
| <b>Business-Type activities:</b>      |                     |                             |   |   |
| Electric                              | 2,591,083           | 2,863,387                   |   |   |
| Water                                 | 413,777             | 537,924                     |   |   |
| Sewer                                 | 586,190             | 696,428                     |   |   |
| Storm water drainage                  | 21,344              | 85,778                      |   |   |
| Waste management                      | 193,798             | 202,092                     |   |   |
| Ambulance                             | 190,916             | 174,078                     | 20,549                                    | 26,163                                  |
| <b>Total business-type activities</b> | <b>3,997,108</b>    | <b>4,559,687</b>            | <b>20,549</b>                             | <b>26,163</b>                           |
| <b>Total</b>                          | <b>\$ 6,289,187</b> | <b>\$ 4,795,559</b>         | <b>\$ 137,865</b>                         | <b>\$ 237,771</b>                       |

General revenues:  
  General property taxes  
  Tax increments  
  Franchise fees  
  Grants and contributions not restricted to specific programs  
  Interest earnings  
  Miscellaneous  
  Transfers  
  Total general revenues and transfers

Change in net position  
Net position - beginning  
Net position - ending

Net (Expense) Revenue  
and Changes in Net Assets

| Governmental<br>Activities | Business-Type<br>Activities | Totals               |                      |
|----------------------------|-----------------------------|----------------------|----------------------|
|                            |                             | 2014                 | 2013                 |
| \$ (371,497)               |                             | \$ (371,497)         | \$ (383,085)         |
| (487,605)                  |                             | (487,605)            | (462,587)            |
| (439,685)                  |                             | (439,685)            | (419,799)            |
| (136,364)                  |                             | (136,364)            | (127,847)            |
| (355,272)                  |                             | (355,272)            | (359,180)            |
| 108,577                    |                             | 108,577              | 83,571               |
| (45,437)                   |                             | (45,437)             | (49,050)             |
| <u>(1,727,283)</u>         |                             | <u>(1,727,283)</u>   | <u>(1,717,977)</u>   |
|                            | \$ 272,304                  | 272,304              | 458,812              |
|                            | 124,147                     | 124,147              | 104,945              |
|                            | 110,238                     | 110,238              | 91,093               |
|                            | 64,434                      | 64,434               | 64,842               |
|                            | 8,294                       | 8,294                | 8,201                |
|                            | 29,874                      | 29,874               | (11,792)             |
|                            | <u>609,291</u>              | <u>609,291</u>       | <u>716,101</u>       |
| <u>(1,727,283)</u>         | <u>609,291</u>              | <u>(1,117,992)</u>   | <u>(1,001,876)</u>   |
| 870,961                    |                             | 870,961              | 871,774              |
| 20,716                     |                             | 20,716               | 18,840               |
| 53,863                     |                             | 53,863               | 51,476               |
| 861,229                    |                             | 861,229              | 757,434              |
| 10,028                     | 32,780                      | 42,808               | 18,264               |
| 5,736                      | 8,344                       | 14,080               | 42,059               |
| 126,500                    | (126,500)                   |                      |                      |
| <u>1,949,033</u>           | <u>(85,376)</u>             | <u>1,863,657</u>     | <u>1,759,847</u>     |
| 221,750                    | 523,915                     | 745,665              | 757,971              |
| <u>8,286,207</u>           | <u>12,987,553</u>           | <u>21,273,760</u>    | <u>20,515,789</u>    |
| <u>\$ 8,507,957</u>        | <u>\$ 13,511,468</u>        | <u>\$ 22,019,425</u> | <u>\$ 21,273,760</u> |

**(This Page is Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**FUND FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**CITY OF ST. CHARLES, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2014  
With Comparative Totals for December 31, 2013

|  | <u>10</u><br>General | <u>34</u><br>Economic<br>Development | <u>25</u><br>Capital<br>Improvements<br>Fund |
|--|----------------------|--------------------------------------|--|
| <b>ASSETS</b>  |                      |                                      |  |
| Cash and investments   | \$ 530,773           | \$ 313,405                           | \$ 203,471                                   |
| Accrued interest receivable  | 1,061                |                                      | 497  |
| Accounts receivable  | 14,056               |                                      | 6,239  |
| Loans and contracts receivable   |                      | 215,744                              |  |
| Taxes receivable delinquent  | 238                  | 4                                    | 1,147  |
| Special assessments receivable:  |                      |                                      |  |
| Deferred   | 227                  |                                      | 3,643  |
| Due from other funds   | 124,712              |                                      |  |
| Advances to other funds  |                      |                                      | 196,427                                      |
| Due from other governmental units  | 6,258                | 917                                  | 7,709  |
| Prepaid items  | 14,092               |                                      |  |
| <b>TOTAL ASSETS</b>  | <b>\$ 691,417</b>    | <b>\$ 530,070</b>                    | <b>\$ 419,133</b>                            |
| <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>       |                      |                                      |  |
| <b>Liabilities:</b>  |                      |                                      |  |
| Accounts payable   | \$ 29,204            |                                      | \$ 32,638                                    |
| Due to other funds   |                      |                                      | 30,000                                       |
| Advances from other funds  |                      |                                      | 80,000                                       |
| Unearned revenue   |                      |                                      |  |
| Total Liabilities  | <u>29,204</u>        |                                      | <u>142,638</u>                               |
| <b>Deferred Inflows of Resources:</b>                                    |                      |                                      |  |
| Unavailable revenue:   |                      |                                      |  |
| Property taxes   | 238                  | 4                                    | 1,147  |
| Special assessments  | 227                  |                                      | 3,643  |
| Loans receivable   |                      | 215,744                              |  |
| Total Deferred Inflows of Resources                                      | <u>465</u>           | <u>215,748</u>                       | <u>4,790</u>                                 |
| <b>Fund Balance:</b>   |                      |                                      |  |
| Nonspendable:  |                      |                                      |  |
| Prepaid items  | 14,092               |                                      |  |
| Advances   |                      |                                      | 196,427                                      |
| Restricted:  |                      |                                      |  |
| Creditors  |                      |                                      |  |
| Regulations:   |                      |                                      |  |
| Tax Increment  |                      |                                      |  |
| Committed to:  |                      |                                      |  |
| CIP Projects   |                      | 314,322                              | 75,278                                       |
| Assigned   |                      |                                      |  |
| Unassigned   | 647,656              |                                      |  |
| Total Fund Balance   | <u>661,748</u>       | <u>314,322</u>                       | <u>271,705</u>                               |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b> | <b>\$ 691,417</b>    | <b>\$ 530,070</b>                    | <b>\$ 419,133</b>                            |

**See Notes to the Financial Statements**

| Projects                                  |                                |                          |                     |
|---|--------------------------------|--------------------------|---------------------|
| <u>28</u><br>I-90<br>Construction<br>Fund | Other<br>Governmental<br>Funds | Total Governmental Funds |                     |
|   |                                | 2014                     | 2013                |
| \$ 4,541                                  | \$ 406,416                     | \$ 1,458,606             | \$ 1,379,394        |
|   | 60                             | 1,618                    | 1,143               |
|   | 6,867                          | 27,162                   | 22,873              |
|   |                                | 215,744                  | 107,982             |
|   | 1,990                          | 3,379                    | 7,852               |
|   |                                | 3,870                    | 4,449               |
|   |                                | 124,712                  | 83,244              |
|   |                                | 196,427                  | 189,487             |
|   | 25,283                         | 40,167                   | 32,995              |
|   | 3,836                          | 17,928                   | 17,914              |
| <u>\$ 4,541</u>                           | <u>\$ 444,452</u>              | <u>\$ 2,089,613</u>      | <u>\$ 1,847,333</u> |
| <br>                                      |                                |                          |                     |
| \$ 3,200                                  | \$ 9,229                       | \$ 74,271                | \$ 37,543           |
|   | 94,712                         | 124,712                  | 83,244              |
| 196,427                                   |                                | 276,427                  | 279,487             |
| 500                                       |                                | 500                      | 500                 |
| <u>200,127</u>                            | <u>103,941</u>                 | <u>475,910</u>           | <u>400,774</u>      |
|   |                                |                          |                     |
|   | 1,990                          | 3,379                    | 7,852               |
|   |                                | 3,870                    | 4,449               |
|   |                                | 215,744                  | 107,982             |
|   | <u>1,990</u>                   | <u>222,993</u>           | <u>120,283</u>      |
|   |                                |                          |                     |
|   | 3,836                          | 17,928                   | 17,914              |
|   |                                | 196,427                  | 189,487             |
|   |                                |                          |                     |
|   | 170,161                        | 170,161                  | 168,046             |
|   |                                |                          |                     |
|   | 40,125                         | 40,125                   | 33,770              |
|   |                                |                          |                     |
|   | 22,067                         | 411,667                  | 306,276             |
|   | 196,738                        | 196,738                  | 192,176             |
| (195,586)                                 | (94,406)                       | 357,664                  | 418,607             |
| <u>(195,586)</u>                          | <u>338,521</u>                 | <u>1,390,710</u>         | <u>1,326,276</u>    |
|   |                                |                          |                     |
| <u>\$ 4,541</u>                           | <u>\$ 444,452</u>              | <u>\$ 2,089,613</u>      | <u>\$ 1,847,333</u> |

**CITY OF ST. CHARLES, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|  | <u>10</u>         | <u>34</u>               | <u>25</u>                       |
|--|-------------------|-------------------------|---------------------------------|
|  | General           | Economic<br>Development | Capital<br>Improvements<br>Fund |
| <b>REVENUES</b>  |                   |                         |                                 |
| Property taxes   | \$ 139,390        | \$                      | \$ 284,806                      |
| Property taxes - Special EDA taxing district                 |                   | 33,855                  |                                 |
| Tax increments   |                   |                         |                                 |
| Special assessments  | 2,572             |                         | 1,265                           |
| Licenses and permits   | 49,541            |                         |                                 |
| Fines and forfeits   | 12,512            |                         |                                 |
| Intergovernmental revenues                                   | 888,083           | 199,951                 | 6,239                           |
| Charges for services   | 173,404           |                         |                                 |
| Interest income  | 4,416             | 2,766                   | 2,046                           |
| Donations  |                   |                         |                                 |
| Loan repayment   |                   | 43,828                  |                                 |
| Miscellaneous revenues                                       | 7,906             |                         | 65                              |
| <b>TOTAL REVENUES</b>  | <u>1,277,824</u>  | <u>280,400</u>          | <u>294,421</u>                  |
| <b>EXPENDITURES</b>  |                   |                         |                                 |
| <b>Current</b>   |                   |                         |                                 |
| General government   | 305,570           |                         | 1,750                           |
| Public safety  | 439,128           |                         |                                 |
| Public works   | 238,355           |                         |                                 |
| Library  |                   |                         |                                 |
| Parks and recreation   | 371,448           |                         |                                 |
| Economic development   |                   | 242,956                 |                                 |
| <b>Capital Outlay</b>  |                   |                         | 284,626                         |
| <b>Debt Service</b>  |                   | 8,476                   |                                 |
| <b>TOTAL EXPENDITURES</b>                                    | <u>1,354,501</u>  | <u>251,432</u>          | <u>286,376</u>                  |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(76,677)</u>   | <u>28,968</u>           | <u>8,045</u>                    |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                         |                                 |
| Transfers in   | 126,500           |                         | 80,000                          |
| Transfers out  | (15,200)          |                         |                                 |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>                  | <u>111,300</u>    |                         | <u>80,000</u>                   |
| Net change in fund balances                                  | 34,623            | 28,968                  | 88,045                          |
| <b>FUND BALANCES, beginning</b>                              | <u>627,125</u>    | <u>285,354</u>          | <u>183,660</u>                  |
| <b>FUND BALANCES, ending</b>                                 | <u>\$ 661,748</u> | <u>\$ 314,322</u>       | <u>\$ 271,705</u>               |

**See Notes to the Financial Statements**

| Projects                                  |                                | Total Governmental Funds |                     |
|---|--------------------------------|--------------------------|---------------------|
| <u>28</u><br>I-90<br>Construction<br>Fund | Other<br>Governmental<br>Funds | 2014                     | 2013                |
| \$  | \$ 417,954                     | \$ 842,150               | \$ 839,252          |
|   |                                | 33,855                   | 34,299              |
|   | 20,716                         | 20,716                   | 18,840              |
|   |                                | 3,837                    | 14,438              |
|   |                                | 49,541                   | 29,073              |
|   |                                | 12,512                   | 8,864               |
|   | 60,547                         | 1,154,820                | 1,053,011           |
|   | 48,394                         | 221,798                  | 238,823             |
| 13  | 787                            | 10,028                   | 10,103              |
|   | 31,826                         | 31,826                   | 45,664              |
|   |                                | 43,828                   | 38,158              |
|   | 3,319                          | 11,290                   | 10,121              |
| <u>13</u>                                 | <u>583,543</u>                 | <u>2,436,201</u>         | <u>2,340,646</u>    |
|   | 49,814                         | 357,134                  | 347,393             |
|   | 138,047                        | 577,175                  | 598,850             |
|   |                                | 238,355                  | 236,931             |
|   | 149,775                        | 149,775                  | 143,839             |
|   |                                | 371,448                  | 365,435             |
|   |                                | 242,956                  | 56,116              |
| 14,685                                    | 24,588                         | 323,899                  | 312,963             |
|   | 229,049                        | 237,525                  | 227,655             |
| <u>14,685</u>                             | <u>591,273</u>                 | <u>2,498,267</u>         | <u>2,289,182</u>    |
| <u>(14,672)</u>                           | <u>(7,730)</u>                 | <u>(62,066)</u>          | <u>51,464</u>       |
|   | 29,986                         | 236,486                  | 156,486             |
|   | (94,786)                       | (109,986)                | (29,986)            |
|   | (64,800)                       | 126,500                  | 126,500             |
| (14,672)                                  | (72,530)                       | 64,434                   | 177,964             |
| (180,914)                                 | 411,051                        | 1,326,276                | 1,148,312           |
| <u>\$ (195,586)</u>                       | <u>\$ 338,521</u>              | <u>\$ 1,390,710</u>      | <u>\$ 1,326,276</u> |

**CITY OF ST. CHARLES, MINNESOTA  
RECONCILIATION OF NET POSITION IN THE  
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES  
IN THE FUND BASIS FINANCIAL STATEMENTS  
December 31, 2014**

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

|  |                |              |
|--|----------------|--------------|
| Total governmental fund balances (page 18)   |                | \$ 1,390,710 |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                  |                |              |
| Governmental funds - capital assets  | \$ 14,572,633  |              |
| Less: Accumulated depreciation   | (5,724,882)    | 8,847,751    |
| Some receivables are not available soon enough to pay for current period expenditures and, therefore, are unavailable in the funds.        |                |              |
| Delinquent property taxes and special assessments  | \$ 3,379       |              |
| Deferred special assessments   | 3,870          |              |
| Contracts receivable   | 215,744        | 222,993      |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. |                |              |
| Bonds and notes payable  | \$ (1,934,063) |              |
| Compensated absences   | (29,714)       |              |
| Accrued interest   | (14,810)       |              |
| Unamortized bond discount  | 25,090         | (1,953,497)  |
| Net position of governmental activities (page 14)  |                | \$ 8,507,957 |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended December 31, 2014**

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

|   |    |                       |
|---|----|-----------------------|
| Net change in fund balances - total governmental funds (page 20)  | \$ | 64,434                |
| <p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>   |    |                       |
| Capital outlay capitalized  | \$ | 307,490               |
| Depreciation expense  |    | <u>(434,340)</u>      |
|   |    | (126,850)             |
| <p>Certain revenues in the statement of activities do not provide current financial resources are not reported as revenues in the funds.</p>  |    |                       |
| Unavailable revenue December 31, 2014   | \$ | 222,993               |
| Unavailable revenue December 31, 2013   |    | <u>(120,283)</u>      |
|   |    | 102,710               |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>  |    |                       |
| Compensated absences, December 31, 2014   | \$ | (29,714)              |
| Compensated absences, December 31, 2013   |    | <u>18,882</u>         |
|   |    | (10,832)              |
| <p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p> |    |                       |
| Principal retirement on long-term debt  | \$ | 186,205               |
| Change in accrued interest  |    | 7,093                 |
| Amortization of bond discount   |    | <u>(1,010)</u>        |
|   |    | <u>192,288</u>        |
| Change in net position of governmental activities (pages 16)  | \$ | <u><u>221,750</u></u> |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|                                   | Budgeted Amounts    |                     | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|-----------------------------------|---------------------|---------------------|---------------------------|---|---------------------------|
|                                   | Original            | Final               |                           |   |                           |
| <b>REVENUES</b>                   |                     |                     |                           |   |                           |
| <b>Property Tax Levy</b>          |                     |                     |                           |   |                           |
| Property tax collected            | \$ 134,436          | \$ 134,436          | \$ 139,390                | \$ 4,954  | \$ 182,281                |
| <b>Special Assessments</b>        |                     |                     |                           |   |                           |
|                                   | 1,000               | 1,000               | 2,572                     | 1,572   | 833                       |
| <b>Licenses and Permits</b>       |                     |                     |                           |   |                           |
| Business and nonbusiness licenses | 12,250              | 12,250              | 13,626                    | 1,376   | 5,921                     |
| Building permits                  | 21,000              | 21,000              | 35,915                    | 14,915  | 23,152                    |
| Total Licenses and Permits        | 33,250              | 33,250              | 49,541                    | 16,291  | 29,073                    |
| <b>Intergovernmental Revenues</b> |                     |                     |                           |   |                           |
| Local government aid              | 860,980             | 860,980             | 860,985                   | 5   | 757,339                   |
| Market value credit               |                     |                     | 244                       | 244   | 95                        |
| Police aid                        | 29,000              | 29,000              | 19,675                    | (9,325)   | 28,954                    |
| PERA aid                          | 2,412               | 2,412               | 2,412                     |   | 2,412                     |
| Highway                           | 4,000               | 4,000               | 4,767                     | 767   | 4,067                     |
| Total Intergovernmental Revenues  | 896,392             | 896,392             | 888,083                   | (8,309)   | 792,867                   |
| <b>Charges For Services</b>       |                     |                     |                           |   |                           |
| Street                            |                     |                     | 198                       | 198   |                           |
| Swimming pool                     | 78,900              | 78,900              | 79,079                    | 179   | 83,479                    |
| Park and recreation               | 39,500              | 39,500              | 37,017                    | (2,483)   | 36,770                    |
| Cable franchise fees              | 32,000              | 32,000              | 36,926                    | 4,926   | 34,471                    |
| Senior center rental              | 3,000               | 3,000               | 3,247                     | 247   | 2,525                     |
| Natural gas franchise fees        | 16,500              | 16,500              | 16,937                    | 437   | 17,005                    |
| Total Charges For Services        | 169,900             | 169,900             | 173,404                   | 3,504   | 174,250                   |
| <b>Fines and Forfeits</b>         |                     |                     |                           |   |                           |
| Court fines and other             | 10,000              | 10,000              | 12,512                    | 2,512   | 8,864                     |
| <b>Interest Income</b>            |                     |                     |                           |   |                           |
|                                   | 7,000               | 7,000               | 4,416                     | (2,584)   | 5,042                     |
| <b>Miscellaneous Revenues</b>     |                     |                     |                           |   |                           |
| Other                             | 1,350               | 1,350               | 7,906                     | 6,556   | 1,684                     |
| <b>TOTAL REVENUES</b>             | <b>\$ 1,253,328</b> | <b>\$ 1,253,328</b> | <b>\$ 1,277,824</b>       | <b>\$ 24,496</b>  | <b>\$ 1,194,894</b>       |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|   | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|-------------------|-------------------|---------------------------|---|---------------------------|
|   | Original          | Final             |                           |   |                           |
| <b>EXPENDITURES</b>                         |                   |                   |                           |   |                           |
| <b>General Government</b>                   |                   |                   |                           |   |                           |
| <b>Mayor and Council</b>                    |                   |                   |                           |   |                           |
| Salaries                                    | \$ 27,200         | \$ 27,200         | \$ 27,319                 | \$ (119)  | \$ 27,248                 |
| Transportation and training                 | 2,000             | 2,000             | 975                       | 1,025   | 3,348                     |
| Printing and publication                    | 300               | 300               | 260                       | 40  | 310                       |
| Total Mayor and Council                     | <u>29,500</u>     | <u>29,500</u>     | <u>28,554</u>             | <u>946</u>  | <u>30,906</u>             |
| <b>Election and Voter Registration</b>      | <u>3,395</u>      | <u>3,395</u>      | <u>3,037</u>              | <u>358</u>  | <u>678</u>                |
| <b>General and Financial Administration</b> |                   |                   |                           |   |                           |
| Salaries                                    | 80,175            | 80,175            | 78,209                    | 1,966   | 75,459                    |
| Employee benefits and retirement            | 28,925            | 28,925            | 27,971                    | 954   | 25,442                    |
| Supplies and minor equipment                | 7,000             | 7,000             | 6,375                     | 625   | 7,048                     |
| Communication                               | 5,000             | 5,000             | 4,120                     | 880   | 4,651                     |
| Transportation and training                 | 6,500             | 6,500             | 4,416                     | 2,084   | 5,769                     |
| Insurance                                   | 4,800             | 4,800             | 3,172                     | 1,628   | 4,226                     |
| Repairs and maintenance                     | 9,000             | 9,000             | 9,004                     | (4)   | 9,385                     |
| Assessor                                    | 16,500            | 16,500            | 16,752                    | (252)   | 16,400                    |
| Accounting and audit                        | 8,000             | 8,000             | 8,015                     | (15)  | 7,600                     |
| Legal                                       | 17,500            | 17,500            | 20,264                    | (2,764)   | 17,375                    |
| Planning and zoning                         | 1,450             | 1,450             | 1,802                     | (352)   | 3,202                     |
| Building inspection                         | 21,000            | 21,000            | 29,671                    | (8,671)   | 22,034                    |
| Other professional services                 | 6,300             | 6,300             | 6,213                     | 87  | 8,516                     |
| Memberships                                 | 11,000            | 11,000            | 12,003                    | (1,003)   | 7,864                     |
| Other                                       | 16,106            | 16,106            | 15,604                    | 502   | 23,114                    |
| Total General and Financial Administration  | <u>239,256</u>    | <u>239,256</u>    | <u>243,591</u>            | <u>(4,335)</u>  | <u>238,085</u>            |
| <b>City Hall</b>                            |                   |                   |                           |   |                           |
| Salaries                                    | 5,800             | 5,800             | 4,689                     | 1,111   | 4,117                     |
| Employee benefits and retirement            | 545               | 545               | 382                       | 163   | 336                       |
| Supplies and minor equipment                | 1,500             | 1,500             | 1,193                     | 307   | 1,508                     |
| Insurance                                   | 1,000             | 1,000             | 928                       | 72  | 903                       |
| Utilities                                   | 17,250            | 17,250            | 15,418                    | 1,832   | 14,982                    |
| Repairs and maintenance                     | 6,000             | 6,000             | 7,778                     | (1,778)   | 8,798                     |
| Total City Hall                             | <u>32,095</u>     | <u>32,095</u>     | <u>30,388</u>             | <u>1,707</u>  | <u>30,644</u>             |
| Total General Government                    | <u>\$ 304,246</u> | <u>\$ 304,246</u> | <u>\$ 305,570</u>         | <u>\$ (1,324)</u>   | <u>\$ 300,313</u>         |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|                                  | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|----------------------------------|-------------------|-------------------|---------------------------|---|---------------------------|
|                                  | Original          | Final             |                           |   |                           |
| <b>EXPENDITURES (continued)</b>  |                   |                   |                           |   |                           |
| <b>Public Safety</b>             |                   |                   |                           |   |                           |
| <b>Police Department</b>         |                   |                   |                           |   |                           |
| Salaries                         | \$ 262,390        | \$ 262,390        | \$ 276,992                | \$ (14,602)   | \$ 279,212                |
| Employee benefits and retirement | 102,100           | 102,100           | 93,204                    | 8,896   | 96,214                    |
| Supplies and minor equipment     | 26,450            | 26,450            | 27,164                    | (714)   | 32,897                    |
| Professional services            | 11,650            | 11,650            | 11,496                    | 154   | 11,940                    |
| Communication                    | 4,000             | 4,000             | 4,920                     | (920)   | 3,632                     |
| Transportation and training      | 6,000             | 6,000             | 4,963                     | 1,037   | 1,610                     |
| Insurance                        | 5,500             | 5,500             | 8,109                     | (2,609)   | 6,898                     |
| Repairs and maintenance          | 8,550             | 8,550             | 8,961                     | (411)   | 11,393                    |
| Other                            | 6,000             | 6,000             | 3,319                     | 2,681   | 3,705                     |
| Total Police Department          | <u>432,640</u>    | <u>432,640</u>    | <u>439,128</u>            | <u>(6,488)</u>  | <u>447,501</u>            |
| Total Public Safety              | <u>432,640</u>    | <u>432,640</u>    | <u>439,128</u>            | <u>(6,488)</u>  | <u>447,501</u>            |
| <b>Public Works</b>              |                   |                   |                           |   |                           |
| <b>Street Department</b>         |                   |                   |                           |   |                           |
| Salaries                         | 92,725            | 92,725            | 80,442                    | 12,283  | 91,875                    |
| Employee benefits and retirement | 48,650            | 48,650            | 42,232                    | 6,418   | 41,952                    |
| Supplies and minor equipment     | 20,750            | 20,750            | 21,533                    | (783)   | 20,719                    |
| Professional services            | 500               | 500               | 1,823                     | (1,323)   |                           |
| Communication                    | 800               | 800               | 460                       | 340   | 1,594                     |
| Transportation and training      | 1,000             | 1,000             | 815                       | 185   | 607                       |
| Insurance                        | 6,000             | 6,000             | 4,902                     | 1,098   | 4,307                     |
| Utilities                        | 6,500             | 6,500             | 9,621                     | (3,121)   | 6,949                     |
| Repairs and maintenance          | 70,700            | 70,700            | 76,527                    | (5,827)   | 68,928                    |
| Other                            | 150               | 150               |                           | 150   |                           |
| Total Public Works               | <u>\$ 247,775</u> | <u>\$ 247,775</u> | <u>\$ 238,355</u>         | <u>\$ 9,420</u>   | <u>\$ 236,931</u>         |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**

**GENERAL FUND**

**Statement of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual**

For the Fiscal Year Ended December 31, 2014

With Comparative Totals for the Year Ended December 31, 2013

|                                  | Budgeted Amounts |                  | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|----------------------------------|------------------|------------------|---------------------------|---|---------------------------|
|                                  | Original         | Final            |                           |   |                           |
| <b>EXPENDITURES (continued)</b>  |                  |                  |                           |   |                           |
| <b>Parks and Recreation</b>      |                  |                  |                           |   |                           |
| <b>Recreation</b>                |                  |                  |                           |   |                           |
| Salaries                         | \$ 85,160        | \$ 85,160        | \$ 84,313                 | \$ 847  | \$ 83,974                 |
| Employee benefits and retirement | 23,050           | 23,050           | 23,945                    | (895)   | 20,770                    |
| Supplies and minor equipment     |                  |                  | 20                        | (20)  |                           |
| Communication                    | 2,000            | 2,000            | 2,324                     | (324)   | 2,142                     |
| Transportation and training      | 2,000            | 2,000            | 901                       | 1,099   | 1,536                     |
| Insurance                        | 3,000            | 3,000            | 2,430                     | 570   | 1,998                     |
| Repairs and maintenance          | 575              | 575              | 207                       | 368   | 100                       |
| Recreation programs              | 20,000           | 20,000           | 22,387                    | (2,387)   | 22,578                    |
| Other                            | 2,600            | 2,600            | 2,997                     | (397)   | 2,978                     |
| Total Recreation                 | <u>138,385</u>   | <u>138,385</u>   | <u>139,524</u>            | <u>(1,139)</u>  | <u>136,076</u>            |
| <b>Swimming Pool Program</b>     |                  |                  |                           |   |                           |
| Salaries                         | 54,500           | 54,500           | 52,412                    | 2,088   | 56,066                    |
| Employee benefits and retirement | 6,500            | 6,500            | 5,542                     | 958   | 5,758                     |
| Supplies and minor equipment     | 19,300           | 19,300           | 17,862                    | 1,438   | 19,362                    |
| Communication                    | 500              | 500              | 547                       | (47)  | 448                       |
| Transportation and training      | 1,500            | 1,500            | 1,610                     | (110)   | 1,376                     |
| Insurance                        | 9,000            | 9,000            | 7,412                     | 1,588   | 7,517                     |
| Utilities                        | 19,000           | 19,000           | 25,578                    | (6,578)   | 24,645                    |
| Repairs and maintenance          | 10,500           | 10,500           | 15,150                    | (4,650)   | 5,648                     |
| Other                            | 4,000            | 4,000            | 3,381                     | 619   | 3,473                     |
| Total Swimming Pool Program      | <u>124,800</u>   | <u>124,800</u>   | <u>129,494</u>            | <u>(4,694)</u>  | <u>124,293</u>            |
| <b>Parks</b>                     |                  |                  |                           |   |                           |
| Salaries                         | 30,275           | 30,275           | 32,915                    | (2,640)   | 31,738                    |
| Employee benefits and retirement | 10,820           | 10,820           | 11,005                    | (185)   | 10,153                    |
| Supplies and minor equipment     | 6,900            | 6,900            | 6,572                     | 328   | 5,652                     |
| Communication                    | 500              | 500              | 225                       | 275   | 400                       |
| Transportation and training      | 1,000            | 1,000            | 1,000                     |   | 1,300                     |
| Insurance                        | 3,200            | 3,200            | 3,040                     | 160   | 3,148                     |
| Repairs and maintenance          | 24,575           | 24,575           | 21,142                    | 3,433   | 22,510                    |
| Total Parks                      | <u>\$ 77,270</u> | <u>\$ 77,270</u> | <u>\$ 75,899</u>          | <u>\$ 1,371</u>   | <u>\$ 74,901</u>          |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|  | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|--|-------------------|-------------------|---------------------------|---|---------------------------|
|  | Original          | Final             |                           |   |                           |
| <b>EXPENDITURES (continued)</b>                              |                   |                   |                           |   |                           |
| <b>Forestry</b>  |                   |                   |                           |   |                           |
| Insurance  | \$ 100            | \$ 100            | \$ 51                     | \$ 49   | \$ 85                     |
| Repairs and maintenance                                      | 11,500            | 11,500            | 10,378                    | 1,122   | 12,480                    |
| Other  | 9,000             | 9,000             | 8,375                     | 625   | 9,906                     |
| Total Forestry   | <u>20,600</u>     | <u>20,600</u>     | <u>18,804</u>             | <u>1,796</u>  | <u>22,471</u>             |
| <b>Senior Citizens Center</b>                                |                   |                   |                           |   |                           |
| Insurance  | 820               | 820               | 398                       | 422   | 386                       |
| Utilities  | 8,000             | 8,000             | 7,191                     | 809   | 7,011                     |
| Repairs and maintenance                                      | 1,500             | 1,500             | 138                       | 1,362   | 297                       |
| Total Senior Citizens Center                                 | <u>10,320</u>     | <u>10,320</u>     | <u>7,727</u>              | <u>2,593</u>  | <u>7,694</u>              |
| Total Parks and Recreation                                   | <u>371,375</u>    | <u>371,375</u>    | <u>371,448</u>            | <u>(73)</u>   | <u>365,435</u>            |
| <b>TOTAL EXPENDITURES</b>                                    | <u>1,356,036</u>  | <u>1,356,036</u>  | <u>1,354,501</u>          | <u>1,535</u>  | <u>1,350,180</u>          |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(102,708)</u>  | <u>(102,708)</u>  | <u>(76,677)</u>           | <u>26,031</u>   | <u>(155,286)</u>          |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                   |                   |                           |   |                           |
| Transfers in   | 126,500           | 126,500           | 126,500                   |   | 126,500                   |
| Transfers out  | <u>(15,200)</u>   | <u>(15,200)</u>   | <u>(15,200)</u>           |   | <u>(15,200)</u>           |
| Total Other Financing Sources (Uses)                         | <u>111,300</u>    | <u>111,300</u>    | <u>111,300</u>            |   | <u>111,300</u>            |
| Net change in fund balances                                  | 8,592             | 8,592             | 34,623                    | 26,031  | (43,986)                  |
| <b>FUND BALANCES, beginning</b>                              | <u>627,125</u>    | <u>627,125</u>    | <u>627,125</u>            |   | <u>671,111</u>            |
| <b>FUND BALANCES, ending</b>                                 | <u>\$ 635,717</u> | <u>\$ 635,717</u> | <u>\$ 661,748</u>         | <u>\$ 26,031</u>  | <u>\$ 627,125</u>         |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**ECONOMIC DEVELOPMENT FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**

For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|                                   | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|-----------------------------------|-------------------|-------------------|---------------------------|---|---------------------------|
|                                   | Original          | Final             |                           |   |                           |
| <b>REVENUES</b>                   |                   |                   |                           |   |                           |
| <b>Property Tax Levy -</b>        |                   |                   |                           |   |                           |
| Special EDA taxing district       | \$ 33,497         | \$ 33,497         | \$ 33,855                 | \$ 358  | \$ 34,299                 |
| <b>Intergovernmental Revenues</b> |                   |                   |                           |   |                           |
| City of Rochester                 | 199,500           | 199,500           | 199,951                   | 451   | 199,951                   |
| <b>Interest Income</b>            | 5,137             | 5,137             | 2,766                     | (2,371)   | 4,262                     |
| <b>Loan Repayment</b>             | 24,808            | 24,808            | 43,828                    | 19,020  | 38,158                    |
| <b>TOTAL REVENUES</b>             | <u>262,942</u>    | <u>262,942</u>    | <u>280,400</u>            | <u>17,458</u>   | <u>276,670</u>            |
| <b>EXPENDITURES</b>               |                   |                   |                           |   |                           |
| <b>Economic Development</b>       |                   |                   |                           |   |                           |
| Professional services             | 34,200            | 34,200            | 39,946                    | (5,746)   | 36,269                    |
| Revolving loans                   | 7,606             | 7,606             | 151,582                   | (143,976)   |                           |
| Permit reimbursement              |                   |                   | 51,428                    | (51,428)  |                           |
| Debt service                      |                   |                   | 8,476                     | (8,476)   | 8,426                     |
| Other                             | 820               | 820               |                           | 820   | 19,847                    |
| <b>TOTAL EXPENDITURES</b>         | <u>42,626</u>     | <u>42,626</u>     | <u>251,432</u>            | <u>(208,806)</u>  | <u>64,542</u>             |
| Net change in fund balances       | <u>220,316</u>    | <u>220,316</u>    | <u>28,968</u>             | <u>(191,348)</u>  | <u>212,128</u>            |
| <b>FUND BALANCES, beginning</b>   | <u>285,354</u>    | <u>285,354</u>    | <u>285,354</u>            |   | <u>73,226</u>             |
| <b>FUND BALANCES, ending</b>      | <u>\$ 505,670</u> | <u>\$ 505,670</u> | <u>\$ 314,322</u>         | <u>\$ (191,348)</u>                                       | <u>\$ 285,354</u>         |

**See Notes to the Financial Statements**

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Net Position**  
December 31, 2014  
*With Comparative Totals for December 31, 2013*

|   | Business-Type Activities - Enterprise Funds |                     |                     |                   |
|---|---|---------------------|---------------------|-------------------|
|   | <u>70</u>                                   | <u>71</u>           | <u>72</u>           | <u>73</u>         |
|   | Electric                                    | Water               | Sewer               | Storm Water       |
| <b>ASSETS</b>                             |   |                     |                     |                   |
| <b>Current Assets</b>                     |   |                     |                     |                   |
| Cash and investments                      | \$ 883,869                                  | \$ 414,320          | \$ 126,321          | \$ 7,913          |
| Emergency cash reserve                    | 250,000                                     |                     |                     |                   |
| Accrued interest receivable               | 6,454                                       | 564                 | 68                  |                   |
| Accounts receivable, net                  | 231,330                                     | 45,109              | 55,131              | 7,775             |
| Grants receivable                         |   |                     |                     |                   |
| Accrued utility revenue                   | 102,999                                     | 16,554              | 22,515              | 2,717             |
| Special assessments-deferred              |   | 7,501               | 7,501               |                   |
| Taxes receivable-delinquent               |   |                     |                     |                   |
| Advances to other funds                   | 80,000                                      |                     |                     |                   |
| Inventory                                 | 358,216                                     | 18,525              |                     |                   |
| Prepaid expenses                          | 86,103                                      | 2,036               | 1,101               |                   |
| Total Current Assets                      | <u>1,998,971</u>                            | <u>504,609</u>      | <u>212,637</u>      | <u>18,405</u>     |
| <b>Noncurrent Assets</b>                  |   |                     |                     |                   |
| Capital assets:                           |   |                     |                     |                   |
| Nondepreciable                            | 113,489                                     |                     | 28,700              |                   |
| Depreciable                               | 10,329,322                                  | 5,238,200           | 3,577,992           | 831,575           |
| Less: Accumulated depreciation            | <u>3,549,421</u>                            | <u>2,110,472</u>    | <u>1,035,373</u>    | <u>98,307</u>     |
| Net Capital Assets                        | <u>6,893,390</u>                            | <u>3,127,728</u>    | <u>2,571,319</u>    | <u>733,268</u>    |
| Total Assets                              | <u>\$ 8,892,361</u>                         | <u>\$ 3,632,337</u> | <u>\$ 2,783,956</u> | <u>\$ 751,673</u> |
| <b>LIABILITIES</b>                        |   |                     |                     |                   |
| <b>Current Liabilities</b>                |   |                     |                     |                   |
| Current maturities of bonds payable       | \$ 230,000                                  | \$ 21,977           | \$                  | \$                |
| Accounts payable                          | 290,903                                     | 14,227              | 34,891              | 111               |
| Advances from other funds                 |   |                     |                     |                   |
| Customer deposits                         | 18,875                                      |                     |                     |                   |
| Accrued interest payable                  | 5,891                                       | 15,019              |                     |                   |
| Total Current Liabilities                 | <u>545,669</u>                              | <u>51,223</u>       | <u>34,891</u>       | <u>111</u>        |
| <b>Noncurrent Liabilities</b>             |   |                     |                     |                   |
| Bonds payable, net of current maturities  | 1,780,000                                   | 510,623             |                     |                   |
| Less: Unamortized bond discount           | <u>(17,899)</u>                             |                     |                     |                   |
| Total Noncurrent Liabilities              | <u>1,762,101</u>                            | <u>510,623</u>      |                     |                   |
| Total Liabilities                         | <u>2,307,770</u>                            | <u>561,846</u>      | <u>34,891</u>       | <u>111</u>        |
| <b>NET POSITION</b>                       |   |                     |                     |                   |
| Net investment in capital assets          | 4,901,289                                   | 2,595,128           | 2,571,319           | 733,268           |
| Unrestricted                              | <u>1,683,302</u>                            | <u>475,363</u>      | <u>177,746</u>      | <u>18,294</u>     |
| Total Net Position                        | <u>6,584,591</u>                            | <u>3,070,491</u>    | <u>2,749,065</u>    | <u>751,562</u>    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u>\$ 8,892,361</u>                         | <u>\$ 3,632,337</u> | <u>\$ 2,783,956</u> | <u>\$ 751,673</u> |

**See Notes to the Financial Statements**

| <u>23</u>        |                   | <u>22</u>            |                      | Totals |      |
|------------------|-------------------|----------------------|----------------------|--------|------|
| Waste Management | Ambulance         | 2014                 | 2013                 | 2014   | 2013 |
| \$ 73,085        | \$ 110,493        | \$ 1,616,001         | \$ 2,165,705         |        |      |
|                  |                   | 250,000              | 250,000              |        |      |
|                  | 37                | 7,123                | 5,836                |        |      |
| 18,301           | 27,219            | 384,865              | 361,862              |        |      |
|                  | 24,163            | 24,163               |                      |        |      |
| 6,022            |                   | 150,807              | 142,557              |        |      |
|                  |                   | 15,002               | 30,791               |        |      |
|                  | 5                 | 5                    | 6                    |        |      |
|                  |                   | 80,000               | 120,000              |        |      |
|                  |                   | 376,741              | 380,855              |        |      |
|                  | 2,118             | 91,358               | 14,973               |        |      |
| <u>97,408</u>    | <u>164,035</u>    | <u>2,996,065</u>     | <u>3,472,585</u>     |        |      |
|                  |                   | 142,189              | 142,189              |        |      |
|                  | 350,393           | 20,327,482           | 19,340,827           |        |      |
|                  | 236,401           | 7,029,974            | 6,623,181            |        |      |
|                  | <u>113,992</u>    | <u>13,439,697</u>    | <u>12,859,835</u>    |        |      |
| <u>\$ 97,408</u> | <u>\$ 278,027</u> | <u>\$ 16,435,762</u> | <u>\$ 16,332,420</u> |        |      |
| \$ 18,038        | \$ 1,638          | \$ 251,977           | \$ 390,010           |        |      |
|                  |                   | 359,808              | 359,430              |        |      |
|                  |                   |                      | 30,000               |        |      |
|                  |                   | 18,875               | 18,325               |        |      |
|                  |                   | 20,910               | 24,425               |        |      |
| <u>18,038</u>    | <u>1,638</u>      | <u>651,570</u>       | <u>822,190</u>       |        |      |
|                  |                   | 2,290,623            | 2,542,600            |        |      |
|                  |                   | (17,899)             | (19,923)             |        |      |
|                  |                   | <u>2,272,724</u>     | <u>2,522,677</u>     |        |      |
| <u>18,038</u>    | <u>1,638</u>      | <u>2,924,294</u>     | <u>3,344,867</u>     |        |      |
|                  | 113,992           | 10,914,996           | 9,947,148            |        |      |
| <u>79,370</u>    | <u>162,397</u>    | <u>2,596,472</u>     | <u>3,040,405</u>     |        |      |
| <u>79,370</u>    | <u>276,389</u>    | <u>13,511,468</u>    | <u>12,987,553</u>    |        |      |
| <u>\$ 97,408</u> | <u>\$ 278,027</u> | <u>\$ 16,435,762</u> | <u>\$ 16,332,420</u> |        |      |

**CITY OF ST. CHARLES, MINNESOTA  
PROPRIETARY FUNDS**

**Statement of Revenues, Expenses  
and Changes in Fund Net Position**

For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|  | Business-Type Activities - Enterprise Funds |                     |                     |                          |
|--|---|---------------------|---------------------|--------------------------|
|  | <u>70</u><br>Electric                       | <u>71</u><br>Water  | <u>72</u><br>Sewer  | <u>73</u><br>Storm Water |
| <b>Operating Revenues</b>                            |   |                     |                     |                          |
| Consumer sales and rentals                           | \$ 2,863,387                                | \$ 514,499          | \$ 688,878          | \$ 85,778                |
| <b>Operating Expenses</b>                            |   |                     |                     |                          |
| Purchased utilities                                  | 1,452,301                                   |                     | 411,809             |                          |
| Salaries   | 337,454                                     | 95,832              | 55,117              |                          |
| Employee benefits and retirement                     | 115,924                                     | 33,361              | 17,841              |                          |
| Gas and oil  | 7,005                                       |                     |                     |                          |
| Generation fuel                                      | 24,997                                      |                     |                     |                          |
| Supplies and minor equipment                         | 9,788                                       | 23,122              | 3,405               |                          |
| Professional services                                | 52,658                                      | 28,758              | 8,538               | 744                      |
| Communication  | 6,014                                       | 6,114               | 2,412               |                          |
| Transportation and training                          | 7,616                                       | 1,451               | 790                 |                          |
| Printing and publishing                              |   |                     |                     |                          |
| Insurance  | 18,053                                      | 4,954               | 3,390               |                          |
| Utilities  | 6,018                                       | 48,018              | 4,102               |                          |
| Repairs and maintenance                              | 116,521                                     | 24,453              | 10,738              |                          |
| Depreciation and amortization                        | 273,745                                     | 128,952             | 72,546              | 18,386                   |
| Bad debts  | 4,997                                       |                     |                     |                          |
| Other  | 97,847                                      | 132                 | 458                 | 2,214                    |
| Total Operating Expenses                             | <u>2,530,938</u>                            | <u>395,147</u>      | <u>591,146</u>      | <u>21,344</u>            |
| Operating Income (Loss)                              | <u>332,449</u>                              | <u>119,352</u>      | <u>97,732</u>       | <u>64,434</u>            |
| <b>Nonoperating Revenues (Expenses)</b>              |   |                     |                     |                          |
| Interest income                                      | 28,515                                      | 2,770               | 729                 | 46                       |
| Availability charges                                 |   |                     | 5,280               |                          |
| Compost fees   |   |                     |                     |                          |
| Miscellaneous income                                 | 8,344                                       | 23,425              | 7,550               |                          |
| Grant income   |   |                     |                     |                          |
| Customer refund                                      |   |                     |                     |                          |
| Interest and fiscal charges                          | (60,145)                                    | (18,630)            | (324)               |                          |
| Total Nonoperating Revenues (Expenses)               | <u>(23,286)</u>                             | <u>7,565</u>        | <u>13,235</u>       | <u>46</u>                |
| <b>INCOME BEFORE TRANSFERS<br/>AND CONTRIBUTIONS</b> | 309,163                                     | 126,917             | 110,967             | 64,480                   |
| Transfers out  | (120,000)                                   |                     |                     |                          |
| <b>CHANGE IN NET POSITION</b>                        | 189,163                                     | 126,917             | 110,967             | 64,480                   |
| <b>NET POSITION - BEGINNING OF YEAR</b>              | 6,395,428                                   | 2,943,574           | 2,638,098           | 687,082                  |
| <b>TOTAL NET POSITION - END OF YEAR</b>              | <u>\$ 6,584,591</u>                         | <u>\$ 3,070,491</u> | <u>\$ 2,749,065</u> | <u>\$ 751,562</u>        |

**See Notes to the Financial Statements**

| <u>23</u><br>Waste<br>Management | <u>22</u><br>Ambulance | Totals        |               |
|----------------------------------|------------------------|---------------|---------------|
|                                  |                        | 2014          | 2013          |
| \$ 202,092                       | \$ 174,078             | \$ 4,528,712  | \$ 4,506,311  |
| 179,433                          |                        | 2,043,543     | 1,776,747     |
|                                  | 73,486                 | 561,889       | 562,342       |
|                                  | 16,913                 | 184,039       | 173,559       |
|                                  |                        | 7,005         | 8,529         |
|                                  |                        | 24,997        | 5,847         |
|                                  | 21,819                 | 58,134        | 72,061        |
|                                  | 10,528                 | 101,226       | 116,678       |
|                                  | 2,531                  | 17,071        | 18,383        |
|                                  | 10,932                 | 20,789        | 26,138        |
|                                  |                        |               | 301           |
|                                  | 3,452                  | 29,849        | 30,347        |
|                                  |                        | 58,138        | 53,897        |
|                                  | 7,911                  | 159,623       | 195,018       |
|                                  | 29,780                 | 523,409       | 501,690       |
|                                  | 706                    | 5,703         | 16,923        |
| 14,365                           | 12,858                 | 127,874       | 106,501       |
| 193,798                          | 190,916                | 3,923,289     | 3,664,961     |
| 8,294                            | (16,838)               | 605,423       | 841,350       |
| 135                              | 585                    | 32,780        | 5,323         |
|                                  |                        | 5,280         | 26,400        |
|                                  | 20,549                 | 59,868        | 62,977        |
|                                  | 26,163                 | 26,163        |               |
|                                  |                        |               | (69,200)      |
|                                  |                        | (79,099)      | (103,092)     |
| 135                              | 47,297                 | 44,992        | (77,592)      |
| 8,429                            | 30,459                 | 650,415       | 763,758       |
|                                  | (6,500)                | (126,500)     | (126,500)     |
| 8,429                            | 23,959                 | 523,915       | 637,258       |
| 70,941                           | 252,430                | 12,987,553    | 12,349,236    |
| \$ 79,370                        | \$ 276,389             | \$ 13,511,468 | \$ 12,986,494 |

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Cash Flows**

For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|   | Business-Type Activities - Enterprise Funds |                    |                    |                          |
|---|---|--------------------|--------------------|--------------------------|
|   | <u>70</u><br>Electric                       | <u>71</u><br>Water | <u>72</u><br>Sewer | <u>73</u><br>Storm Water |
| <b>Cash Flows From Operating Activities</b>                     |   |                    |                    |                          |
| Cash received from customers                                    | \$ 2,860,063                                | \$ 519,803         | \$ 701,119         | \$ 85,289                |
| Access and other fees received                                  | 8,344                                       | 23,425             | 7,550              |                          |
| Cash paid to suppliers and employees                            | <u>(2,268,953)</u>                          | <u>(271,966)</u>   | <u>(535,263)</u>   | <u>(41,310)</u>          |
| Net Cash Provided By Operating Activities                       | <u>599,454</u>                              | <u>271,262</u>     | <u>173,406</u>     | <u>43,979</u>            |
| <b>Cash Flows From Noncapital Financing Activities</b>          |   |                    |                    |                          |
| Transfer out  | <u>(120,000)</u>                            |                    |                    |                          |
| Net Cash Used In Noncapital Financing Activities                | <u>(120,000)</u>                            |                    |                    |                          |
| <b>Cash Flows From Capital and Related Financing Activities</b> |   |                    |                    |                          |
| Capital asset acquisitions                                      | (789,316)                                   | (123,378)          | (97,287)           | (74,951)                 |
| Advances (to) from other funds                                  | 40,000                                      |                    | (30,000)           |                          |
| Principal payments on long-term debt                            | (225,000)                                   | (107,509)          | (57,501)           |                          |
| Interest payments on long-term debt                             | <u>(56,983)</u>                             | <u>(21,662)</u>    | <u>(1,945)</u>     |                          |
| Net Cash Used In Capital and Related Financing Activities       | <u>(1,031,299)</u>                          | <u>(252,549)</u>   | <u>(186,733)</u>   | <u>(74,951)</u>          |
| <b>Cash Flows From Investing Activities</b>                     |   |                    |                    |                          |
| Investment income received                                      | <u>27,447</u>                               | <u>2,494</u>       | <u>823</u>         | <u>46</u>                |
| Net Cash Provided By Investing Activities                       | <u>27,447</u>                               | <u>2,494</u>       | <u>823</u>         | <u>46</u>                |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>     | (524,398)                                   | 21,207             | (12,504)           | (30,926)                 |
| <b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>             | <u>1,408,267</u>                            | <u>393,113</u>     | <u>138,825</u>     | <u>38,839</u>            |
| <b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>                   | <u>\$ 883,869</u>                           | <u>\$ 414,320</u>  | <u>\$ 126,321</u>  | <u>\$ 7,913</u>          |

**See Notes to the Financial Statements**

| <u>23</u>        | <u>22</u>         | Totals              |                     |
|------------------|-------------------|---------------------|---------------------|
| Waste Management | Ambulance         | 2014                | 2013                |
| \$ 201,822       | \$ 163,321        | \$ 4,531,417        | \$ 4,494,027        |
|                  | 20,549            | 59,868              | 77,266              |
| <u>(192,961)</u> | <u>(161,320)</u>  | <u>(3,471,773)</u>  | <u>(3,067,092)</u>  |
| 8,861            | 22,550            | 1,119,512           | 1,504,201           |
|                  | (6,500)           | (126,500)           | (126,500)           |
|                  | (6,500)           | (126,500)           | (126,500)           |
|                  | (28,637)          | (1,113,569)         | (383,327)           |
|                  |                   | 10,000              | 10,000              |
|                  |                   | (390,010)           | (555,045)           |
|                  |                   | (80,590)            | (96,172)            |
|                  | <u>(28,637)</u>   | <u>(1,574,169)</u>  | <u>(1,024,544)</u>  |
| 135              | 508               | 31,453              | 852                 |
| 135              | 508               | 31,453              | 852                 |
| 8,996            | (12,079)          | (549,704)           | 354,009             |
| <u>64,089</u>    | <u>122,572</u>    | <u>2,165,705</u>    | <u>1,811,696</u>    |
| <u>\$ 73,085</u> | <u>\$ 110,493</u> | <u>\$ 1,616,001</u> | <u>\$ 2,165,705</u> |

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**RECONCILIATION OF OPERATING INCOME**  
**TO NET CASH PROVIDED BY OPERATING ACTIVITIES**  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013

|   | Business-Type Activities - Enterprise Funds |                |                |               |
|---|---|----------------|----------------|---------------|
|   | Electric                                    | Water          | Sewer          | Storm Water   |
| <b>Operating Income (Loss)</b>  | \$ 332,449                                  | \$ 119,352     | \$ 97,732      | \$ 64,434     |
| Adjustments to reconcile operating income to net cash provided by operating activities: |   |                |                |               |
| Depreciation and amortization   | 273,745                                     | 128,952        | 72,546         | 18,386        |
| Bad debt expense  | 4,997                                       |                |                |               |
| Compost fees  |   |                |                |               |
| Miscellaneous nonoperating income   | 8,344                                       | 23,425         | 7,550          |               |
| Availability charges  |   |                | 5,280          |               |
| Customer refund   |   |                |                |               |
| Loss on disposal of assets  | 10,166                                      | 132            |                |               |
| Grant income  |   |                |                |               |
| (Increase) Decrease In:   |   |                |                |               |
| Accounts receivable   | (19,037)                                    | 5,172          | 6,961          | (489)         |
| Accrued interest receivable   |   |                |                |               |
| Inventory   | (391)                                       | 4,505          |                |               |
| Prepaid items   | (77,386)                                    | (30)           | 4              |               |
| Increase (Decrease) In:   |   |                |                |               |
| Accounts and contracts payable  | 66,017                                      | (10,246)       | (16,667)       | (38,352)      |
| Customer deposits   | 550   |                |                |               |
| <br>Net Cash Provided By<br>Operating Activities  | <br>\$ 599,454                              | <br>\$ 271,262 | <br>\$ 173,406 | <br>\$ 43,979 |

**See Notes to the Financial Statements**

| Waste Management |                  | Totals              |                     |
|------------------|------------------|---------------------|---------------------|
| Ambulance        |                  | 2014                | 2013                |
| \$ 8,294         | \$ (16,838)      | \$ 605,423          | \$ 841,350          |
|                  | 29,780           | 523,409             | 501,690             |
|                  | 706              | 5,703               | 16,923              |
|                  | 20,549           | 59,868              | 64,036              |
|                  |                  | 5,280               | 26,400              |
|                  |                  |                     | (69,200)            |
|                  |                  | 10,298              |                     |
|                  | 26,163           | 26,163              |                     |
| (270)            | (37,663)         | (45,326)            | 34,109              |
|                  | 37               | 37                  | (3)                 |
|                  |                  | 4,114               | (7,600)             |
|                  | 1,027            | (76,385)            | (1,706)             |
| 837              | (1,211)          | 378                 | 105,485             |
|                  |                  | 550                 | (7,283)             |
| <u>\$ 8,861</u>  | <u>\$ 22,550</u> | <u>\$ 1,119,512</u> | <u>\$ 1,504,201</u> |

**(This Page Left Blank Intentionally)**

**CITY OF ST. CHARLES, MINNESOTA**  
**NOTES TO THE FINANCIAL STATEMENTS**

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS

---

### 1. Summary of Significant Accounting Policies

---

The City of St. Charles, Minnesota, was first incorporated in 1858. The City operates under the “optional Plan A” form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Four Council members are elected to four year terms and the Mayor is elected to a two year term.

The City’s financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

#### A. Reporting Entity

In accordance with Statement No. 14 of the Governmental Accounting Standards Board, The Financial Reporting Entity, the City’s financial statements include the primary government and the component units of the City of St. Charles, Minnesota, defined as follows:

*Primary Government* - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of St. Charles, Minnesota.

*Component Units* - Component units are legally separate organizations for which the elected officials of the City of St. Charles, Minnesota are financially accountable or for which the nature or significance of their relationship with the City of St. Charles, Minnesota would cause the general purpose financial statements to be misleading or incomplete. Based on these criteria, there are no component units of the City of St. Charles, Minnesota.

#### B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and all enterprise funds are reported as separate columns in the fund financial statements.

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 1. Summary of Significant Accounting Policies (Continued)

---

#### C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

Unearned revenue is recorded when assets are recognized before revenue recognition criteria have been satisfied. Grants received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)*

The City reports the following major governmental funds:

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

The *economic development fund* accounts for the City economic development activities.

The *capital improvements fund* accounts for the financial resources to be used for city street and other public infrastructure improvements.

The *I-90 construction fund* accounts for the financial resources to be used for the Interstate 90 infrastructure improvements.

The City reports the following major proprietary funds:

The *electric fund* accounts for the operations of the City owned electric utility system.

The *water fund* accounts for the operation of the City owned water utility system.

The *sewer fund* accounts for the operation of the City owned sewer utility system.

The *storm water fund* accounts for the operation of the City owned storm water drainage system.

The *waste management fund* accounts for the operation of the City owned waste management system.

The *ambulance fund* accounts for the operation of the City ambulance activities.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)*

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

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

Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

*D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity*

*Cash and Investments*

Except where otherwise required, the City maintains all deposits in accounts in the name of the City. The deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and investments which is under the management of the City. Investments consist primarily of nonparticipating certificates of deposit and U.S. Treasuries recorded at cost, which approximates market value.

*Accounts Receivable*

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2014. The enterprise fund accounts receivable are reported net of an allowance for uncollectible accounts.

# CITY OF ST. CHARLES, MINNESOTA

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

### 1. Summary of Significant Accounting Policies (Continued)

---

#### D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

##### Interfund Balances

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance non-spendable account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

##### Property Taxes

Property tax levies are set by the City Council in October of each year and are certified to Winona County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues for property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental fund types because they are not known to be available to finance current expenditures.

##### Special Assessments

Assessments are levied at various times upon City Council resolution for property owner improvements made by the City. Assessment collections are deferred over periods ranging from three to fifteen years with interest charges of 6.0% to 7.7%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred inflow of resources in the Governmental Fund Types because they are not known to be available to finance current expenditures.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

Tax Increment Districts

Tax increment revenues received are recorded in the Debt Service Fund to the extent required to service bond principal and interest payments due plus 5 percent of such payments. Any remaining property tax revenues are recognized in the Capital Projects Funds for the tax increment district.

Inventory

The inventory, representing electric and water utility supplies in the Enterprise Fund, is valued at the lower of cost or market on a first-in, first-out basis.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$3,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

|                         | Useful Life<br><u>in Years</u> |
|-------------------------|--------------------------------|
| Buildings               | 10 - 40                        |
| Infrastructure          | 15 - 67                        |
| Other Improvements      | 5 - 40                         |
| Machinery and Equipment | 2 - 20                         |

GASB Statement No. 34 required the City to report and depreciate new infrastructure assets effective January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor depreciation related to assets acquired prior to 2004 have been reported in the financial statements.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

*D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)*

Compensated Absences

Vacation, sick pay and compensatory overtime are accrued when earned in the government-wide financial statements and the proprietary fund types. In the Governmental Funds of the fund financial statements, vacation, sick pay and compensatory overtime are recorded as expenditures and accrued as current liability only if they have matured, for example, as a result of employee's resignations and retirements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts and loans receivable. The City's accounts and loans receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of St. Charles, Minnesota.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**1. Summary of Significant Accounting Policies (Continued)**

---

D. Assets, Liabilities, Deferred Inflows of Resources and Net Position or Equity (continued)

Net Position / Fund Balance

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

The City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assigned fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the following: city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

E. Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

#### 2. Stewardship, Compliance, and Accountability

---

##### A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are legally adopted by Council resolution for the General and Special Revenue Funds.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternately achieved through general obligation bond indenture provisions.

Budgetary control for the Capital Project Funds is based on a project completion time cycle rather than an annual basis, therefore budgetary comparisons on an annual basis would not present meaningful information.

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

1. The City Administrator submits a proposed operating budget to the City Council prior to the end of each year for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 28, the budget is legally enacted through the passage of a budget resolution.
4. Any changes to the budget at the functional level must be by formal resolution of the City Council.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

##### B. Firemen's Relief Association of St. Charles

The activities of this association are not included in the City's financial statements. The association has been organized by its members to provide pension benefits to members in accordance with Minnesota statutes. Other than funding the association with tax levies and state aids according to state law, the City and the association are not financially interdependent. The association makes independent selections of their board of directors and management of the association is autonomous with the City. Operations and fiscal matters are not influenced by the City.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**3. Detailed Notes on All Funds**

---

A. Summary of Cash and Investments

As of December 31, 2014, the City's cash and investments consisted of the following items, all of which are held in an internal investment pool:

|                                 |    |                  |
|---------------------------------|----|------------------|
| Cash on hand                    | \$ | 1,924            |
| Deposits                        |    | 2,086,966        |
| Certificates of deposit         |    | 985,398          |
| U.S. Treasury Securities        |    | 201,985          |
| Money Market Funds              |    | <u>48,334</u>    |
| Total Cash on Hand and Deposits | \$ | <u>3,324,607</u> |

Investments Authorized by Minnesota Statues

The City is authorized by Minnesota Statues to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer in to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**3. Detailed Notes on All Funds (Continued)**

---

*Collateralization of Cash Deposits*

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial bank in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

*Interest Rate Risk*

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk*

The City has no investment policy that would limit its investment choices. The City's investment ratings are from Standard & Poor Investors Service.

*Concentration of Credit Risk*

The City places no limit on the amount the City may invest in any one issuer. At December 31, 2014, there were no individual investments greater than 5 percent of the City's total investments.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*B. Deferred Special Assessments Receivable*

Deferred assessments receivable represent levies made on the property of owners benefited by public improvement projects. Assessments are payable over various periods and interest is charged at rates coinciding with improvement bonds. A summary of the deferred special assessments excluding interest charges, as of December 31, 2014 is as follows:

|                                 |  |                  |
|---------------------------------|--|------------------|
| <u>General Fund</u>             |  |                  |
| 2005 Public Improvement Project |  | \$ 227           |
| Total General Fund              |  | <u>227</u>       |
| <u>Capital Projects Funds</u>   |  |                  |
| Capital Improvements Fund       |  | <u>3,643</u>     |
| <u>Enterprise Funds</u>         |  |                  |
| Water Fund                      |  | 7,501            |
| Sewer Fund                      |  | <u>7,501</u>     |
| Total Enterprise Funds          |  | <u>15,002</u>    |
| Total                           |  | <u>\$ 18,872</u> |

*C. Loans and Contracts Receivable*

The City has made several loans through its economic development program. These loans are payable over terms ranging from 3 to 15 years, with interest rates ranging from 3% to 6% over the term of the loan. These loans are recorded in the Special Revenue Fund at the Economic Development individual fund level, and are offset by a deferred inflow of resources account until the repayments are made.

*D. Due From Other Governmental Units*

Amounts due from other governmental units at December 31, 2014 are as follows:

| <u>Fund</u>     | Winona           |                  | <u>Total</u>     |
|-----------------|------------------|------------------|------------------|
|                 | <u>County</u>    | <u>Townships</u> |                  |
| General         | \$ 6,258         | \$ 6,258         | \$ 6,258         |
| Special Revenue | 6,380            | 13,954           | 20,334           |
| Debt Service    | 5,866            |                  | 5,866            |
| Capital Project | <u>7,709</u>     |                  | <u>7,709</u>     |
|                 | <u>\$ 26,213</u> | <u>\$ 13,954</u> | <u>\$ 40,167</u> |

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

**E. Capital Assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

| <b>Governmental Activities</b>               | Beginning Balance    | Increases           | Decreases        | Ending Balance       |
|--|----------------------|---------------------|------------------|----------------------|
| Capital assets, not being depreciated:       |                      |                     |                  |                      |
| Land   | \$ 1,798,702         |                     | \$               | \$ 1,798,702         |
| Construction in process                      | 13,234               |                     |                  | 13,234               |
| Total capital assets, not being depreciated  | 1,811,936            |                     |                  | 1,811,936            |
| Capital assets, being depreciated:           |                      |                     |                  |                      |
| Buildings                                    | 4,365,655            | 26,614              |                  | 4,392,269            |
| Infrastructure                               | 5,718,340            | 126,574             |                  | 5,844,914            |
| Machinery and equipment                      | 2,396,189            | 154,301             | 26,976           | 2,523,514            |
| Total capital assets, being depreciated      | 12,480,184           | 307,489             | 26,976           | 12,760,697           |
| Less accumulated depreciation for:           |                      |                     |                  |                      |
| Buildings                                    | 2,287,479            | 131,829             |                  | 2,419,308            |
| Infrastructure                               | 1,074,062            | 176,508             |                  | 1,250,570            |
| Machinery and equipment                      | 1,955,977            | 126,003             | 26,976           | 2,055,004            |
| Total accumulated depreciation               | 5,317,518            | 434,340             | 26,976           | 5,724,882            |
| Total capital assets, being depreciated, net | 7,162,666            | (126,851)           |                  | 7,035,815            |
| Governmental activities capital assets, net  | <u>\$ 8,974,602</u>  | <u>\$ (126,851)</u> | <u>\$</u>        | <u>\$ 8,847,751</u>  |
|  |                      |                     |                  |                      |
| <b>Business-Type Activities</b>              | Beginning Balance    | Increases           | Decreases        | Ending Balance       |
| Capital assets, not being depreciated:       |                      |                     |                  |                      |
| Land   | \$ 142,189           | \$                  | \$               | \$ 142,189           |
| Total capital assets, not being depreciated  | 142,189              |                     |                  | 142,189              |
| Capital assets, being depreciated:           |                      |                     |                  |                      |
| Buildings and improvements                   | 5,994,205            | 133,619             |                  | 6,127,824            |
| Machinery and equipment                      | 13,346,622           | 979,952             | 126,915          | 14,199,659           |
| Total capital assets, being depreciated      | 19,340,827           | 1,113,571           | 126,915          | 20,327,483           |
| Less accumulated depreciation for:           |                      |                     |                  |                      |
| Buildings and improvements                   | 1,252,079            | 158,601             |                  | 1,410,680            |
| Machinery and equipment                      | 5,371,102            | 364,808             | 116,615          | 5,619,295            |
| Total accumulated depreciation               | 6,623,181            | 523,409             | 116,615          | 7,029,975            |
| Total capital assets, being depreciated, net | 12,717,646           | 590,162             | 10,300           | 13,297,508           |
| Business-type activities capital assets, net | <u>\$ 12,859,835</u> | <u>\$ 590,162</u>   | <u>\$ 10,300</u> | <u>\$ 13,439,697</u> |

CITY OF ST. CHARLES, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. Detailed Notes on All Funds (Continued)

E. *Capital Assets (continued)*

Depreciation expense was charged to functions/programs as follows:

|   |                   |
|---|-------------------|
| <b>Governmental Activities:</b>                       |                   |
| General government                                    | \$ 56,381         |
| Public safety   | 45,707            |
| Public works  | 203,012           |
| Library   | 31,293            |
| Parks and recreation                                  | <u>97,947</u>     |
| Total depreciation expense - governmental activities  | <u>\$ 434,340</u> |
| <b>Business-Type Activities:</b>                      |                   |
| Electric  | \$ 273,745        |
| Water   | 128,952           |
| Sewer   | 72,546            |
| Storm water drainage                                  | 18,386            |
| Ambulance   | <u>29,780</u>     |
| Total depreciation expense - business-type activities | <u>\$ 523,409</u> |

F. *Interfund Balances and Transfers*

The amounts due to and from other funds as of December 31, 2014, at the individual fund level are summarized below:

| <u>Funds</u>              | Due From<br>Other Funds    | Due To<br>Other Funds        |
|---------------------------|----------------------------|------------------------------|
| General Fund              | \$ 124,712                 | \$                           |
| Special Revenue:          |                            |                              |
| Advertising               |                            | 1,550                        |
| Capital Project:          |                            |                              |
| Capital Improvements Fund |                            | 30,000                       |
| Tax Increment District #8 |                            | 10,496                       |
| Tax Increment District #7 |                            | <u>82,666</u>                |
|                           | <u>\$ 124,712</u>          | <u>\$ 124,712</u>            |
|                           |                            |                              |
|                           | Advances To<br>Other Funds | Advances From<br>Other Funds |
| Capital Projects:         |                            |                              |
| Capital Improvements      | \$ 196,427                 | \$ 80,000                    |
| I-90 Construction         |                            | 196,427                      |
| Enterprise Funds:         |                            |                              |
| Electric                  | <u>80,000</u>              |                              |
| Total Advances            | <u>\$ 276,427</u>          | <u>\$ 276,427</u>            |

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*F. Interfund Balances and Transfers (continued)*

Transfers during the year ended December 31, 2014 were as follows:

| <u>Funds</u>              | <u>Transfers<br/>In</u> | <u>Transfers<br/>Out</u> |
|---------------------------|-------------------------|--------------------------|
| General Fund              | \$ 126,500              | \$ 15,200                |
| Special Revenue:          |                         |                          |
| Library                   | 15,200                  |                          |
| Volunteer Fire Department |                         | 14,786                   |
| Tax Increment District #7 |                         | 80,000                   |
| Debt Service:             |                         |                          |
| Fire Tanker Truck Loan    | 14,786                  |                          |
| Capital Projects:         |                         |                          |
| Capital Improvements      | 80,000                  |                          |
| Enterprise:               |                         |                          |
| Electric                  |                         | 120,000                  |
| Ambulance                 |                         | 6,500                    |
| Total Transfers           | <u>\$ 236,486</u>       | <u>\$ 236,486</u>        |

Excess of expenditures over budgeted appropriations at the individual fund level during 2014 are as follows:

|                           |            |
|---------------------------|------------|
| Special Revenue Funds     |            |
| Economic Development      | \$ 208,806 |
| Advertising               | 3,654      |
| Library                   | 3,312      |
| Volunteer Fire Department | 13,872     |
| Enterprise Funds          |            |
| Waste Management          | 7,998      |
| Ambulance                 | 18,916     |

All excess expenditures were the result of planned processes.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*G. Long-term debt*

The following is a summary of changes in long-term debt obligations during the year ended December 31, 2014:

|  | Beginning<br>Balance | Additions | Reductions        | Ending<br>Balance   | Amounts<br>Due Within<br>One Year |
|--|----------------------|-----------|-------------------|---------------------|-----------------------------------|
| <b>GOVERNMENTAL ACTIVITIES</b>                             |                      |           |                   |                     |                                   |
| Bonds and Notes Payable:                                   |                      |           |                   |                     |                                   |
| General Obligation Bonds:                                  |                      |           |                   |                     |                                   |
| 2011A Improvement and Refunding (1.0 - 4.25%)              | \$ 2,047,390         | \$        | \$ 164,990        | \$ 1,882,400        | \$ 168,023                        |
| Less: Unamortized Discount                                 | (26,100)             |           | (1,010)           | (25,090)            |                                   |
| Notes payable:   |                      |           |                   |                     |                                   |
| 2010 Tanker Truck Loan (4.25%)                             | 27,757               |           | 13,584            | 14,173              | 14,173                            |
| 2012 Installment Promissory Note -<br>Winona County (2.0%) | 45,121               |           | 7,631             | 37,490              | 7,747                             |
| Long-term Liabilities                                      | <u>2,094,168</u>     |           | <u>185,195</u>    | <u>1,908,973</u>    | <u>189,943</u>                    |
| <b>BUSINESS-TYPE ACTIVITIES</b>                            |                      |           |                   |                     |                                   |
| Bonds and Payable:   |                      |           |                   |                     |                                   |
| General Obligation Bonds:                                  |                      |           |                   |                     |                                   |
| 2011A Water Fund (1.0 - 4.25%)                             | 640,109              |           | 107,509           | 532,600             | 21,977                            |
| 2011A Sewer Fund (1.0 - 4.25%)                             | 57,501               |           | 57,501            |                     |                                   |
| General Obligation Revenue Bonds:                          |                      |           |                   |                     |                                   |
| 2011B Electric Revenue Refunding (2.0 - 3.05%)             | 2,235,000            |           | 225,000           | 2,010,000           | 230,000                           |
| Less: Unamortized Discount                                 | (19,923)             |           | (2,024)           | (17,899)            |                                   |
| Long-term Liabilities                                      | <u>2,912,687</u>     |           | <u>387,986</u>    | <u>2,524,701</u>    | <u>251,977</u>                    |
| Total  | <u>\$ 5,006,855</u>  | <u>\$</u> | <u>\$ 573,181</u> | <u>\$ 4,433,674</u> | <u>\$ 441,920</u>                 |

Water and Sewer revenues are pledged as repayment for a portion of the G.O. Improvement and Refunding Bonds, Series 2011A. As a result, the amount of the bonds to be repaid with pledged Water and Sewer revenues have been recorded in the Water and Sewer Funds.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*G. Long-term debt (continued)*

The annual requirements to amortize all long-term debt outstanding as of December 31, 2014, over the life of the debt, are summarized below:

| Years                           | General Obligation<br>Improvement and Refunding<br>Bonds |                   | General Obligation Revenue<br>Bonds |                   | Other            |                 |
|---------------------------------|--|-------------------|-------------------------------------|-------------------|------------------|-----------------|
|                                 | Principal  | Interest          | Principal                           | Interest          | Principal        | Interest        |
| <b>Governmental Activities</b>  |  |                   |                                     |                   |                  |                 |
| 2015                            | \$ 168,023   | \$ 51,242         |                                     |                   | \$ 21,920        | \$ 1,294        |
| 2016                            | 167,279  | 48,898            |                                     |                   | 7,903            | 523             |
| 2017                            | 171,557  | 46,008            |                                     |                   | 8,063            | 364             |
| 2018                            | 175,717  | 42,698            |                                     |                   | 8,226            | 201             |
| 2019                            | 184,896  | 38,642            |                                     |                   | 5,551            | 42              |
| 2020-2032                       | 1,014,928  | 221,804           |                                     |                   |                  |                 |
| Totals                          | <u>\$ 1,882,400</u>                                      | <u>\$ 449,292</u> |                                     |                   | <u>\$ 51,663</u> | <u>\$ 2,424</u> |
| <b>Business-Type Activities</b> |  |                   |                                     |                   |                  |                 |
| 2015                            | \$ 21,977  | \$ 18,023         | \$ 230,000                          | \$ 52,140         |                  |                 |
| 2016                            | 22,721   | 17,279            | 235,000                             | 47,540            |                  |                 |
| 2017                            | 23,443   | 16,557            | 240,000                             | 42,840            |                  |                 |
| 2018                            | 24,283   | 15,717            | 245,000                             | 37,440            |                  |                 |
| 2019                            | 24,283   | 15,717            | 250,000                             | 31,316            |                  |                 |
| 2020-2032                       | 415,893  | 104,108           | 810,000                             | 49,619            |                  |                 |
| Totals                          | <u>\$ 532,600</u>  | <u>\$ 187,401</u> | <u>\$ 2,010,000</u>                 | <u>\$ 260,895</u> |                  |                 |

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**3. Detailed Notes on All Funds (Continued)**

*G. Long-term debt (continued)*

The City is the administering authority for the following tax increment finance districts:

Municipal Development District No. 6 – The District is of the redevelopment type, authorized under Minnesota law Chapter 472(A), established in 2005 to last until the year 2030.

Municipal Development District No. 7 – The District is of the redevelopment type, authorized under Minnesota Law Sections 469.174-469.1799 both inclusive, established in 2012 to last until the year 2022.

Municipal Development District No. 8 – The District is of the redevelopment type, authorized under Minnesota Law Sections 469.174-469.1799 both inclusive, established in 2014 to last until the year 2024.

|   | Municipal<br>District #6 | Municipal<br>District #7 | Municipal<br>District #8 |
|---|--------------------------|--------------------------|--------------------------|
| Original gross tax capacity,<br>including modifications           | \$ 822                   | \$ 9,043                 | \$ 7,428                 |
| Current gross tax capacity  | 20,546                   | 10,555                   | 7,428                    |
| Captured gross tax capacity<br>Retained by authority              | 19,724                   | 1,512                    | -                        |
| Outstanding Bonds, Loans, and<br>advances as of December 31, 2014 | -                        | 82,666                   | -                        |

*H. Fund Equity*

|                                      | Committed Fund Balance  |                        |                                     |                        | Total             |
|--------------------------------------|-------------------------|------------------------|-------------------------------------|------------------------|-------------------|
|                                      | Fund 34                 | Fund 25                | Fund 27                             | Fund 40                |                   |
|                                      | Economic<br>Development | Capital<br>Improvement | Emergency<br>Management<br>Services | Parkland<br>Dedication |                   |
| Committed                            |                         |                        |                                     |                        |                   |
| Economic Development<br>CIP Projects | \$ 314,322              |                        |                                     |                        | \$ 314,322        |
| Capital Project                      |                         | 75,278                 |                                     |                        | 75,278            |
| Emergency Management<br>CIP Projects |                         |                        | 917                                 |                        | 917               |
| Parkland Dedication<br>CIP Projects  |                         |                        |                                     | 21,150                 | 21,150            |
|                                      | <u>\$ 314,322</u>       | <u>\$ 75,278</u>       | <u>\$ 917</u>                       | <u>\$ 21,150</u>       | <u>\$ 411,667</u> |

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

#### 4. Other Information

---

##### A. Defined Benefit Pension Plans - Statewide

###### Plan Description

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

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

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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 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 and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

## CITY OF ST. CHARLES, MINNESOTA

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

---

#### 4. Other Information (Continued)

---

##### A. Defined Benefit Pension Plans – Statewide (continued)

###### Plan Description (continued)

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 reduce the monthly normal annuity amount, because the annuity is 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 GERS and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

###### 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. GERS Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members are required to contribute 10.2% of their annual covered salary in 2014. In 2014, the City of St. Charles, Minnesota is required to contribute the following percentages of annual covered payroll: 11.78% Basic Plan GERS, 7.25% for Coordinated Plan GERS members, 15.3% for PEPFF members. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$61,483, \$61,611, and \$59,559, respectively. The City's contributions to the Public Employees Police and Fire Fund for the years ended December 31, 2014, 2013, and 2012, were \$33,460, \$36,578, and \$38,926, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**4. Other Information (Continued)**

---

*B. Defined Benefit Pension Plan – Volunteer Fire Relief Association*

*Plan Description*

The City contributes to the City of St. Charles Fire Relief Association ("Association"), a single employer public employee retirement system that acts as a common investment and administrator for the City's firefighters. Volunteer firefighters of the City are members of the St. Charles Fire Department Relief Association. Association members are eligible to receive a lump sum pension benefit after reaching a minimum retirement age of 50 and at least 10 years of service. After 20 years of service, the lump sum benefit increases by \$1,650 for each year of service over 20. These benefit provisions are consistent with enabling state statutes.

Volunteers of the fire department are not required to contribute to the relief association. If a member leaves the department before 10 years of service, they are not eligible for any pension benefit. The City levies property taxes at the direction of and for the benefit of the fire relief association and passes through state aids allocated to the plan, all in accordance with enabling state statutes.

*Related Party Investments*

During 2014 and as of December 31, 2014 the Association held no securities issued by the City or other related parties.

*Funding Status and Progress*

Financial requirements of the relief association are determined using the State of Minnesota Schedules I-II-III for lump sum pension plans used for computation of State Fire Aids. The computations are not based upon actuarial computations and no attempts have been made to provide such analysis. The estimated pension benefit obligation as of December 31, 2013 (latest information available) is shown below:

|                                       |                   |
|---------------------------------------|-------------------|
| Total plan assets                     | \$ 722,097        |
| Total accrued liability               | <u>573,840</u>    |
| Assets in Excess of Accrued Liability | <u>\$ 148,257</u> |

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**4. Other Information (Continued)**

---

*B. Defined Benefit Pension Plan – Volunteer Fire Relief Association*

*Contributions Required and Contributions Made*

Financial requirements of the relief association are determined on a computation based on member years of service. The City's minimum obligation is the financial requirement for the year less Association investment earnings and State aids. The funding strategy should provide sufficient resources to pay relief association benefits on a timely basis. Total contributions made by the City to the Association in 2014 amounted to \$7,000. The contributed amount was determined as described above and was based on the Association's requirements as of December 31, 2014.

The computation of the pension contribution requirements for 2014 was based on the same assumptions, benefit provision, lump sum funding method, and other significant factors used to determine pension contributions requirements in previous years.

*Ten-Year Historical Trend Information*

Ten-year historical trend information related to the pension plan is unavailable.

*C. Deferred Compensation Plan*

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all city employees, permits them to defer a portion of their current salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

*D. Risk Management*

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The City provides employee health insurance through a private insurance carrier.

Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2014.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims, liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2014. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

**CITY OF ST. CHARLES, MINNESOTA**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

---

**5. Commitments and Contingencies**

---

The City participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general purpose financial statements taken as a whole.

---

**6. Accounting Standards Issued But Not Yet Adopted**

---

GASB 68, "Accounting and Financial Reporting for Pensions" will be effective for the City beginning with its year ending December 31, 2015. This Statement requires the reporting of unfunded pension liabilities in the government-wide and proprietary financials statements. Management has not determined the impact adoption of this new standard will have on the City's financial position.

**CITY OF ST. CHARLES, MINNESOTA**

**COMBINING AND INDIVIDUAL NONMAJOR FUNDS  
STATEMENTS AND SCHEDULES**

**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**CITY OF ST. CHARLES, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2014**

|   | Special Revenue          |                          |                      |  |  | Debt Service      |                                   |
|---|--------------------------|--------------------------|----------------------|--|--|-------------------|-----------------------------------|
|   | <u>20</u><br>Advertising | <u>24</u><br>Celebration | <u>26</u><br>Library | <u>21</u><br>Volunteer<br>Fire<br>Department | <u>27</u><br>Emergency<br>Management<br>Services | Total             | <u>58</u><br>Fire Tanker<br>Truck |
| <b>ASSETS</b>                             |                          |                          |                      |  |  |                   |                                   |
| Cash and investments                      | \$                       | \$ 215                   | \$ 980               | \$ 179,021                                   | \$ 630   | \$ 180,846        | \$                                |
| Accrued interest receivable               |                          |                          |                      | 60   |  | 60                |                                   |
| Accounts receivable                       |                          |                          | 472                  | 6,395  |  | 6,867             |                                   |
| Prepaid items                             | 175                      |                          | 834                  | 2,827  |  | 3,836             |                                   |
| Taxes receivable - delinquent             | 68                       | 27                       | 375                  | 369  | 76   | 915               |                                   |
| Due from other governmental units         | 554                      | 178                      | 2,647                | 15,751                                       | 287  | 19,417            |                                   |
| <b>TOTAL ASSETS</b>                       | <u>\$ 797</u>            | <u>\$ 420</u>            | <u>\$ 5,308</u>      | <u>\$ 204,423</u>                            | <u>\$ 993</u>                                    | <u>\$ 211,941</u> | <u>\$</u>                         |
| <b>LIABILITIES AND FUND BALANCE</b>       |                          |                          |                      |  |  |                   |                                   |
| <b>Liabilities</b>                        |                          |                          |                      |  |  |                   |                                   |
| Accounts payable                          | \$ 248                   | \$ 26                    | \$ 2,431             | \$ 6,524                                     | \$   | \$ 9,229          | \$                                |
| Due to other funds                        | 1,550                    |                          |                      |  |  | 1,550             |                                   |
| Total Liabilities                         | <u>1,798</u>             | <u>26</u>                | <u>2,431</u>         | <u>6,524</u>                                 |  | <u>10,779</u>     |                                   |
| <b>Deferred Inflows of Resources:</b>     |                          |                          |                      |  |  |                   |                                   |
| Unavailable revenue                       |                          |                          |                      |  |  |                   |                                   |
| Property taxes                            | 68                       | 27                       | 375                  | 369  | 76   | 915               |                                   |
| Total Deferred Inflows of Resources       | <u>68</u>                | <u>27</u>                | <u>375</u>           | <u>369</u>                                   | <u>76</u>  | <u>915</u>        |                                   |
| <b>Fund Balance</b>                       |                          |                          |                      |  |  |                   |                                   |
| Nonspendable:                             |                          |                          |                      |  |  |                   |                                   |
| Prepaid items                             | 175                      |                          | 834                  | 2,827  |  | 3,836             |                                   |
| Restricted:                               |                          |                          |                      |  |  |                   |                                   |
| Creditors                                 |                          |                          |                      |  |  |                   |                                   |
| Regulations:                              |                          |                          |                      |  |  |                   |                                   |
| Tax Increment                             |                          |                          |                      |  |  |                   |                                   |
| Committed:                                |                          |                          |                      |  |  |                   |                                   |
| CIP Projects                              |                          |                          |                      |  | 917  | 917               |                                   |
| Assigned                                  |                          | 367                      | 1,668                | 194,703                                      |  | 196,738           |                                   |
| Unassigned                                | (1,244)                  |                          |                      |  |  | (1,244)           |                                   |
| Total Fund Balance                        | <u>(1,069)</u>           | <u>367</u>               | <u>2,502</u>         | <u>197,530</u>                               | <u>917</u>                                       | <u>200,247</u>    |                                   |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <u>\$ 797</u>            | <u>\$ 420</u>            | <u>\$ 5,308</u>      | <u>\$ 204,423</u>                            | <u>\$ 993</u>                                    | <u>\$ 211,941</u> | <u>\$</u>                         |

| Debt Service                                   |                   | Capital Projects                                     |                                     |  |  |                  | Total             | Total Nonmajor<br>Governmental<br>Funds |
|--|-------------------|--|-------------------------------------|--|--|------------------|-------------------|---|
| <u>60</u><br>2011A<br>G.O. &<br>Refunding Bond | Total             | <u>47</u><br>Tax<br>Increment<br>District #6<br>Fund | <u>40</u><br>Parkland<br>Dedication | <u>41</u><br>Tax<br>Increment<br>District #7<br>Fund | <u>42</u><br>Tax<br>Increment<br>District #8<br>Fund | Total            |                   |   |
| \$ 164,295                                     | \$ 164,295        | \$ 40,125  | \$ 21,150                           | \$   | \$   | \$ 61,275        | \$ 406,416        |   |
|  |                   |  |                                     |  |  |                  | 60                |   |
|  |                   |  |                                     |  |  |                  | 6,867             |   |
|  |                   |  |                                     |  |  |                  | 3,836             |   |
| 1,075  | 1,075             |  |                                     |  |  |                  | 1,990             |   |
| 5,866  | 5,866             |  |                                     |  |  |                  | 25,283            |   |
| <u>\$ 171,236</u>                              | <u>\$ 171,236</u> | <u>\$ 40,125</u>                                     | <u>\$ 21,150</u>                    | <u>\$</u>  | <u>\$</u>  | <u>\$ 61,275</u> | <u>\$ 444,452</u> |   |
| \$   | \$                | \$   | \$                                  | \$   | \$   | \$               | \$ 9,229          |   |
|  |                   |  |                                     | 82,666   | 10,496   | 93,162           | 94,712            |   |
|  |                   |  |                                     | 82,666   | 10,496   | 93,162           | 103,941           |   |
|  |                   |  |                                     |  |  |                  |                   |   |
| 1,075  | 1,075             |  |                                     |  |  |                  | 1,990             |   |
| 1,075  | 1,075             |  |                                     |  |  |                  | 1,990             |   |
|  |                   |  |                                     |  |  |                  | 3,836             |   |
| 170,161  | 170,161           |  |                                     |  |  |                  | 170,161           |   |
|  |                   | 40,125   |                                     |  |  | 40,125           | 40,125            |   |
|  |                   |  | 21,150                              |  |  | 21,150           | 22,067            |   |
|  |                   |  |                                     |  |  |                  | 196,738           |   |
|  |                   |  |                                     | (82,666)   | (10,496)   | (93,162)         | (94,406)          |   |
| 170,161  | 170,161           | 40,125   | 21,150                              | (82,666)   | (10,496)   | (31,887)         | 338,521           |   |
| <u>\$ 171,236</u>                              | <u>\$ 171,236</u> | <u>\$ 40,125</u>                                     | <u>\$ 21,150</u>                    | <u>\$</u>  | <u>\$</u>  | <u>\$ 61,275</u> | <u>\$ 444,452</u> |   |

**CITY OF ST. CHARLES, MINNESOTA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 For the Fiscal Year Ended December 31, 2014**

|   | Special Revenue          |                          |                      |  |  | Debt Service      |                                   |
|---|--------------------------|--------------------------|----------------------|--|--|-------------------|-----------------------------------|
|   | <u>20</u><br>Advertising | <u>24</u><br>Celebration | <u>26</u><br>Library | <u>21</u><br>Volunteer<br>Fire<br>Department | <u>27</u><br>Emergency<br>Management<br>Services | Total             | <u>58</u><br>Fire Tanker<br>Truck |
| <b>REVENUES</b>   |                          |                          |                      |  |  |                   |                                   |
| Property tax levy   |                          |                          |                      |  |  |                   |                                   |
| Property tax collected                                    | \$ 20,488                | \$ 6,613                 | \$ 97,786            | \$ 66,253                                    | \$ 10,486  | \$ 201,626        | \$                                |
| Tax increments  |                          |                          |                      |  |  |                   |                                   |
| Intergovernmental   |                          |                          | 28,069               | 32,478                                       |  | 60,547            |                                   |
| Charges for services                                      |                          |                          |                      | 48,394                                       |  | 48,394            |                                   |
| Interest income   |                          | 6                        |                      | 633  |  | 639               |                                   |
| Donations   | 1,500                    | 12,311                   | 3,595                | 14,225                                       |  | 31,631            |                                   |
| Miscellaneous   |                          |                          | 2,818                | 501  |  | 3,319             |                                   |
| <b>TOTAL REVENUES</b>                                     | <u>21,988</u>            | <u>18,930</u>            | <u>132,268</u>       | <u>162,484</u>                               | <u>10,486</u>                                    | <u>346,156</u>    |                                   |
| <b>EXPENDITURES</b>                                       |                          |                          |                      |  |  |                   |                                   |
| <b>Current:</b>   |                          |                          |                      |  |  |                   |                                   |
| General government  | 26,929                   | 22,885                   |                      |  |  | 49,814            |                                   |
| Public safety   |                          |                          |                      | 133,722                                      | 4,325  | 138,047           |                                   |
| Library   |                          |                          | 149,775              |  |  | 149,775           |                                   |
| Principal retirement                                      |                          |                          |                      |  |  |                   | 13,584                            |
| Interest and fiscal charges                               |                          |                          |                      |  |  |                   | 1,202                             |
| Capital outlay  |                          |                          |                      |  |  |                   |                                   |
| <b>TOTAL EXPENDITURES</b>                                 | <u>26,929</u>            | <u>22,885</u>            | <u>149,775</u>       | <u>133,722</u>                               | <u>4,325</u>                                     | <u>337,636</u>    | <u>14,786</u>                     |
| Excess (deficiency) of revenues over (under) expenditures | <u>(4,941)</u>           | <u>(3,955)</u>           | <u>(17,507)</u>      | <u>28,762</u>                                | <u>6,161</u>                                     | <u>8,520</u>      | <u>(14,786)</u>                   |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                          |                          |                      |  |  |                   |                                   |
| Transfer in   |                          |                          | 15,200               |  |  | 15,200            | 14,786                            |
| Transfer out  |                          |                          |                      | (14,786)                                     |  | (14,786)          |                                   |
| <b>TOTAL OTHER FINANCING SOURCES (USES)</b>               |                          |                          | <u>15,200</u>        | <u>(14,786)</u>                              |  | <u>414</u>        | <u>14,786</u>                     |
| Net change in fund balances                               | (4,941)                  | (3,955)                  | (2,307)              | 13,976                                       | 6,161  | 8,934             |                                   |
| <b>FUND BALANCES, beginning</b>                           | <u>3,872</u>             | <u>4,322</u>             | <u>4,809</u>         | <u>183,554</u>                               | <u>(5,244)</u>                                   | <u>191,313</u>    |                                   |
| <b>FUND BALANCES, ending</b>                              | <u>\$ (1,069)</u>        | <u>\$ 367</u>            | <u>\$ 2,502</u>      | <u>\$ 197,530</u>                            | <u>\$ 917</u>                                    | <u>\$ 200,247</u> | <u>\$</u>                         |

| Debt Service                                   |                   | Capital Projects                                     |                                     |  |  |                    | Total             | Total Nonmajor<br>Governmental<br>Funds |
|--|-------------------|--|-------------------------------------|--|--|--------------------|-------------------|---|
| <u>60</u><br>2011A<br>G.O. &<br>Refunding Bond | Total             | <u>47</u><br>Tax<br>Increment<br>District #6<br>Fund | <u>40</u><br>Parkland<br>Dedication | <u>41</u><br>Tax<br>Increment<br>District #7<br>Fund | <u>42</u><br>Tax<br>Increment<br>District #8<br>Fund | Total              |                   |   |
| \$ 216,328                                     | \$ 216,328        | \$ 19,236  | \$                                  | \$ 1,480   | \$   | \$ 20,716          | \$ 417,954        |   |
|  |                   |  |                                     |  |  |                    | 20,716            |   |
|  |                   |  |                                     |  |  |                    | 60,547            |   |
|  |                   |  |                                     |  |  |                    | 48,394            |   |
| 50   | 50                | 61   | 33                                  | 4  |  | 98                 | 787               |   |
|  |                   |  | 195                                 |  |  | 195                | 31,826            |   |
|  |                   |  |                                     |  |  |                    | 3,319             |   |
| <u>216,378</u>                                 | <u>216,378</u>    | <u>19,297</u>  | <u>228</u>                          | <u>1,484</u>   |  | <u>21,009</u>      | <u>583,543</u>    |   |
|  |                   |  |                                     |  |  |                    | 49,814            |   |
|  |                   |  |                                     |  |  |                    | 138,047           |   |
| 164,990  | 178,574           |  |                                     |  |  |                    | 149,775           |   |
| 49,273   | 50,475            |  |                                     |  |  |                    | 178,574           |   |
|  |                   | 12,942   |                                     | 1,150  | 10,496   | 24,588             | 50,475            |   |
|  |                   |  |                                     |  |  |                    | 24,588            |   |
| <u>214,263</u>                                 | <u>229,049</u>    | <u>12,942</u>  |                                     | <u>1,150</u>   | <u>10,496</u>  | <u>24,588</u>      | <u>591,273</u>    |   |
|  |                   |  |                                     |  |  |                    |                   |   |
| 2,115  | (12,671)          | 6,355  | 228                                 | 334  | (10,496)   | (3,579)            | (7,730)           |   |
|  |                   |  |                                     |  |  |                    |                   |   |
|  | 14,786            |  |                                     | (80,000)   |  | (80,000)           | 29,986            |   |
|  |                   |  |                                     |  |  |                    | (94,786)          |   |
|  |                   |  |                                     |  |  |                    |                   |   |
|  | 14,786            |  |                                     | (80,000)   |  | (80,000)           | (64,800)          |   |
|  |                   |  |                                     |  |  |                    |                   |   |
| 2,115  | 2,115             | 6,355  | 228                                 | (79,666)   | (10,496)   | (83,579)           | (72,530)          |   |
|  |                   |  |                                     |  |  |                    |                   |   |
| 168,046  | 168,046           | 33,770   | 20,922                              | (3,000)  |  | 51,692             | 411,051           |   |
|  |                   |  |                                     |  |  |                    |                   |   |
| <u>\$ 170,161</u>                              | <u>\$ 170,161</u> | <u>\$ 40,125</u>                                     | <u>\$ 21,150</u>                    | <u>\$ (82,666)</u>                                   | <u>\$ (10,496)</u>                                   | <u>\$ (31,887)</u> | <u>\$ 338,521</u> |   |

**CITY OF ST. CHARLES, MINNESOTA**  
**ADVERTISING FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|                                      | Budgeted Amounts |                 | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|--------------------------------------|------------------|-----------------|---------------------------|---|---------------------------|
|                                      | Original         | Final           |                           |   |                           |
| <b>REVENUES</b>                      |                  |                 |                           |   |                           |
| Property Tax Levy                    |                  |                 |                           |   |                           |
| Property tax collected               | \$ 20,275        | \$ 20,275       | \$ 20,488                 | \$ 213  | \$ 18,098                 |
| Interest Income                      |                  |                 |                           |   | 1                         |
| Donations                            | 3,000            | 3,000           | 1,500                     | (1,500)   | 4,395                     |
| <b>TOTAL REVENUES</b>                | <u>23,275</u>    | <u>23,275</u>   | <u>21,988</u>             | <u>(1,287)</u>  | <u>22,494</u>             |
| <b>EXPENDITURES</b>                  |                  |                 |                           |   |                           |
| <b>General Government</b>            |                  |                 |                           |   |                           |
| Fireworks                            | 7,000            | 7,000           | 8,318                     | (1,318)   | 7,498                     |
| City promotion                       | 1,675            | 1,675           | 2,400                     | (725)   | 1,250                     |
| Board reimbursement<br>annual events | 2,100            | 2,100           | 3,286                     | (1,186)   | 518                       |
| Professional services                |                  |                 |                           |   | 75                        |
| Advertising                          | 12,500           | 12,500          | 12,925                    | (425)   | 11,294                    |
| <b>TOTAL EXPENDITURES</b>            | <u>23,275</u>    | <u>23,275</u>   | <u>26,929</u>             | <u>(3,654)</u>  | <u>20,635</u>             |
| Net change in fund balances          |                  |                 | (4,941)                   | (4,941)   | 1,859                     |
| <b>FUND BALANCES, beginning</b>      | <u>3,872</u>     | <u>3,872</u>    | <u>3,872</u>              |   | <u>2,013</u>              |
| <b>FUND BALANCES, ending</b>         | <u>\$ 3,872</u>  | <u>\$ 3,872</u> | <u>\$ (1,069)</u>         | <u>\$ (4,941)</u>   | <u>\$ 3,872</u>           |

**CITY OF ST. CHARLES, MINNESOTA  
CELEBRATION FUND  
Schedule of Revenues, Expenditures  
and Changes in Fund Balance - Budget and Actual  
For the Fiscal Year Ended December 31, 2014  
With Comparative Totals for the Year Ended December 31, 2013**

|                                 | Budgeted Amounts |                 | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---------------------------------|------------------|-----------------|---------------------------|---|---------------------------|
|                                 | Original         | Final           |                           |   |                           |
| <b>REVENUES</b>                 |                  |                 |                           |   |                           |
| Property tax levy               |                  |                 |                           |   |                           |
| Property tax collected          | \$ 6,500         | \$ 6,500        | \$ 6,613                  | \$ 113  | \$ 7,561                  |
| Donations                       | 16,500           | 16,500          | 12,311                    | (4,189)   | 14,163                    |
| Interest income                 |                  |                 | 6                         | 6   | 9                         |
| <b>TOTAL REVENUES</b>           | <u>23,000</u>    | <u>23,000</u>   | <u>18,930</u>             | <u>(4,070)</u>  | <u>21,733</u>             |
| <b>EXPENDITURES</b>             |                  |                 |                           |   |                           |
| <b>General Government</b>       |                  |                 |                           |   |                           |
| Advertising                     | 2,800            | 2,800           | 3,024                     | (224)   | 3,450                     |
| Dance                           | 6,300            | 6,300           | 6,682                     | (382)   | 8,296                     |
| T-shirts                        | 1,900            | 1,900           | 735                       | 1,165   | 1,765                     |
| Rentals                         | 3,700            | 3,700           | 3,000                     | 700   | 2,129                     |
| Pageants                        | 4,500            | 4,500           | 5,264                     | (764)   | 5,236                     |
| Other                           | 3,800            | 3,800           | 4,180                     | (380)   | 2,720                     |
| <b>TOTAL EXPENDITURES</b>       | <u>23,000</u>    | <u>23,000</u>   | <u>22,885</u>             | <u>115</u>  | <u>23,596</u>             |
| Net change in fund balances     |                  |                 | (3,955)                   | (3,955)   | (1,863)                   |
| <b>FUND BALANCES, beginning</b> | <u>4,322</u>     | <u>4,322</u>    | <u>4,322</u>              |   | <u>6,185</u>              |
| <b>FUND BALANCES, ending</b>    | <u>\$ 4,322</u>  | <u>\$ 4,322</u> | <u>\$ 367</u>             | <u>\$ (3,955)</u>   | <u>\$ 4,322</u>           |

**CITY OF ST. CHARLES, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|  | Budgeted Amounts |                 | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|--|------------------|-----------------|---------------------------|---|---------------------------|
|  | Original         | Final           |                           |   |                           |
| <b>REVENUES</b>  |                  |                 |                           |   |                           |
| <b>Property Tax Levy</b>                                     |                  |                 |                           |   |                           |
| Property tax collected                                       | \$ 96,835        | \$ 96,835       | \$ 97,786                 | \$ 951  | \$ 92,834                 |
| <b>Intergovernmental Revenues</b>                            |                  |                 |                           |   |                           |
| Library aid  | 26,682           | 26,682          | 28,069                    | 1,387   | 27,928                    |
| Intergovernmental Revenues                                   | 26,682           | 26,682          | 28,069                    | 1,387   | 27,928                    |
| <b>Donations</b>   |                  |                 |                           |   |                           |
|  | 3,500            | 3,500           | 3,595                     | 95  | 3,717                     |
| <b>Interest Income</b>                                       |                  |                 |                           |   |                           |
|  |                  |                 |                           |   | 4                         |
| <b>Miscellaneous</b>   |                  |                 |                           |   |                           |
| Fines  | 2,000            | 2,000           | 1,638                     | (362)   | 1,854                     |
| Book sales   |                  |                 | 86                        | 86  | 120                       |
| Copy machines  | 1,000            | 1,000           | 1,006                     | 6   | 1,397                     |
| Other  | 700              | 700             | 88                        | (612)   | 102                       |
| Total Miscellaneous Revenues                                 | 3,700            | 3,700           | 2,818                     | (882)   | 3,473                     |
| <b>TOTAL REVENUES</b>  | <b>130,717</b>   | <b>130,717</b>  | <b>132,268</b>            | <b>1,551</b>  | <b>127,956</b>            |
| <b>EXPENDITURES</b>  |                  |                 |                           |   |                           |
| <b>Library</b>   |                  |                 |                           |   |                           |
| Salaries   | 67,200           | 67,200          | 67,506                    | (306)   | 67,222                    |
| Employee benefits and retirement                             | 31,558           | 31,558          | 30,636                    | 922   | 28,206                    |
| Supplies and minor equipment                                 | 2,540            | 2,540           | 1,954                     | 586   | 2,977                     |
| Professional services  | 8,215            | 8,215           | 8,719                     | (504)   | 9,188                     |
| Communications   | 1,200            | 1,200           | 1,316                     | (116)   | 1,178                     |
| Transportation and training                                  | 750              | 750             | 824                       | (74)  | 300                       |
| Insurance  | 3,000            | 3,000           | 2,148                     | 852   | 2,351                     |
| Utilities  | 8,000            | 8,000           | 12,122                    | (4,122)   | 8,068                     |
| Repairs and maintenance                                      | 7,000            | 7,000           | 7,367                     | (367)   | 4,999                     |
| Other  | 1,000            | 1,000           | 1,041                     | (41)  | 1,121                     |
| Capital outlay   | 16,000           | 16,000          | 16,142                    | (142)   | 18,229                    |
| <b>TOTAL EXPENDITURES</b>                                    | <b>146,463</b>   | <b>146,463</b>  | <b>149,775</b>            | <b>(3,312)</b>  | <b>143,839</b>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | (15,746)         | (15,746)        | (17,507)                  | (1,761)   | (15,883)                  |
| <b>OTHER FINANCING SOURCES</b>                               |                  |                 |                           |   |                           |
| Transfers in   | 15,200           | 15,200          | 15,200                    |   | 15,200                    |
| Net change in fund balances                                  | (546)            | (546)           | (2,307)                   | (1,761)   | (683)                     |
| <b>FUND BALANCES, beginning</b>                              | <b>4,809</b>     | <b>4,809</b>    | <b>4,809</b>              |   | <b>5,492</b>              |
| <b>FUND BALANCES, ending</b>                                 | <b>\$ 4,263</b>  | <b>\$ 4,263</b> | <b>\$ 2,502</b>           | <b>\$ (1,761)</b>                                       | <b>\$ 4,809</b>           |

**CITY OF ST. CHARLES, MINNESOTA**  
**VOLUNTEER FIRE DEPARTMENT FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|  | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|--|-------------------|-------------------|---------------------------|---|---------------------------|
|  | Original          | Final             |                           |   |                           |
| <b>REVENUES</b>  |                   |                   |                           |   |                           |
| <b>Property Tax Levy</b>                                     |                   |                   |                           |   |                           |
| Property tax collected                                       | \$ 65,736         | \$ 65,736         | \$ 66,253                 | \$ 517  | \$ 55,553                 |
| <b>Intergovernmental Revenues</b>                            |                   |                   |                           |   |                           |
| State fire aid   | 21,000            | 21,000            | 32,478                    | 11,478  | 32,265                    |
| <b>Charges for Services</b>                                  |                   |                   |                           |   |                           |
| Other local governments                                      | 32,114            | 32,114            | 33,249                    | 1,135   | 49,045                    |
| Fire calls   | 11,500            | 11,500            | 15,145                    | 3,645   | 15,528                    |
| <b>Interest income</b>                                       | 1,500             | 1,500             | 633                       | (867)   | (26)                      |
| <b>Donations</b>   |                   |                   | 14,225                    | 14,225  | 12,825                    |
| <b>Miscellaneous Revenues</b>                                | 3,000             | 3,000             | 501                       | (2,499)   | 4,925                     |
| <b>TOTAL REVENUES</b>  | <u>134,850</u>    | <u>134,850</u>    | <u>162,484</u>            | <u>27,634</u>   | <u>170,115</u>            |
| <b>EXPENDITURES</b>  |                   |                   |                           |   |                           |
| <b>Public Safety</b>   |                   |                   |                           |   |                           |
| Salaries   | 18,000            | 18,000            | 19,950                    | (1,950)   | 25,100                    |
| Employee benefits and retirement                             | 6,900             | 6,900             | 7,028                     | (128)   | 6,943                     |
| Supplies and minor equipment                                 | 18,450            | 18,450            | 14,274                    | 4,176   | 18,024                    |
| Professional services  | 3,000             | 3,000             | 1,912                     | 1,088   | 2,180                     |
| Communication  | 2,000             | 2,000             | 1,706                     | 294   | 1,584                     |
| Transportation and training                                  | 9,300             | 9,300             | 7,827                     | 1,473   | 7,770                     |
| Insurance  | 9,500             | 9,500             | 5,437                     | 4,063   | 6,302                     |
| Utilities  | 5,500             | 5,500             | 5,638                     | (138)   | 5,265                     |
| Capital outlay   | 4,800             | 4,800             | 14,670                    | (9,870)   | 4,719                     |
| Repairs and maintenance                                      | 11,700            | 11,700            | 10,973                    | 727   | 18,745                    |
| Fire relief payment  | 28,000            | 28,000            | 39,478                    | (11,478)  | 39,836                    |
| Other  | 2,700             | 2,700             | 4,829                     | (2,129)   | 4,055                     |
| <b>TOTAL EXPENDITURES</b>                                    | <u>119,850</u>    | <u>119,850</u>    | <u>133,722</u>            | <u>(13,872)</u>   | <u>140,523</u>            |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>15,000</u>     | <u>15,000</u>     | <u>28,762</u>             | <u>13,762</u>   | <u>29,592</u>             |
| <b>OTHER FINANCING<br/>SOURCES (USES)</b>                    |                   |                   |                           |   |                           |
| Transfers out  | <u>(14,786)</u>   | <u>(14,786)</u>   | <u>(14,786)</u>           |   | <u>(14,786)</u>           |
| Net change in fund balances                                  | 214               | 214               | 13,976                    | 13,762  | 14,806                    |
| <b>FUND BALANCES, beginning</b>                              | <u>183,554</u>    | <u>183,554</u>    | <u>183,554</u>            |   | <u>168,748</u>            |
| <b>FUND BALANCES, ending</b>                                 | <u>\$ 183,768</u> | <u>\$ 183,768</u> | <u>\$ 197,530</u>         | <u>\$ 13,762</u>  | <u>\$ 183,554</u>         |

**CITY OF ST. CHARLES, MINNESOTA**  
**EMERGENCY MANAGEMENT SERVICES**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|                                 | Budgeted Amounts  |                   | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---------------------------------|-------------------|-------------------|---------------------------|---|---------------------------|
|                                 | Original          | Final             |                           |   |                           |
| <b>REVENUES</b>                 |                   |                   |                           |   |                           |
| <b>Property Tax Levy</b>        |                   |                   |                           |   |                           |
| Property tax collected          | \$ 10,500         | \$ 10,500         | \$ 10,486                 | \$ (14)   | \$ 9                      |
| <b>Interest Income</b>          |                   |                   |                           |   | 4                         |
| <b>TOTAL REVENUES</b>           | <u>10,500</u>     | <u>10,500</u>     | <u>10,486</u>             | <u>(14)</u>   | <u>13</u>                 |
| <b>EXPENDITURES</b>             |                   |                   |                           |   |                           |
| <b>Public Safety</b>            |                   |                   |                           |   |                           |
| Supplies and minor equipment    | 5,000             | 5,000             |                           | 5,000   |                           |
| Professional services           | 5,000             | 5,000             | 2,450                     | 2,550   | 4,900                     |
| Other                           | 500               | 500               | 1,875                     | (1,375)   | 5,926                     |
| <b>TOTAL EXPENDITURES</b>       | <u>10,500</u>     | <u>10,500</u>     | <u>4,325</u>              | <u>6,175</u>  | <u>10,826</u>             |
| Net change in fund balances     |                   |                   | 6,161                     | 6,161   | (10,813)                  |
| <b>FUND BALANCES, beginning</b> | <u>(5,244)</u>    | <u>(5,244)</u>    | <u>(5,244)</u>            |   | <u>5,569</u>              |
| <b>FUND BALANCES, ending</b>    | <u>\$ (5,244)</u> | <u>\$ (5,244)</u> | <u>\$ 917</u>             | <u>\$ 6,161</u>   | <u>\$ (5,244)</u>         |

**CITY OF ST. CHARLES, MINNESOTA**  
**SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED DECEMBER 31, 2014**

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**ELECTRIC FUND**  
**Statement of Net Position**  
**December 31, 2014 and 2013**

|   | <u>2014</u>                | <u>2013</u>                |
|---|----------------------------|----------------------------|
| <b>ASSETS</b>                             |                            |                            |
| <b>Current Assets</b>                     |                            |                            |
| Cash and cash equivalents                 | \$ 883,869                 | \$ 1,408,267               |
| Emergency cash reserve                    | 250,000                    | 250,000                    |
| Accrued interest receivable               | 6,454                      | 5,386                      |
| Accounts receivable, net                  | 231,330                    | 216,647                    |
| Accrued utility revenue                   | 102,999                    | 103,642                    |
| Advances to other funds                   | 80,000                     | 120,000                    |
| Inventory                                 | 358,216                    | 357,825                    |
| Prepaid expenses                          | 86,103                     | 8,717                      |
| Total Current Assets                      | <u>1,998,971</u>           | <u>2,470,484</u>           |
| <b>Capital Assets</b>                     |                            |                            |
| Nondepreciable                            | 113,489                    | 113,489                    |
| Depreciable                               | 10,329,322                 | 9,613,524                  |
| Less: Accumulated depreciation            | <u>3,549,421</u>           | <u>3,339,028</u>           |
| Capital Assets, Net                       | <u>6,893,390</u>           | <u>6,387,985</u>           |
| Total Assets                              | <u><u>\$ 8,892,361</u></u> | <u><u>\$ 8,858,469</u></u> |
| <b>LIABILITIES</b>                        |                            |                            |
| <b>Current Liabilities</b>                |                            |                            |
| Current maturities of bonds payable       | \$ 230,000                 | \$ 225,000                 |
| Accounts payable                          | 290,903                    | 224,886                    |
| Customer deposits                         | 18,875                     | 18,325                     |
| Accrued interest payable                  | 5,891                      | 4,753                      |
| Total Current Liabilities                 | <u>545,669</u>             | <u>472,964</u>             |
| <b>Noncurrent Liabilities</b>             |                            |                            |
| Bonds payable, net of current maturities  | 1,780,000                  | 2,010,000                  |
| Less: Unamortized bond discount           | (17,899)                   | (19,923)                   |
| Total Noncurrent Liabilities              | <u>1,762,101</u>           | <u>1,990,077</u>           |
| Total Liabilities                         | <u>2,307,770</u>           | <u>2,463,041</u>           |
| <b>NET POSITION</b>                       |                            |                            |
| Net investment in capital assets          | 4,901,289                  | 4,172,908                  |
| Unrestricted                              | <u>1,683,302</u>           | <u>2,222,520</u>           |
| Total Net Position                        | <u>6,584,591</u>           | <u>6,395,428</u>           |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <u><u>\$ 8,892,361</u></u> | <u><u>\$ 8,858,469</u></u> |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 ELECTRIC FUND**

**Statement of Revenues, Expenses  
 and Changes in Fund Net Position - Budget and Actual  
 For the Fiscal Year Ended December 31, 2014  
 With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts    |                     | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|---------------------|---------------------|---------------------------|---|---------------------------|
|   | Original            | Final               |                           |   |                           |
| <b>Operating Revenue</b>                          |                     |                     |                           |   |                           |
| Consumer sales                                    | \$ 2,975,117        | \$ 2,975,117        | \$ 2,863,387              | \$ (111,730)  | \$ 2,873,287              |
| <b>Operating Expenses</b>                         |                     |                     |                           |   |                           |
| Purchased utilities                               | 1,394,000           | 1,394,000           | 1,452,301                 | (58,301)  | 1,199,168                 |
| Salaries  | 337,845             | 337,845             | 337,454                   | 391   | 330,299                   |
| Employee benefits and retirement                  | 124,720             | 124,720             | 115,924                   | 8,796   | 109,320                   |
| Gas and oil                                       | 9,500               | 9,500               | 7,005                     | 2,495   | 8,529                     |
| Generation fuel                                   | 70,000              | 70,000              | 24,997                    | 45,003  | 5,847                     |
| Supplies and minor equipment                      | 9,850               | 9,850               | 9,788                     | 62  | 10,887                    |
| Professional services                             | 51,000              | 51,000              | 52,658                    | (1,658)   | 71,663                    |
| Communication                                     | 7,000               | 7,000               | 6,014                     | 986   | 6,630                     |
| Transportation and training                       | 10,000              | 10,000              | 7,616                     | 2,384   | 11,627                    |
| Printing and publishing                           | 1,100               | 1,100               |                           | 1,100   | 301                       |
| Insurance   | 22,000              | 22,000              | 18,053                    | 3,947   | 21,325                    |
| Utilities   | 5,000               | 5,000               | 6,018                     | (1,018)   | 5,180                     |
| Repairs and maintenance                           | 479,000             | 479,000             | 116,521                   | 362,479   | 146,334                   |
| Depreciation and amortization                     | 225,000             | 225,000             | 273,745                   | (48,745)  | 260,085                   |
| Bad debts   |                     |                     | 4,997                     | (4,997)   | 9,995                     |
| Other   | 94,500              | 94,500              | 97,847                    | (3,347)   | 85,354                    |
| Total Operating Expenses                          | <u>2,840,515</u>    | <u>2,840,515</u>    | <u>2,530,938</u>          | <u>309,577</u>  | <u>2,282,544</u>          |
| Operating Income                                  | <u>134,602</u>      | <u>134,602</u>      | <u>332,449</u>            | <u>197,847</u>  | <u>590,743</u>            |
| <b>Nonoperating Revenues (Expenses)</b>           |                     |                     |                           |   |                           |
| Interest income                                   | 10,000              | 10,000              | 28,515                    | 18,515  | 2,880                     |
| Miscellaneous income                              | 25,000              | 25,000              | 8,344                     | (16,656)  | 43,393                    |
| Customer refund                                   |                     |                     |                           |   | (69,200)                  |
| Interest and fiscal charges                       | <u>(57,590)</u>     | <u>(57,590)</u>     | <u>(60,145)</u>           | <u>(2,555)</u>  | <u>(62,731)</u>           |
| Total Nonoperating<br>Revenues (Expenses)         | <u>(22,590)</u>     | <u>(22,590)</u>     | <u>(23,286)</u>           | <u>(696)</u>  | <u>(85,658)</u>           |
| <b>INCOME BEFORE TRANSFERS</b>                    | <u>112,012</u>      | <u>112,012</u>      | <u>309,163</u>            | <u>197,151</u>  | <u>505,085</u>            |
| Transfers in                                      | 10,000              | 10,000              |                           | (10,000)  |                           |
| Transfers out                                     | <u>(120,000)</u>    | <u>(120,000)</u>    | <u>(120,000)</u>          |   | <u>(120,000)</u>          |
| <b>CHANGE IN NET POSITION</b>                     | <u>2,012</u>        | <u>2,012</u>        | <u>189,163</u>            | <u>187,151</u>  | <u>385,085</u>            |
| <b>TOTAL NET POSITION -<br/>BEGINNING OF YEAR</b> | <u>6,395,428</u>    | <u>6,395,428</u>    | <u>6,395,428</u>          |   | <u>6,010,343</u>          |
| <b>TOTAL NET POSITION -<br/>END OF YEAR</b>       | <u>\$ 6,397,440</u> | <u>\$ 6,397,440</u> | <u>\$ 6,584,591</u>       | <u>\$ 187,151</u>   | <u>\$ 6,395,428</u>       |

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**WATER FUND**  
**Statement of Net Position**  
**December 31, 2014 and 2013**

|   | 2014         | 2013         |
|---|--------------|--------------|
| <b>ASSETS</b>                             |              |              |
| <b>Current Assets</b>                     |              |              |
| Cash and cash equivalents                 | \$ 414,320   | \$ 393,113   |
| Accrued interest receivable               | 564          | 288          |
| Accounts receivable, net                  | 45,109       | 43,435       |
| Accrued utility revenue                   | 16,554       | 15,639       |
| Special assessments-deferred              | 7,501        | 15,262       |
| Inventory                                 | 18,525       | 23,030       |
| Prepaid expenses                          | 2,036        | 2,006        |
| Total Current Assets                      | 504,609      | 492,773      |
| <b>Capital Assets</b>                     |              |              |
| Depreciable                               | 5,238,200    | 5,168,218    |
| Less: Accumulated depreciation            | 2,110,472    | 2,034,784    |
| Capital Assets, Net                       | 3,127,728    | 3,133,434    |
| Total Assets                              | \$ 3,632,337 | \$ 3,626,207 |
| <b>LIABILITIES</b>                        |              |              |
| <b>Current Liabilities</b>                |              |              |
| Current maturities of bonds payable       | \$ 21,977    | \$ 107,509   |
| Accounts payable                          | 14,227       | 24,473       |
| Accrued interest payable                  | 15,019       | 18,051       |
| Total Current Liabilities                 | 51,223       | 150,033      |
| <b>Noncurrent Liabilities</b>             |              |              |
| Bonds payable, net of current maturities  | 510,623      | 532,600      |
| Total Noncurrent Liabilities              | 510,623      | 532,600      |
| Total Liabilities                         | 561,846      | 682,633      |
| <b>NET POSITION</b>                       |              |              |
| Net investment in capital assets          | 2,595,128    | 2,493,325    |
| Unrestricted                              | 475,363      | 450,249      |
| Total Net Position                        | 3,070,491    | 2,943,574    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 3,632,337 | \$ 3,626,207 |

**CITY OF ST. CHARLES, MINNESOTA**

**PROPRIETARY FUNDS**

**WATER FUND**

**Statement of Revenues, Expenses**

**and Changes in Fund Net Position - Budget and Actual**

**For the Fiscal Year Ended December 31, 2014**

**With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts |              | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|------------------|--------------|---------------------------|---|---------------------------|
|   | Original         | Final        |                           |   |                           |
| <b>Operating Revenue</b>                          |                  |              |                           |   |                           |
| Consumer sales                                    | \$ 532,030       | \$ 532,030   | \$ 514,499                | \$ (17,531)   | \$ 511,494                |
| <b>Operating Expenses</b>                         |                  |              |                           |   |                           |
| Salaries  | 105,465          | 105,465      | 95,832                    | 9,633   | 99,523                    |
| Employee benefits and retirement                  | 35,620           | 35,620       | 33,361                    | 2,259   | 31,019                    |
| Supplies and minor equipment                      | 32,000           | 32,000       | 23,122                    | 8,878   | 30,283                    |
| Professional services                             | 40,200           | 40,200       | 28,758                    | 11,442  | 25,247                    |
| Communication                                     | 5,000            | 5,000        | 6,114                     | (1,114)   | 6,199                     |
| Transportation and training                       | 4,000            | 4,000        | 1,451                     | 2,549   | 3,313                     |
| Insurance   | 6,000            | 6,000        | 4,954                     | 1,046   | 4,932                     |
| Utilities   | 50,000           | 50,000       | 48,018                    | 1,982   | 42,911                    |
| Repairs and maintenance                           | 210,900          | 210,900      | 24,453                    | 186,447   | 15,930                    |
| Depreciation and amortization                     | 107,509          | 107,509      | 128,952                   | (21,443)  | 124,673                   |
| Other   | 500              | 500          | 132                       | 368   |                           |
| Total Operating Expenses                          | 597,194          | 597,194      | 395,147                   | 202,047   | 384,030                   |
| Operating Income                                  | (65,164)         | (65,164)     | 119,352                   | 184,516   | 127,464                   |
| <b>Nonoperating Revenues (Expenses)</b>           |                  |              |                           |   |                           |
| Interest income                                   | 2,000            | 2,000        | 2,770                     | 770   | 1,734                     |
| Miscellaneous income                              | 6,300            | 6,300        | 23,425                    | 17,125  | 11,514                    |
| Interest and fiscal charges                       | (21,662)         | (21,662)     | (18,630)                  | 3,032   | (34,033)                  |
| Total Nonoperating<br>Revenues (Expenses)         | (13,362)         | (13,362)     | 7,565                     | 20,927  | (20,785)                  |
| <b>CHANGE IN NET POSITION</b>                     | (78,526)         | (78,526)     | 126,917                   | 205,443   | 106,679                   |
| <b>TOTAL NET POSITION -<br/>BEGINNING OF YEAR</b> | 2,943,574        | 2,943,574    | 2,943,574                 |   | 2,836,895                 |
| <b>TOTAL NET POSITION - END OF YEAR</b>           | \$ 2,865,048     | \$ 2,865,048 | \$ 3,070,491              | \$ 205,443  | \$ 2,943,574              |

**CITY OF ST. CHARLES, MINNESOTA**  
**PROPRIETARY FUNDS**  
**SEWER FUND**  
**Statement of Net Position**  
**December 31, 2014 and 2013**

|   | 2014         | 2013         |
|---|--------------|--------------|
| <b>ASSETS</b>                             |              |              |
| <b>Current Assets</b>                     |              |              |
| Cash and cash equivalents                 | \$ 126,321   | \$ 138,825   |
| Accrued interest receivable               | 68           | 162          |
| Accounts receivable                       | 55,131       | 56,036       |
| Accrued utility revenue                   | 22,515       | 20,543       |
| Special assessments-deferred              | 7,501        | 15,529       |
| Prepaid expenses                          | 1,101        | 1,105        |
| Total Current Assets                      | 212,637      | 232,200      |
| <b>Capital Assets</b>                     |              |              |
| Nondepreciable                            | 28,700       | 28,700       |
| Depreciable                               | 3,577,992    | 3,480,705    |
| Less: Accumulated depreciation            | 1,035,373    | 962,827      |
| Capital Assets, Net                       | 2,571,319    | 2,546,578    |
| Total Assets                              | \$ 2,783,956 | \$ 2,778,778 |
| <b>LIABILITIES</b>                        |              |              |
| <b>Current Liabilities</b>                |              |              |
| Current maturities of bonds payable       | \$           | \$ 57,501    |
| Accounts payable                          | 34,891       | 51,558       |
| Advances from other funds                 |              | 30,000       |
| Accrued interest payable                  |              | 1,621        |
| Total Current Liabilities                 | 34,891       | 140,680      |
| Total Liabilities                         | 34,891       | 140,680      |
| <b>NET POSITION</b>                       |              |              |
| Net investment in capital assets          | 2,571,319    | 2,489,077    |
| Unrestricted                              | 177,746      | 149,021      |
| Total Net Position                        | 2,749,065    | 2,638,098    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 2,783,956 | \$ 2,778,778 |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 SEWER FUND**

**Statement of Revenues, Expenses  
 and Changes in Fund Net Position - Budget and Actual  
 For the Fiscal Year Ended December 31, 2014  
 With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts |              | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|------------------|--------------|---------------------------|---|---------------------------|
|   | Original         | Final        |                           |   |                           |
| <b>Operating Revenue</b>                          |                  |              |                           |   |                           |
| Consumer sales                                    | \$ 693,110       | \$ 693,110   | \$ 688,878                | \$ (4,232)  | \$ 655,832                |
| <b>Operating Expenses</b>                         |                  |              |                           |   |                           |
| Purchased utilities                               | 437,500          | 437,500      | 411,809                   | 25,691  | 400,998                   |
| Salaries  | 58,035           | 58,035       | 55,117                    | 2,918   | 53,686                    |
| Employee benefits and retirement                  | 17,845           | 17,845       | 17,841                    | 4   | 15,526                    |
| Supplies and minor equipment                      | 6,400            | 6,400        | 3,405                     | 2,995   | 5,388                     |
| Professional services                             | 9,950            | 9,950        | 8,538                     | 1,412   | 7,747                     |
| Communication                                     | 2,400            | 2,400        | 2,412                     | (12)  | 2,884                     |
| Transportation and training                       | 3,500            | 3,500        | 790                       | 2,710   | 3,369                     |
| Insurance   | 1,000            | 1,000        | 3,390                     | (2,390)   | 2,270                     |
| Utilities   | 4,000            | 4,000        | 4,102                     | (102)   | 5,806                     |
| Repairs and maintenance                           | 92,000           | 92,000       | 10,738                    | 81,262  | 19,109                    |
| Depreciation and amortization                     | 57,501           | 57,501       | 72,546                    | (15,045)  | 70,731                    |
| Other   | 200              | 200          | 458                       | (258)   | 265                       |
| Total Operating Expenses                          | 690,331          | 690,331      | 591,146                   | 99,185  | 587,779                   |
| Operating Income                                  | 2,779            | 2,779        | 97,732                    | 94,953  | 68,053                    |
| <b>Nonoperating Revenues (Expenses)</b>           |                  |              |                           |   |                           |
| Interest income                                   | 1,000            | 1,000        | 729                       | (271)   | 1,338                     |
| Sewer availability charges                        |                  |              | 5,280                     | 5,280   | 26,400                    |
| Miscellaneous income                              | 1,500            | 1,500        | 7,550                     | 6,050   | 1,496                     |
| Interest and fiscal charges                       | (1,946)          | (1,946)      | (324)                     | 1,622   | (4,856)                   |
| Total Nonoperating<br>Revenues (Expenses)         | 554              | 554          | 13,235                    | 12,681  | 24,378                    |
| <b>CHANGE IN NET POSITION</b>                     | 3,333            | 3,333        | 110,967                   | 107,634   | 92,431                    |
| <b>TOTAL NET POSITION -<br/>BEGINNING OF YEAR</b> | 2,638,098        | 2,638,098    | 2,638,098                 |   | 2,545,667                 |
| <b>TOTAL NET POSITION -<br/>END OF YEAR</b>       | \$ 2,641,431     | \$ 2,641,431 | \$ 2,749,065              | \$ 107,634  | \$ 2,638,098              |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 STORM WATER FUND  
 Statement of Net Position  
 December 31, 2014 and 2013**

|   | 2014       | 2013       |
|---|------------|------------|
| <b>ASSETS</b>                             |            |            |
| <b>Current Assets</b>                     |            |            |
| Cash and cash equivalents                 | \$ 7,913   | \$ 38,839  |
| Accounts receivable                       | 7,775      | 7,270      |
| Accrued utility revenue                   | 2,717      | 2,733      |
| Total Current Assets                      | 18,405     | 48,842     |
| <b>Capital Assets</b>                     |            |            |
| Depreciable                               | 831,575    | 756,624    |
| Less: Accumulated depreciation            | 98,307     | 79,921     |
| Capital Assets, Net                       | 733,268    | 676,703    |
| Total Assets                              | \$ 751,673 | \$ 725,545 |
| <b>LIABILITIES</b>                        |            |            |
| <b>Current Liabilities</b>                |            |            |
| Accounts payable                          | \$ 111     | \$ 38,463  |
| <b>NET POSITION</b>                       |            |            |
| Net investment in capital assets          | 733,268    | 676,703    |
| Unrestricted                              | 18,294     | 10,379     |
| Total Net Position                        | 751,562    | 687,082    |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 751,673 | \$ 725,545 |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 STORM WATER FUND  
 Statement of Revenues, Expenses  
 and Changes in Fund Net Position - Budget and Actual  
 For the Fiscal Year Ended December 31, 2014  
 With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts |            | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|------------------|------------|---------------------------|---|---------------------------|
|   | Original         | Final      |                           |   |                           |
| <b>Operating Revenue</b>                          |                  |            |                           |   |                           |
| Storm water fees                                  | \$ 82,668        | \$ 82,668  | \$ 85,778                 | \$ 3,110  | \$ 83,075                 |
| <b>Operating Expenses</b>                         |                  |            |                           |   |                           |
| Professional services                             | 3,100            | 3,100      | 744                       | 2,356   | 600                       |
| Depreciation                                      |                  |            | 18,386                    | (18,386)  | 16,996                    |
| Repairs and maintenance                           | 75,000           | 75,000     | 2,214                     | 72,786  | 637                       |
| Total Operating Expenses                          | 78,100           | 78,100     | 21,344                    | 56,756  | 18,233                    |
| Operating Income                                  | 4,568            | 4,568      | 64,434                    | 59,866  | 64,842                    |
| <b>Nonoperating Revenues (Expenses)</b>           |                  |            |                           |   |                           |
| Interest income                                   | 400              | 400        | 46                        | (354)   | 110                       |
| <b>CHANGE IN NET POSITION</b>                     | 4,968            | 4,968      | 64,480                    | 59,512  | 64,952                    |
| <b>TOTAL NET POSITION -<br/>BEGINNING OF YEAR</b> | 687,082          | 687,082    | 687,082                   |   | 622,130                   |
| <b>TOTAL NET POSITION -<br/>END OF YEAR</b>       | \$ 692,050       | \$ 692,050 | \$ 751,562                | \$ 59,512   | \$ 687,082                |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 WASTE MANAGEMENT FUND  
 Statement of Net Position  
 December 31, 2014 and 2013**

|   | 2014      | 2013      |
|---|-----------|-----------|
| <b>ASSETS</b>                                 |           |           |
| <b>Current Assets</b>                         |           |           |
| Cash and cash equivalents                     | \$ 73,085 | \$ 64,089 |
| Accounts receivable                           | 24,323    | 24,053    |
| Total Assets                                  | \$ 97,408 | \$ 88,142 |
| <br><b>LIABILITIES</b>                        |           |           |
| <b>Current Liabilities</b>                    |           |           |
| Accounts payable                              | \$ 18,038 | \$ 17,201 |
| <br><b>NET POSITION</b>                       |           |           |
| Unrestricted                                  | 79,370    | 70,941    |
| <br><b>TOTAL LIABILITIES AND NET POSITION</b> | \$ 97,408 | \$ 88,142 |

**CITY OF ST. CHARLES, MINNESOTA**  
**WASTE MANAGEMENT FUND**  
**Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position - Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts |                  | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|------------------|------------------|---------------------------|---|---------------------------|
|   | Original         | Final            |                           |   |                           |
| <b>Operating Revenue</b>                          |                  |                  |                           |   |                           |
| Waste removal                                     | \$ 189,000       | \$ 189,000       | \$ 188,913                | \$ (87)   | \$ 186,711                |
| Compost fees                                      |                  |                  | 13,179                    | 13,179  | 13,230                    |
| Total Operating Revenues                          | <u>189,000</u>   | <u>189,000</u>   | <u>202,092</u>            | <u>13,092</u>   | <u>199,941</u>            |
| <b>Operating Expenses</b>                         |                  |                  |                           |   |                           |
| <b>Waste Removal</b>                              |                  |                  |                           |   |                           |
| Garbage removal                                   | 180,800          | 180,800          | 179,433                   | 1,367   | 176,581                   |
| City cleanup                                      | 5,000            | 5,000            | 6,755                     | (1,755)   | 7,943                     |
| Compost site expense                              |                  |                  | 5,547                     | (5,547)   | 6,300                     |
| Other   |                  |                  | 2,063                     | (2,063)   | 916                       |
| Total Operating Expenses                          | <u>185,800</u>   | <u>185,800</u>   | <u>193,798</u>            | <u>(7,998)</u>  | <u>191,740</u>            |
| Operating Income                                  | <u>3,200</u>     | <u>3,200</u>     | <u>8,294</u>              | <u>5,094</u>  | <u>8,201</u>              |
| <b>Nonoperating Revenue</b>                       |                  |                  |                           |   |                           |
| Interest income                                   | <u>500</u>       | <u>500</u>       | <u>135</u>                | <u>(365)</u>  | <u>149</u>                |
| <b>CHANGE IN NET POSITION</b>                     | <u>3,700</u>     | <u>3,700</u>     | <u>8,429</u>              | <u>4,729</u>  | <u>8,350</u>              |
| <b>TOTAL NET POSITION - BEGINNING<br/>OF YEAR</b> | <u>70,941</u>    | <u>70,941</u>    | <u>70,941</u>             |   | <u>62,591</u>             |
| <b>TOTAL NET POSITION - END<br/>OF YEAR</b>       | <u>\$ 74,641</u> | <u>\$ 74,641</u> | <u>\$ 79,370</u>          | <u>\$ 4,729</u>   | <u>\$ 70,941</u>          |

**CITY OF ST. CHARLES, MINNESOTA  
 PROPRIETARY FUNDS  
 AMBULANCE FUND  
 Statement of Net Position  
 December 31, 2014 and 2013**

|   | 2014              | 2013              |
|---|-------------------|-------------------|
| <b>ASSETS</b>                             |                   |                   |
| <b>Current Assets</b>                     |                   |                   |
| Cash and cash equivalents                 | \$ 110,493        | \$ 122,572        |
| Accrued interest receivable               | 37                |                   |
| Accounts receivable                       | 27,219            | 14,421            |
| Grants receivable                         | 24,163            |                   |
| Taxes receivable - delinquent             | 5                 | 6                 |
| Prepaid expense                           | 2,118             | 3,145             |
| Total Current Assets                      | 164,035           | 140,144           |
| <b>Capital Assets</b>                     |                   |                   |
| Depreciable                               | 350,393           | 321,756           |
| Less: Accumulated depreciation            | 236,401           | 206,621           |
| Capital Assets, Net                       | 113,992           | 115,135           |
| Total Assets                              | \$ 278,027        | \$ 255,279        |
| <b>LIABILITIES</b>                        |                   |                   |
| <b>Current Liabilities</b>                |                   |                   |
| Accounts payable                          | \$ 1,638          | \$ 2,849          |
| Total Current Liabilities                 | 1,638             | 2,849             |
| Total Liabilities                         | 1,638             | 2,849             |
| <b>NET POSITION</b>                       |                   |                   |
| Investment in capital assets              | 113,992           | 115,135           |
| Unrestricted                              | 162,397           | 137,295           |
| Total Net Position                        | 276,389           | 252,430           |
| <b>TOTAL LIABILITIES AND NET POSITION</b> | <b>\$ 278,027</b> | <b>\$ 255,279</b> |

**CITY OF ST. CHARLES, MINNESOTA**  
**AMBULANCE FUND**  
**Schedule of Revenues, Expenses**  
**and Changes in Fund Net Position- Budget and Actual**  
**For the Fiscal Year Ended December 31, 2014**  
**With Comparative Totals for the Year Ended December 31, 2013**

|   | Budgeted Amounts |            | 2014<br>Actual<br>Amounts | Variance with<br>Final Budget -<br>Positive<br>(Negative) | 2013<br>Actual<br>Amounts |
|---|------------------|------------|---------------------------|---|---------------------------|
|   | Original         | Final      |                           |   |                           |
| <b>Operating Revenue</b>                      |                  |            |                           |   |                           |
| <b>Charges for Services</b>                   |                  |            |                           |   |                           |
| Ambulance service contracts                   | \$ 500           | \$ 500     | \$ 600                    | \$ 100  | \$                        |
| Ambulance fees                                | 194,250          | 194,250    | 173,478                   | (20,772)  | 182,682                   |
| <b>Total Operating Revenues</b>               | 194,750          | 194,750    | 174,078                   | (20,672)  | 182,682                   |
| <b>Operating Expenses</b>                     |                  |            |                           |   |                           |
| Salaries                                      | 85,000           | 85,000     | 73,486                    | 11,514  | 78,834                    |
| Employee benefits and retirement              | 19,500           | 19,500     | 16,913                    | 2,587   | 17,694                    |
| Supplies and minor equipment                  | 24,500           | 24,500     | 21,819                    | 2,681   | 25,503                    |
| Professional services                         | 12,000           | 12,000     | 10,528                    | 1,472   | 11,421                    |
| Communication                                 | 3,000            | 3,000      | 2,531                     | 469   | 2,670                     |
| Transportation and training                   | 8,000            | 8,000      | 10,932                    | (2,932)   | 7,829                     |
| Insurance                                     | 3,000            | 3,000      | 3,452                     | (452)   | 1,820                     |
| Repairs and maintenance                       | 11,000           | 11,000     | 7,911                     | 3,089   | 13,645                    |
| Depreciation                                  |                  |            | 29,780                    | (29,780)  | 29,205                    |
| Bad debts                                     |                  |            | 706                       | (706)   | 6,928                     |
| Other   | 6,000            | 6,000      | 12,858                    | (6,858)   | 5,086                     |
| <b>Total Operating Expenses</b>               | 172,000          | 172,000    | 190,916                   | (18,916)  | 200,635                   |
| Operating Income (Loss)                       | 22,750           | 22,750     | (16,838)                  | (39,588)  | (17,953)                  |
| <b>Nonoperating Revenues (Expenses)</b>       |                  |            |                           |   |                           |
| Interest income                               | 2,000            | 2,000      | 585                       | (1,415)   | (888)                     |
| Donations                                     |                  |            | 3,893                     | 3,893   | 2,263                     |
| Miscellaneous                                 | 8,500            | 8,500      | 1,576                     | (6,924)   | 4,311                     |
| Calendar sales                                |                  |            | 15,080                    | 15,080  | 1,059                     |
| SE MN EMS Grant                               |                  |            | 26,163                    | 26,163  |                           |
| Interest expense                              |                  |            |                           |   | (1,472)                   |
| Total Nonoperating Revenues (Expenses)        | 10,500           | 10,500     | 47,297                    | 36,797  | 5,273                     |
| <b>INCOME BEFORE TRANSFERS</b>                | 33,250           | 33,250     | 30,459                    | (2,791)   | (12,680)                  |
| Transfers out                                 | (6,500)          | (6,500)    | (6,500)                   |   | (6,500)                   |
| <b>CHANGE IN NET POSITION</b>                 | 26,750           | 26,750     | 23,959                    | (2,791)   | (19,180)                  |
| <b>TOTAL NET POSITION - BEGINNING OF YEAR</b> | 252,430          | 252,430    | 252,430                   |   | 271,610                   |
| <b>TOTAL NET POSITION - END OF YEAR</b>       | \$ 279,180       | \$ 279,180 | \$ 276,389                | \$ (2,791)  | \$ 252,430                |

**CITY OF ST. CHARLES, MINNESOTA**  
**Summary of Cash and Investments**  
**All Fund Types**  
**December 31, 2014**

**CASH ON HAND**

Change funds \$ 1,924

**CASH IN BANK**

Eastwood State Bank

St. Charles, Minnesota:

General checking (.01%) and savings (.25%) 1,688,773

Money Market (.31%) 325,235

Merchants National Bank

St. Charles, Minnesota:

Checking (.249%) 72,958

**INVESTMENTS**

|                                    | Rate       | Amount     |
|------------------------------------|------------|------------|
| <u>Merchants National Bank</u>     |            |            |
| Certificates of Deposit            | 0.499%     | \$ 114,465 |
| <u>Morgan Stanley Smith Barney</u> |            |            |
| Municipal Bonds                    | 1.48-1.95% | 870,933    |
| U.S. Government Securities         | 1.99-3.93% | 201,985    |
| Money Market Fund                  | 0.01%      | 48,334     |

**TOTAL INVESTMENTS** 1,235,717

**TOTAL CASH AND INVESTMENTS,**  
**December 31, 2014** \$ 3,324,607

**CITY OF ST. CHARLES, MINNESOTA  
GOVERNMENTAL FUNDS  
Bond Retirement Schedules  
December 31, 2014**

| \$2,329,755 G.O. Improvement<br>and Refunding Bonds. Series 2011A |                     |                   |                     |
|---|---------------------|-------------------|---------------------|
| Year  | Principal           | Interest          | Total               |
| 2015  | \$ 168,023          | \$ 51,242         | \$ 219,265          |
| 2016  | 167,279             | 48,898            | 216,177             |
| 2017  | 171,557             | 46,008            | 217,565             |
| 2018  | 175,717             | 42,698            | 218,415             |
| 2019  | 184,896             | 38,642            | 223,538             |
| Thereafter  | 1,014,928           | 221,804           | 1,236,732           |
| <b>Totals</b>   | <b>\$ 1,882,400</b> | <b>\$ 449,292</b> | <b>\$ 2,331,692</b> |

| \$80,000 Fire Tanker Truck Loan |           |          |           |
|---------------------------------|-----------|----------|-----------|
| Year                            | Principal | Interest | Total     |
| 2015                            | \$ 14,173 | \$ 614   | \$ 14,787 |

| \$55,000 Installment Promissory Note - Winona County |                  |                 |                  |
|--|------------------|-----------------|------------------|
| Year   | Principal        | Interest        | Total            |
| 2015   | \$ 7,747         | \$ 680          | \$ 8,427         |
| 2016   | 7,903            | 523             | 8,426            |
| 2017   | 8,063            | 364             | 8,427            |
| 2018   | 8,226            | 201             | 8,427            |
| 2019   | 5,551            | 42              | 5,593            |
| <b>Totals</b>  | <b>\$ 37,490</b> | <b>\$ 1,810</b> | <b>\$ 39,300</b> |

**CITY OF ST. CHARLES, MINNESOTA**  
**BUSINESS-TYPE FUNDS**  
**Bond Retirement Schedules**  
**December 31, 2014**

\$2,660,000 Electric Revenue Refunding Bonds,  
Series 2011 B

| Year          | Principal           | Interest          | Total               |
|---------------|---------------------|-------------------|---------------------|
| 2015          | \$ 230,000          | \$ 52,140         | \$ 282,140          |
| 2016          | 235,000             | 47,540            | 282,540             |
| 2017          | 240,000             | 42,840            | 282,840             |
| 2018          | 245,000             | 37,440            | 282,440             |
| 2019          | 250,000             | 31,316            | 281,316             |
| Thereafter    | 810,000             | 49,619            | 859,619             |
| <b>Totals</b> | <b>\$ 2,010,000</b> | <b>\$ 260,895</b> | <b>\$ 2,270,895</b> |

\$976,464 Water G.O. Improvement  
and Refunding Bonds, Series 2011A

| Year          | Principal         | Interest          | Total             |
|---------------|-------------------|-------------------|-------------------|
| 2015          | \$ 21,977         | \$ 18,023         | \$ 40,000         |
| 2016          | 22,721            | 17,279            | 40,000            |
| 2017          | 23,443            | 16,557            | 40,000            |
| 2018          | 24,283            | 15,717            | 40,000            |
| 2019          | 24,283            | 15,717            | 40,000            |
| Thereafter    | 415,893           | 104,108           | 520,001           |
| <b>Totals</b> | <b>\$ 532,600</b> | <b>\$ 187,401</b> | <b>\$ 720,001</b> |

## AUDITOR'S REPORT ON LEGAL COMPLIANCE

Honorable Mayor and Members  
of the City Council  
**City of St. Charles, Minnesota**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of St. Charles, Minnesota, as of and for the year ended December 31, 2014 and have issued our report thereon dated March 31, 2015.

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

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

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

*Smith, Schafers and Associates, Ltd.*

Rochester, Minnesota  
March 31, 2015