

**CITY OF SARTELL**  
**Stearns and Benton Counties, Minnesota**  
**AUDITED FINANCIAL STATEMENTS**  
**For the Year Ended December 31, 2014**

**CITY OF SARTELL**  
**TABLE OF CONTENTS**

<b>ELECTED OFFICIALS AND ADMINISTRATION.....</b>	<b>1</b>	
<b>INDEPENDENT AUDITOR’S REPORT .....</b>	<b>2</b>	
<b>MANAGEMENT’S DISCUSSION AND ANALYSIS .....</b>	<b>5</b>	
<b>BASIC FINANCIAL STATEMENTS</b>		
Government-Wide Financial Statements:		
Statement of Net Position .....	16	
Statement of Activities.....	17	
Fund Financial Statements:		
Balance Sheet – Governmental Funds .....	18	
Reconciliation of the Balance Sheet to the Statement of Net Position – Governmental Funds.....	19	
Reconciliation of the Statement of Net Position – Business-Type Activities.....	20	
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	21	
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities – Governmental Funds.....	22	
Reconciliation of the Revenues, Expenses and Changes in Net Position – Business-Type Activities .....	23	
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund.....	24	
Statement of Net Position – Proprietary Funds.....	25	
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds.....	26	
Statement of Cash Flows – Proprietary Funds.....	27	
Notes to the Financial Statements.....	29	
<b>SUPPLEMENTARY INFORMATION</b>		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund .....	55	
Combining Balance Sheet – Nonmajor Governmental Funds .....	58	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds .....	66	
<b>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....</b>		<b>75</b>
<b>REPORT ON LEGAL COMPLIANCE .....</b>	<b>77</b>	
<b>SCHEDULE OF FINDINGS AND RESPONSES ON INTERNAL CONTROL.....</b>	<b>78</b>	

**CITY OF SARTELL**

**ELECTED OFFICIALS AND ADMINISTRATION  
December 31, 2014**

<u>Elected Officials</u>	<u>Position</u>	<u>Term Expires</u>
Joe Perske	Mayor	December 31, 2014
Sarah Jane Nicoll	Council Member	December 31, 2014
David Peterson	Council Member	December 31, 2014
Steve Hennes	Council Member	December 31, 2016
Amy Braig Lindstrom	Council Member	December 31, 2016
<u>Administration</u>		
Mary Degiovanni	City Administrator/Finance	
Peggy Schupp	Deputy Clerk/Treasurer	



*Expert advice. When you need it.<sup>SM</sup>*

## **INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Sartell  
Sartell, 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 Sartell, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sartell, Minnesota, as of and for the year ended December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, 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 (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Sartell's basic financial statements. The accompanying supplementary information such as the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2015 on our consideration of the City of Sartell's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Sartell's internal control over financial reporting and compliance.

*Kern, Dewenter, Viere, Ltd.*

KERN, DEWENTER, VIERE, LTD.

St. Cloud, Minnesota

March 19, 2015

## **CITY OF SARTELL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014**

As management of the City of Sartell (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2014.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent year by \$ 95,228,835 (net position). Of this amount, \$ 5,780,394 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors. The City's total net position increased by \$ 101,829.
- As of the close of the current year, the City's governmental funds reported combined ending fund balances of \$ 11,596,570, a decrease of \$ 6,876,000 from 2013 mainly due to crossover refunding bond proceeds being spent down in 2014 after being held by fiscal agent at year-end 2013. Of the total amount of fund balances, \$ 153,602 are nonspendable; \$ 7,823,131 are restricted; \$ 3,046,952 are committed; and \$ 572,885 are unassigned.
- At the end of the current year, unassigned fund balance for the General Fund was \$ 2,802,437, or 58.13% of General Fund expenditures for 2014 and 45.07% of budgeted 2015 General Fund expenditures and transfers. This is within the City's financial policy guidelines for maintenance of operating reserves.
- The City issued \$ 6,135,000 in refunding bonds in 2014, while decreasing total bonded debt outstanding by \$ 12,650,000 during the fiscal year.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

##### **Government-Wide Financial Statements**

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

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

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

## **CITY OF SARTELL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**December 31, 2014**

#### **Government-Wide Financial Statements**

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

The government-wide financial statements can be found on pages 16-17 of this report.

#### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into 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 year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 42 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, G.O. Improvement Refunding Bonds, Series 2009C/2014A and G.O. Improvement Bonds, Series 2010A, each of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 18 and 21 of this report.

## **CITY OF SARTELL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014**

#### **Proprietary Funds**

The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and stormwater operations.

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

The basic proprietary fund financial statements can be found on pages 25-27 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 on pages 29-51 of this report.

#### **Other Information**

The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 58-73 of this report.

#### **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$ 95,228,835 at the close of the most recent year.

By far the largest portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, machinery, infrastructure and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's 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 SARTELL

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

#### Net Position

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2012
Current and Other Assets	\$ 17,041,842	\$ 25,865,668	\$ 1,337,723	\$ 3,202,442	\$ 18,379,565	\$ 29,068,110
Capital Assets	<u>50,716,052</u>	<u>50,718,673</u>	<u>79,999,863</u>	<u>81,735,656</u>	<u>130,715,915</u>	<u>132,454,329</u>
Total Assets	<u>\$ 67,757,894</u>	<u>\$ 76,584,341</u>	<u>\$ 81,337,586</u>	<u>\$ 84,938,098</u>	<u>\$ 149,095,480</u>	<u>\$ 161,522,439</u>
Long-Term Liabilities	\$ 22,563,070	\$ 31,886,150	\$ 27,874,064	\$ 31,481,277	\$ 50,437,134	\$ 63,367,427
Other Liabilities	<u>2,834,840</u>	<u>2,457,972</u>	<u>594,671</u>	<u>570,034</u>	<u>3,429,511</u>	<u>3,028,006</u>
Total Liabilities	<u>\$ 25,397,910</u>	<u>\$ 34,344,122</u>	<u>\$ 28,468,735</u>	<u>\$ 32,051,311</u>	<u>\$ 53,866,645</u>	<u>\$ 66,395,433</u>
Net Position						
Investment in Capital Assets	\$ 36,057,759	\$ 35,122,384	\$ 52,164,369	\$ 50,286,661	\$ 80,465,488	\$ 74,139,975
Restricted for:						
Debt Service	8,387,748	11,475,511	-	1,812,809	8,387,748	13,288,320
Capital Project Funds	64,653	45,818	-	-	64,653	45,818
Parks	413,132	452,014	-	-	413,132	452,014
Sales Tax	-	142,421	-	-	-	142,421
Tax Increments	8,409	6,838	-	-	8,409	6,838
Other Special Revenue	109,011	73,213	-	-	109,011	73,213
Unrestricted	<u>(2,680,728)</u>	<u>(5,077,980)</u>	<u>704,482</u>	<u>787,317</u>	<u>5,780,394</u>	<u>6,978,407</u>
Total Net Position	<u>\$ 42,359,984</u>	<u>\$ 42,240,219</u>	<u>\$ 52,868,851</u>	<u>\$ 52,886,787</u>	<u>\$ 95,228,835</u>	<u>\$ 95,127,006</u>

Of the City's net position, \$ 80,465,488 is invested in capital assets, \$ 8,387,748 is restricted for debt service, \$ 64,653 is restricted for capital acquisition, \$ 413,132 is restricted as parkland dedication, \$ 8,409 is restricted for tax increment and \$ 109,011 is restricted as other special revenue funds. The balance of unrestricted net position \$ 5,780,394 may be used to meet the government's ongoing obligations to citizens and creditors.

## CITY OF SARTELL

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

#### Governmental Activities

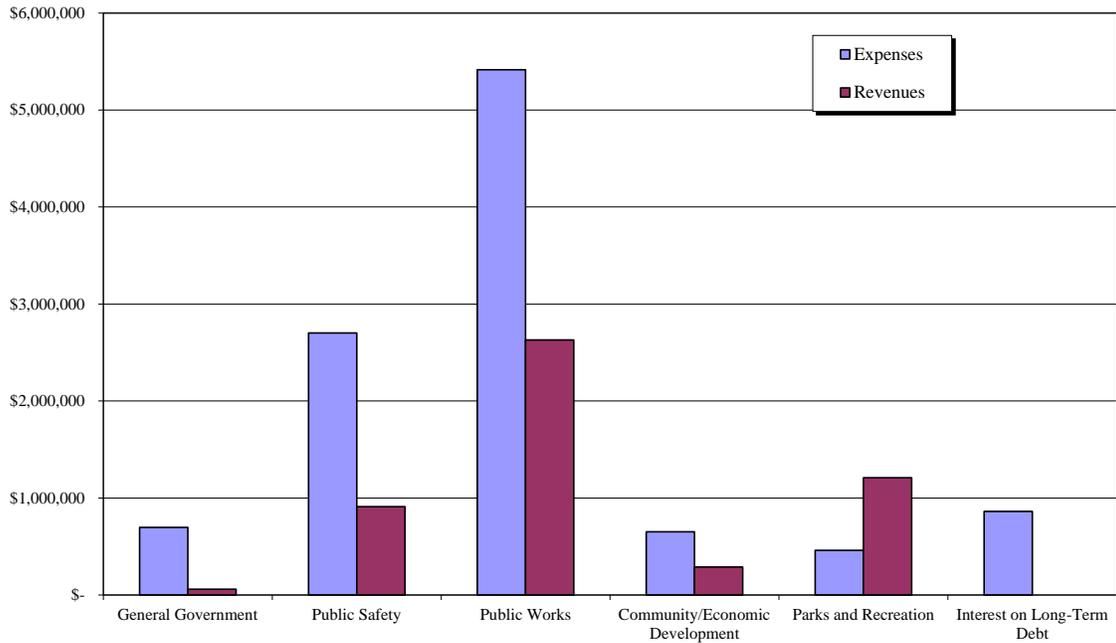
Governmental activities increased the City's net position by \$ 101,829, an increase of 0.10%.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>REVENUES</b>						
Program Revenues:						
Charges for services	\$ 1,593,888	\$ 2,444,776	\$ 4,417,679	\$ 5,060,298	\$ 6,011,567	\$ 7,505,074
Operating Grants and Contributions	427,862	289,860	-	-	427,862	289,860
Capital Grants and Contributions	3,077,309	2,113,247	238,774	34,108	3,316,083	2,147,355
General Revenues:						
Property Taxes	4,595,087	4,712,686	-	-	4,595,087	4,712,686
Sales tax	1,074,383	1,076,758	-	-	1,074,383	1,076,758
Tax Increment	145,061	23,900	-	-	145,061	23,900
Intergovernmental	115,480	8,354	-	-	115,480	8,354
Investment Income	40,126	48,247	17,639	7,749	57,765	55,996
Gain on Sale of Asset	12,550	-	-	-	12,550	-
Total Revenues	<u>11,081,746</u>	<u>10,717,828</u>	<u>4,674,092</u>	<u>5,102,155</u>	<u>15,755,838</u>	<u>15,819,983</u>
<b>EXPENSES</b>						
Governmental Activities:						
General Government	697,353	709,810	-	-	697,353	709,810
Public Safety	2,701,488	2,674,011	-	-	2,701,488	2,674,011
Public Works	5,416,087	5,784,300	-	-	5,416,087	5,784,300
Parks and Recreation	460,163	524,613	-	-	460,163	524,613
Community/Economic Development	651,956	1,039,936	-	-	651,956	1,039,936
Interest on Long-Term Debt	862,241	1,059,191	-	-	862,241	1,059,191
Business-Type Activities:						
Water	-	-	2,255,216	2,292,052	2,255,216	2,292,052
Sewer	-	-	2,126,088	1,974,447	2,126,088	1,974,447
Stormwater	-	-	483,417	455,355	483,417	455,355
Total Expenses	<u>10,789,288</u>	<u>11,791,861</u>	<u>4,864,721</u>	<u>4,721,854</u>	<u>15,654,009</u>	<u>16,513,715</u>
Increase in Net Position before Transfers	292,458	(1,074,033)	(190,629)	380,301	101,829	(693,732)
Transfers	<u>(172,693)</u>	<u>466,697</u>	<u>172,693</u>	<u>(466,697)</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Position	<u>119,765</u>	<u>(607,336)</u>	<u>(17,936)</u>	<u>(86,396)</u>	<u>101,829</u>	<u>(693,732)</u>
<b>NET POSITION</b>						
Beginning	42,240,219	45,177,970	52,886,787	52,973,183	95,127,006	98,151,153
Prior Period Adjustment	-	(2,330,415)	-	-	-	(2,330,415)
Beginning, Restate	<u>42,240,219</u>	<u>42,847,555</u>	<u>52,886,787</u>	<u>52,973,183</u>	<u>95,127,006</u>	<u>95,820,738</u>
Ending	<u>\$ 42,359,984</u>	<u>\$ 42,240,219</u>	<u>\$ 52,868,851</u>	<u>\$ 52,886,787</u>	<u>\$ 95,228,835</u>	<u>\$ 95,127,006</u>

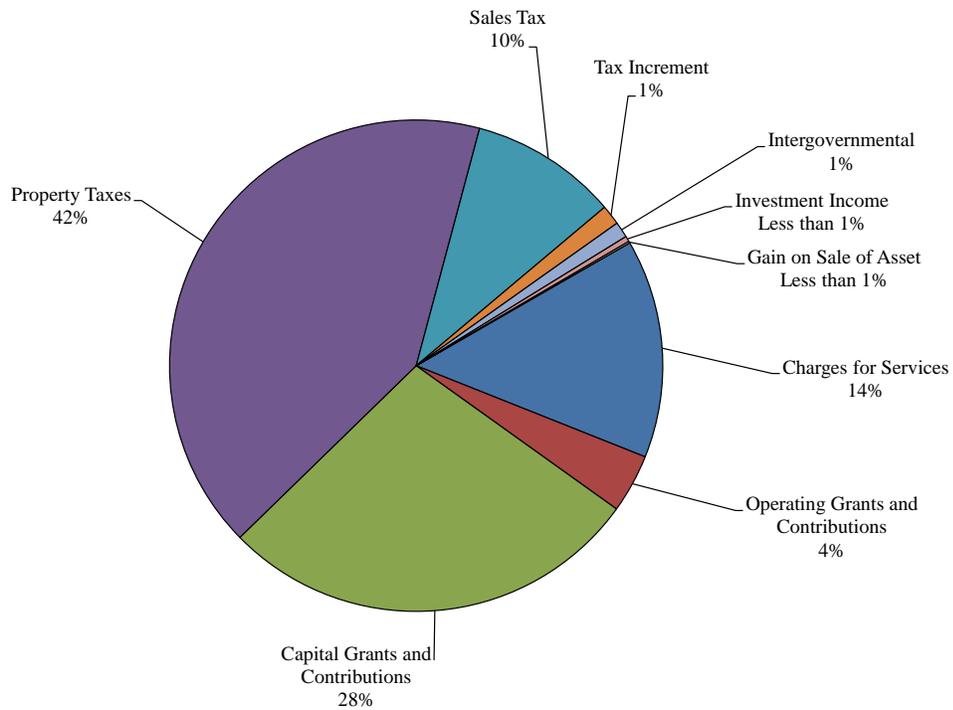
# CITY OF SARTELL

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

### Expenses and Program Revenues - Governmental Activities



### Revenues by Source - Governmental Activities



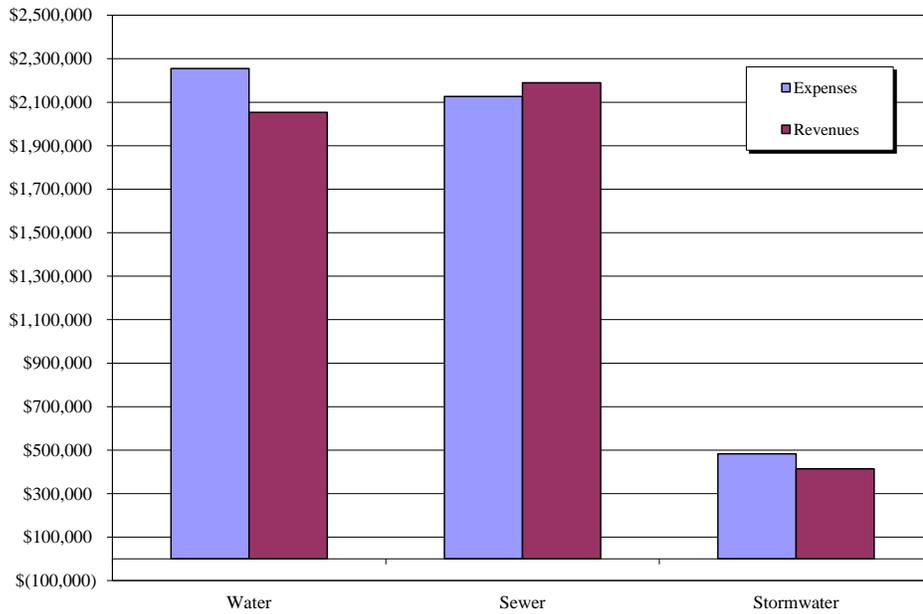
# CITY OF SARTELL

## MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

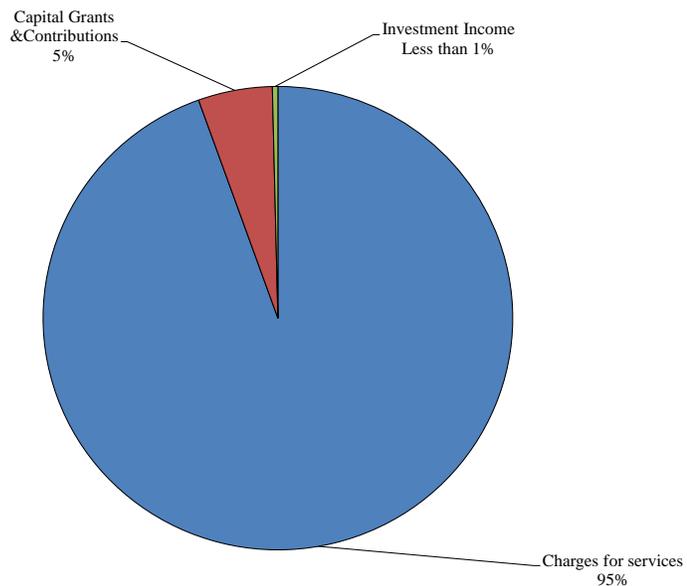
### Business-Type Activities

Business-type activities decreased the City's net position by \$ 17,936, a decrease of 0.03%.

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



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



## **CITY OF SARTELL**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014**

#### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

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

##### **Governmental Funds**

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

As of the end of the current year, the City's governmental funds reported combined ending fund balances of \$ 11,596,570, a decrease of \$ 6,876,000 in comparison with the prior year. Of the total amount of fund balance, \$ 572,885 constitutes unassigned fund balance, which is available for spending at the government's discretion. The General Fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the General Fund was \$ 2,802,437 and \$ 153,602 was nonspendable as prepaid items. This General Fund reserve is held for operating cash since the City receives its major revenue sources only twice per year in the form of property taxes and assessments.

The fund balance of the City's General Fund remained stable and increased by \$ 32,150 during the current year.

The debt service funds have a total fund balance of \$ 6,832,936 and that entire amount is restricted for the payment of debt service, representing a total debt service fund balance decrease of \$ 6,099,382 compared to prior year. This is due to debt payoff of advance refunding bonds using cash held by fiscal agents.

##### **Proprietary Funds**

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

The unrestricted net position in the respective proprietary funds are water utility \$ 1,217,160, sewer utility \$ 692,466 and stormwater utility \$ 84,722.

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's revenues in 2014 were lower than projected, but in large part due to some construction activity that was delayed and will be realized in 2015. The City was able to operate under budget for expenditures and used planned non-general fund dollars for some sealcoating so that the General Fund balance actually increased slightly in 2014 in spite of the lower revenues.

## CITY OF SARTELL

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

##### Capital Assets

The City's investment in capital assets for its governmental and business type activities as of December 31, 2014 amounted to \$ 130,715,915 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, furniture and office equipment, infrastructure and construction in progress. The total decrease in the City's investment in capital assets for the current year was \$ 1,738,414, or about 1.3%. The decrease is a result of booking ongoing depreciation of fixed assets.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 11,272,729	\$ 9,891,785	\$ 1,240,387	\$ 1,240,387	\$ 12,513,116	\$ 11,132,172
Rightaways and Easements	1,148,063	1,131,000	-	-	1,148,063	1,131,000
Sewer Rights	-	-	13,801,967	13,971,012	13,801,967	13,971,012
Buildings	4,558,533	4,485,797	12,644,459	13,048,147	17,202,992	17,533,944
Infrastructure-Improvements						
Other than Buildings	30,626,358	32,785,250	52,103,481	53,368,657	82,729,839	86,153,907
Machinery and Equipment	2,440,299	2,424,841	129,717	107,453	2,570,016	2,532,294
Construction in Progress	670,070	-	79,852	-	749,922	-
<b>Total</b>	<b><u>\$ 50,716,052</u></b>	<b><u>\$ 50,718,673</u></b>	<b><u>\$ 79,999,863</u></b>	<b><u>\$ 81,735,656</u></b>	<b><u>\$ 130,715,915</u></b>	<b><u>\$ 132,454,329</u></b>

Additional information on the City's capital assets can be found in Note 5 on pages 41-42 of this report.

##### Long-Term Debt

At the end of the current year, the City had total bonded debt outstanding of \$ 38,504,933, all of which comprises debt backed by the full faith and credit of the government. The City also had principal outstanding on notes payable of \$ 11,745,494 representing the City's share of expenses related to sewer conveyance infrastructure and upgrade and expansion of the St. Cloud Wastewater Treatment Plant.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
G.O. Bonds	\$ 22,414,933	\$ 31,745,359	\$ -	\$ -	\$ 22,414,933	\$ 31,745,359
G.O. Revenue	-	-	16,090,000	18,912,950	16,090,000	18,912,950
Notes Payable	-	-	11,745,494	12,536,045	11,745,494	12,536,045
<b>Total</b>	<b><u>\$ 22,414,933</u></b>	<b><u>\$ 31,745,359</u></b>	<b><u>\$ 27,835,494</u></b>	<b><u>\$ 31,448,995</u></b>	<b><u>\$ 50,250,427</u></b>	<b><u>\$ 63,194,354</u></b>

The City's total debt decreased by \$ 12,943,927, or about 20.5%, during the current year. During 2014, the City issued refunding bonds only.

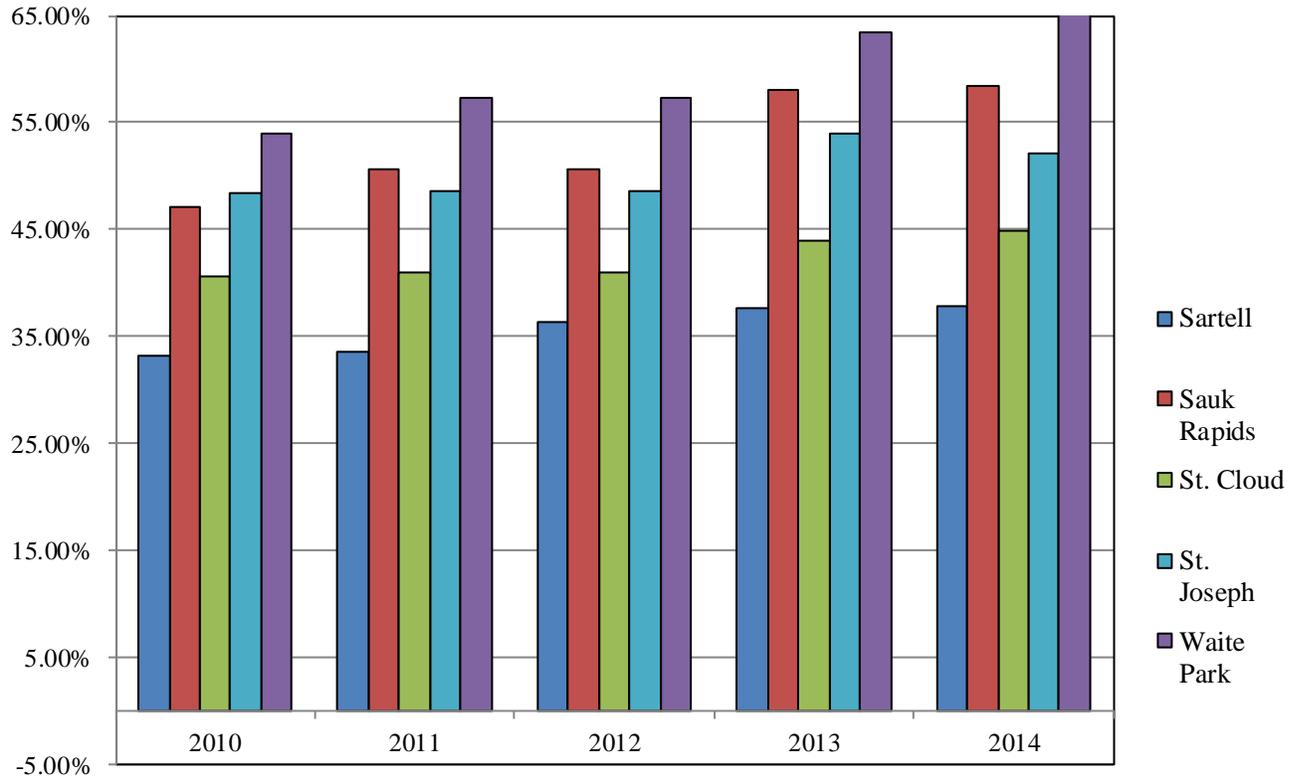
Additional information on the City's long-term debt can be found in Note 6 on pages 43-46.

## CITY OF SARTELL

### MANAGEMENT'S DISCUSSION AND ANALYSIS December 31, 2014

#### ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The 2014 annual average unemployment rate for the St. Cloud metropolitan area was 4.5%, which is very close to the Minnesota average of 4.3% and significantly lower than the 6.2% national average for 2014.
- The City had lower than anticipated construction activity in 2014, but most of that is due to projects that will still move forward in Sartell, but were delayed out to 2015.
- The City tax levy and tax rate stayed relatively flat for 2014. The City continues to have one of the lowest city tax rates in the area.



#### REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 125 Pine Cone Road North, Sartell, Minnesota 56377.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF SARTELL**

**STATEMENT OF NET POSITION  
December 31, 2014**

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 11,450,328	\$ 1,932,024	\$ 13,382,352
Taxes Receivable - Delinquent	65,892	-	65,892
Special Assessments Receivable:			
Delinquent	2,848	-	2,848
Deferred	1,475,958	54,562	1,530,520
Interest Receivable	12,417	2,063	14,480
Accounts Receivable	391,793	921,744	1,313,537
Internal Balances	1,605,768	(1,605,768)	-
Due from Other Governments	1,883,236	-	1,883,236
Prepaid Items	153,602	33,098	186,700
Capital Assets not being Depreciated:			
Land	11,272,729	1,240,387	12,513,116
Rights of Ways and Easements	1,148,063	-	1,148,063
Sewer Rights	-	13,801,967	13,801,967
Construction in Progress	670,070	79,852	749,922
Capital Assets, Net of Accumulated Depreciation:			
Buildings	4,558,533	12,644,459	17,202,992
Infrastructure	30,626,358	-	30,626,358
Sewer and Water Improvements	-	52,103,481	52,103,481
Machinery and Equipment	2,440,299	129,717	2,570,016
	<u>\$ 67,757,894</u>	<u>\$ 81,337,586</u>	<u>\$ 149,095,480</u>
<b>LIABILITIES AND NET POSITION</b>			
<b>Liabilities</b>			
Accounts and Contracts Payable	\$ 544,818	\$ 360,896	\$ 905,714
Salaries and Benefits Payable	26,271	8,839	35,110
Unearned Revenue	1,985,057	-	1,985,057
Interest Payable	278,694	224,936	503,630
Compensated Absences Payable:			
Payable Within One Year	7,407	1,928	9,335
Payable After One Year	140,730	36,642	177,372
Bond Principal Payable (Net):			
Payable Within One Year	3,555,000	1,185,000	4,740,000
Payable After One Year	18,859,933	14,905,000	33,764,933
Notes Payable:			
Payable Within One Year	-	681,366	681,366
Payable After One Year	-	11,064,128	11,064,128
Total Liabilities	<u>25,397,910</u>	<u>28,468,735</u>	<u>53,866,645</u>
<b>Net Position</b>			
Net Investment in Capital Assets	36,057,759	52,164,369	80,465,488
Restricted for:			
Debt Service	8,387,748	-	8,387,748
Capital Project Funds	64,653	-	64,653
Parks	413,132	-	413,132
Tax Increments	8,409	-	8,409
Other Special Revenue Funds	109,011	-	109,011
Unrestricted	(2,680,728)	704,482	5,780,394
Total Net Position	<u>42,359,984</u>	<u>52,868,851</u>	<u>95,228,835</u>
	<u>\$ 67,757,894</u>	<u>\$ 81,337,586</u>	<u>\$ 149,095,480</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL  
STATEMENT OF ACTIVITIES**

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

Functions/Programs	Program Revenue			Net (Expense) Revenues and Changes in Net Position	
Governmental Activities	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total
<b>Governmental Activities</b>					
General Government	\$ 697,353	\$ 61,137	\$ -	\$ -	\$ (636,216)
Public Safety	2,701,488	594,365	284,506	32,764	(1,789,853)
Public Works	5,416,087	609,580	-	2,019,309	(2,787,198)
Community and Economic Development	651,956	145,628	143,356	-	(362,972)
Parks and Recreation	460,163	183,178	-	1,025,236	748,251
Interest on Long-Term Debt	862,241	-	-	-	(862,241)
Total Governmental Activities	10,789,288	1,593,888	427,862	3,077,309	(5,690,229)
<b>Business-Type Activities</b>					
Water	2,255,216	1,988,111	-	65,026	(202,079)
Sewer	2,126,088	2,044,607	-	144,848	63,367
Stormwater	483,417	384,961	-	28,900	(69,556)
Total Business-Type Activities	4,864,721	4,417,679	-	238,774	(208,268)
Total Governmental and Business-Type Activities	\$ 15,654,009	\$ 6,011,567	\$ 427,862	\$ 3,316,083	(5,898,497)
<b>General Revenues</b>					
Property Taxes				4,595,087	4,595,087
Sales Tax				1,074,383	1,074,383
Tax Increments				145,061	145,061
Intergovernmental				115,480	115,480
Unrestricted Investment Earnings				40,126	40,126
Gain on Sale of Asset				12,550	12,550
<b>Transfers</b>				(172,693)	(172,693)
Total General Revenues and Transfers				5,809,994	6,000,326
<b>Change in Net Position</b>				119,765	(17,936)
<b>Net Position - Beginning</b>				42,240,219	52,886,787
<b>Net Position - Ending</b>				\$ 42,359,984	\$ 95,228,835

17 The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
December 31, 2014**

	Debt Service				Total Governmental Funds
	General Fund (101, 102)	G.O. Improvement Refunding Bonds, Series 2009C/2014A (322, 334)	G.O. Improvement Bonds, Series 2010A (325)	Other Governmental Funds	
<b>ASSETS</b>					
Cash and Investments	\$ 1,757,917	\$ 2,259,277	\$ 1,588,349	\$ 6,130,191	\$ 11,735,734
Taxes Receivable - Delinquent	55,012	-	-	10,880	65,892
Special Assessments Receivable:					
Delinquent	-	792	-	2,056	2,848
Deferred	-	139,130	-	1,391,390	1,530,520
Interest Receivable	2,222	2,444	1,718	6,342	12,726
Accounts Receivable	169,950	-	-	221,843	391,793
Due from Other Governments	40,451	565,000	-	1,277,785	1,883,236
Prepaid Items	153,602	-	-	-	153,602
Due from Other Funds	399,510	-	-	359	399,869
Advances Due from Other Funds	620,000	-	-	1,032,048	1,652,048
	<u>3,198,664</u>	<u>2,966,643</u>	<u>1,590,067</u>	<u>10,072,894</u>	<u>17,828,268</u>
Total Assets	\$ 3,198,664	\$ 2,966,643	\$ 1,590,067	\$ 10,072,894	\$ 17,828,268
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ 161,342	\$ 450	\$ -	\$ 413,169	\$ 574,961
Salaries and Benefits Payable	26,271	-	-	-	26,271
Unearned Revenue	-	-	1,985,057	-	1,985,057
Due to Other Funds	-	-	-	394,101	394,101
Advances Due to Other Funds	-	-	-	1,652,048	1,652,048
Total Liabilities	<u>187,613</u>	<u>450</u>	<u>1,985,057</u>	<u>2,459,318</u>	<u>4,632,438</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	55,012	-	-	10,880	65,892
Unavailable Revenue - Special Assessments	-	139,922	-	1,393,446	1,533,368
Total Deferred Inflows of Resources	<u>55,012</u>	<u>139,922</u>	<u>-</u>	<u>1,404,326</u>	<u>1,599,260</u>
<b>FUND BALANCES</b>					
Nonspendable	153,602	-	-	-	153,602
Restricted	-	2,826,271	-	4,996,860	7,823,131
Committed	-	-	-	3,046,952	3,046,952
Unassigned	2,802,437	-	(394,990)	(1,834,562)	572,885
Total Fund Balances	<u>2,956,039</u>	<u>2,826,271</u>	<u>(394,990)</u>	<u>6,209,250</u>	<u>11,596,570</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,198,664</u>	<u>\$ 2,966,643</u>	<u>\$ 1,590,067</u>	<u>\$ 10,072,894</u>	<u>\$ 17,828,268</u>

**CITY OF SARTELL**

**RECONCILIATION OF THE BALANCE SHEET TO  
THE STATEMENT OF NET POSITION - GOVERNMENTAL FUNDS  
December 31, 2014**

Total Fund Balances - Governmental Funds \$ 11,596,570

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

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

Cost of Capital Assets	91,801,202
Less Accumulated Depreciation	(41,085,150)

Long-term liabilities, including bonds payable, are not due and payable in  
the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities at year-end consist of:

Bond Principal Payable	(22,000,000)
Compensated Absences Payable	(148,137)

Governmental funds do not report a liability for accrued interest until  
due and payable.

(278,694)

Unamortized Gain on Bond Refunding

49,808

Bond Premium

(464,741)

Delinquent receivables will be collected in subsequent years, but are not  
available soon enough to pay for the current period's expenditures and,  
therefore, are deferred in the funds.

Property Taxes	65,892
Special Assessments	2,848

Revenues in the Statement of Activities that do not provide current  
financial resources are not reported as revenues in the funds.

Deferred Special Assessments	1,475,958
------------------------------	-----------

Certain funds are proprietary in nature and, therefore, need to be  
reported in the business-type activities in the Statement of Net Position.

Sewer Capacity Fund	814,484
Water Capacity Fund	781,612
Trunk Water Fund	(54,919)
Trunk Stormwater Fund	(159,914)
Trunk Sanitary Sewer Fund	(36,835)

---

Total Net Position - Governmental Activities \$ 42,359,984

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL**

**RECONCILIATION OF THE STATEMENT  
OF NET POSITION - BUSINESS-TYPE ACTIVITIES  
December 31, 2014**

Total Fund Net Position - Proprietary Funds \$ 54,158,717

Amounts reported for business-type activities in the Statement of Net Position are different because:

Sewer Capacity Special Revenue Fund is proprietary in nature and relates to the sewer access charges for the Sanitary Sewer Fund. Therefore, it is included as a business-type activity. (814,484)

Water Capacity Special Revenue Fund is proprietary in nature and relates to the water access charges for the Water Fund. Therefore, it is included as a business-type activity. (781,612)

Trunk Water Special Revenue Fund is proprietary in nature and relates to water and sewer trunk improvements for the applicable funds. Therefore, it is included as a business-type activity. 54,919

Trunk Stormwater Special Revenue Fund is proprietary in nature and relates to the trunk charges for the Stormwater Fund. Therefore, it is included as a business-type activity. 159,914

Trunk Sanitary Sewer Special Revenue Fund is proprietary in nature and relates to the trunk charges for the Sewer Fund. Therefore, it is included as a business-type activity. 36,835

Trunk Water, Trunk Stormwater and Trunk Sanitary Sewer Special Revenue Funds recorded delinquent and deferred special assessments receivables. In the governmental fund statements, delinquent and deferred special assessments are not available in the current period and, therefore, are deferred in the Funds. This revenue is recognized when earned as a business-type activity. 54,562

Total Net Position - Business-Type Activities \$ 52,868,851

**CITY OF SARTELL**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014**

		Debt Service			
		G.O. Improvement Refunding Bonds, Series 2009C/2014A (322, 334)	G.O. Improvement Bonds, Series 2010A (325)	Other Governmental Funds	Total Governmental Funds
	General Fund (101, 102)	(322, 334)	2010A (325)	Funds	Funds
<b>REVENUES</b>					
Taxes:					
Property Taxes	\$ 3,877,969	\$ -	\$ -	\$ 754,196	\$ 4,632,165
Sales	-	-	-	1,074,383	1,074,383
Tax Increment	-	-	-	145,061	145,061
Special Assessments	-	808,242	-	1,730,434	2,538,676
Licenses and Permits	924,109	-	-	-	924,109
Intergovernmental	411,133	-	345,358	1,286,467	2,042,958
Charges for Services	259,689	-	-	860,612	1,120,301
Fines and Forfeitures	74,296	-	-	37,316	111,612
Miscellaneous:					
Investment Income	8,339	6,337	5,316	21,956	41,948
Contributions and Donations	250	-	-	57,059	57,309
Refunds and Reimbursements	13,055	-	-	2,086	15,141
Miscellaneous	647	-	-	410	1,057
Total Revenues	<u>5,569,487</u>	<u>814,579</u>	<u>350,674</u>	<u>5,969,980</u>	<u>12,704,720</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	581,169	-	-	41,568	622,737
Public Safety	2,503,742	-	-	28,393	2,532,135
Public Works	1,311,123	-	-	79,984	1,391,107
Community and Economic Development	207,986	-	-	391,997	599,983
Parks and Recreation	219,769	-	-	134,853	354,622
<b>Debt Service</b>					
Principal	-	7,710,000	295,000	2,375,450	10,380,450
Interest and Other Charges	-	335,523	153,277	485,543	974,343
<b>Capital Outlay</b>					
General Government	1,000	-	-	55,360	56,360
Public Safety	(5,589)	-	-	175,398	169,809
Public Works	1,368	-	-	879,736	881,104
Community and Economic Development	-	-	-	52,453	52,453
Park and Recreation	385	-	-	1,736,283	1,736,668
Total Expenditures	<u>4,820,953</u>	<u>8,045,523</u>	<u>448,277</u>	<u>6,437,018</u>	<u>19,751,771</u>
Excess of Revenues Over (Under) Expenditures	748,534	(7,230,944)	(97,603)	(467,038)	(7,047,051)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Property	-	-	-	12,550	12,550
Issuance of Debt	-	6,135,000	-	-	6,135,000
Bond Premium	-	471,917	-	-	471,917
Payment on Refunding Bond	-	-	-	(5,581,600)	(5,581,600)
Transfers In	180,984	357,000	225,000	3,000,149	3,763,133
Transfers Out	(897,368)	-	(745,000)	(2,987,581)	(4,629,949)
Total Other Financing Sources (Uses)	<u>(716,384)</u>	<u>6,963,917</u>	<u>(520,000)</u>	<u>(5,556,482)</u>	<u>171,051</u>
Net Change in Fund Balances	32,150	(267,027)	(617,603)	(6,023,520)	(6,876,000)
<b>FUND BALANCES</b>					
<b>Beginning of Year</b>	<u>2,923,889</u>	<u>3,093,298</u>	<u>222,613</u>	<u>12,232,770</u>	<u>18,472,570</u>
<b>End of Year</b>	<u>\$ 2,956,039</u>	<u>\$ 2,826,271</u>	<u>\$ (394,990)</u>	<u>\$ 6,209,250</u>	<u>\$ 11,596,570</u>

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL**

**RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE  
STATEMENT OF ACTIVITIES - GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014**

Net Change in Fund Balances - Governmental Funds \$ (6,876,000)

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

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

Capital Outlay	2,677,613
Depreciation Expense	(2,968,103)
Remaining Book Value of Disposed Assets	(48,842)
Transferred from Enterprise Funds	62,159
Donated Assets	274,552

Compensated absences are recognized as paid in the governmental funds but recognized as the expense is incurred in the Statement of Activities. (7,346)

Principal payments on long-term debt are recognized as expenditures in the governmental funds but as an increase in the net position in the Statement of Activities. 10,380,450

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and thus requires use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 136,809

Bonds were refunded during the year. The amount paid with the new funding is reported in the governmental funds as a use of funds. However, the payments are not expenditures in the Statement of Activities, but rather a reduction on long-term liabilities in the Statement Net Position. 5,581,600

The issuance of long-term debt provides current financial resources to governmental funds and has no effect on net assets. Some of the outstanding debts were refunded during the year. These amounts are reported in the governmental funds as a source of funds. These amounts are not shown as revenues in the Statement of Activities, but rather constitute long-term liabilities in the Statement of Net Position. (6,135,000)

The governmental funds report the effect of bond premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Premium on New Bond Issuances	(471,917)
Amortization of Gain on Bond Refunding	(125,157)
Amortization of Bond Premiums	100,450

Delinquent receivables will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are not revenues in the funds.

Special Assessments Delinquent	(1,281,255)
Property Taxes Delinquent	(37,078)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Special Assessments Deferred	(1,255,616)
------------------------------	-------------

Certain funds are proprietary in nature and, therefore, current year activities are reported in in the business-type activities.

Sewer Capacity Fund	27,550
Water Capacity Fund	146,885
Trunk Water Fund	(26,553)
Trunk Stormwater Fund	(25,439)
Trunk Sanitary Sewer Fund	(9,997)

Change in Net Position - Governmental Activities \$ 119,765

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL**

**RECONCILIATION OF THE REVENUES, EXPENSES AND  
CHANGES IN NET POSITION - BUSINESS-TYPE ACTIVITIES  
For the Year Ended December 31, 2014**

Total Change in Net Position - Proprietary Funds	\$ 94,510
Amounts reported for governmental activities in the Statement of Activities are different because:	
Recognized current year activity from the Sewer Capacity Special Revenue Fund with the business-type activities.	(27,550)
Recognized current year activity from the Water Capacity Special Revenue Fund with the business-type activities.	(146,885)
Recognized current year activity from the Trunk Water Special Revenue Fund with the business-type activities.	26,553
Recognized current year activity from the Trunk Stormwater Special Revenue Fund with the business-type activities.	25,439
Recognized current year activity from the Trunk Sanitary Sewer Special Revenue Fund with the business-type activities.	9,997
Expenses were recorded for capital assets contributed to governmental activities.	62,159
Capital assets transferred to governmental activities.	<u>(62,159)</u>
Change in Net Position - Business-Type Activities	<u>\$ (17,936)</u>

**CITY OF SARTELL**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2014**

	Amounts		Variance with
	Original and Final	Actual Amounts	Final Budget - Over (Under)
<b>REVENUES</b>			
Taxes:			
Property Taxes	\$ 3,957,555	\$ 3,877,969	\$ (79,586)
Licenses and Permits	997,400	924,109	(73,291)
Intergovernmental Revenue	357,299	411,133	53,834
Charges for Services	293,644	259,689	(33,955)
Fines and Forfeitures	60,850	74,296	13,446
Miscellaneous	13,500	22,291	8,791
Total Revenues	5,680,248	5,569,487	(110,761)
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	612,668	581,169	(31,499)
Public Safety	2,570,950	2,503,742	(67,208)
Public Works	1,235,416	1,311,123	75,707
Community and Economic Development	220,650	207,986	(12,664)
Park and Recreation	233,049	219,769	(13,280)
<b>Capital Outlay</b>			
General Government	1,000	1,000	-
Public Safety	6,500	(5,589)	(12,089)
Public Works	1,000	1,368	368
Park and Recreation	-	385	385
Total Expenditures	4,881,233	4,820,953	(60,280)
Excess of Revenues Over (Under) Expenditures	799,015	748,534	(50,481)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	93,985	180,984	86,999
Transfers Out	(893,000)	(897,368)	(4,368)
Total Other Financing Sources (Uses)	(799,015)	(716,384)	82,631
Net Change in Fund Balances	\$ -	32,150	\$ 32,150
<b>FUND BALANCES</b>			
<b>Beginning of Year</b>		2,923,889	
<b>End of Year</b>		\$ 2,956,039	

The Notes to the Financial Statements are an integral part of this statement.

**CITY OF SARTELL**

**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
**December 31, 2014**

	Water (319, 320, 328, 601)	Sewer (315, 326, 331, 602)	Stormwater (603)	Total
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Investments	\$ 1,115,222	\$ 531,396	\$ -	\$ 1,646,618
Interest Receivable	1,196	564	(6)	1,754
Accounts Receivable	374,641	453,554	93,549	921,744
Prepaid Expenses	17,148	15,950	-	33,098
Total Current Assets	<u>1,508,207</u>	<u>1,001,464</u>	<u>93,543</u>	<u>2,603,214</u>
<b>Noncurrent Assets</b>				
Capital Assets:				
Land	1,148,901	91,486	-	1,240,387
Sewer Rights	-	13,801,967	-	13,801,967
Construction in Progress	-	-	79,852	79,852
Buildings	16,128,852	-	-	16,128,852
Improvements	25,324,390	29,703,986	20,643,923	75,672,299
Machinery and Equipment	170,616	148,992	5,000	324,608
Total Capital Assets	<u>42,772,759</u>	<u>43,746,431</u>	<u>20,728,775</u>	<u>107,247,965</u>
Less Accumulated Depreciation	<u>(12,388,553)</u>	<u>(9,642,895)</u>	<u>(5,216,654)</u>	<u>(27,248,102)</u>
Net Capital Assets	<u>30,384,206</u>	<u>34,103,536</u>	<u>15,512,121</u>	<u>79,999,863</u>
Total Assets	<u>\$ 31,892,413</u>	<u>\$ 35,105,000</u>	<u>\$ 15,605,664</u>	<u>\$ 82,603,077</u>
<b>LIABILITIES AND NET POSITION</b>				
<b>Current Liabilities</b>				
Accounts and Contracts Payable	\$ 74,538	\$ 253,162	\$ 3,053	\$ 330,753
Salaries and Benefits Payable	5,744	3,095	-	8,839
Interest Payable	184,376	40,560	-	224,936
Due to Other Funds	-	-	5,768	5,768
Long-Term Liabilities Due Within One Year	871,319	996,975	-	1,868,294
Total Current Liabilities	<u>1,135,977</u>	<u>1,293,792</u>	<u>8,821</u>	<u>2,438,590</u>
<b>Noncurrent Liabilities</b>				
Compensated Absences	26,389	12,181	-	38,570
Notes Payable	-	11,745,494	-	11,745,494
Bonds Payable	12,210,000	3,880,000	-	16,090,000
Less Amount Due Within One Year	<u>(871,319)</u>	<u>(996,975)</u>	<u>-</u>	<u>(1,868,294)</u>
Total Noncurrent Liabilities	<u>11,365,070</u>	<u>14,640,700</u>	<u>-</u>	<u>26,005,770</u>
Total Liabilities	<u>12,501,047</u>	<u>15,934,492</u>	<u>8,821</u>	<u>28,444,360</u>
<b>Net Position</b>				
Net Investment in Capital Assets	18,174,206	18,478,042	15,512,121	52,164,369
Unrestricted	1,217,160	692,466	84,722	1,994,348
Total Net Position	<u>19,391,366</u>	<u>19,170,508</u>	<u>15,596,843</u>	<u>54,158,717</u>
Total Liabilities and Net Position	<u>\$ 31,892,413</u>	<u>\$ 35,105,000</u>	<u>\$ 15,605,664</u>	<u>\$ 82,603,077</u>

**CITY OF SARTELL**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION - PROPRIETARY FUNDS  
For the Year Ended December 31, 2014**

	<u>Water (319, 320, 328, 601)</u>	<u>Sewer (315, 326, 331, 602)</u>	<u>Stormwater (603)</u>	<u>Total</u>
<b>OPERATING REVENUES</b>				
Charges for Services	\$ 1,620,970	\$ 1,781,651	\$ 358,302	\$ 3,760,923
<b>OPERATING EXPENSES</b>				
Salaries and Benefits	329,324	148,415	-	477,739
Supplies and Maintenance	249,348	256,505	59,061	564,914
Utilities and Telephone	191,871	43,709	280	235,860
Professional Services	42,007	32,086	13,757	87,850
Sewer Treatment	-	605,170	-	605,170
Depreciation	923,813	606,211	412,340	1,942,364
Other Services and Charges	93,290	45,719	2,887	141,896
Total Operating Expenses	<u>1,829,653</u>	<u>1,737,815</u>	<u>488,325</u>	<u>4,055,793</u>
Operating Income (Loss)	(208,683)	43,836	(130,023)	(294,870)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment Income	3,513	12,205	99	15,817
Refunds and Reimbursements	47,612	700	-	48,312
Interest Expense	(453,555)	(343,770)	-	(797,325)
Total Nonoperating Revenues (Expenses)	<u>(402,430)</u>	<u>(330,865)</u>	<u>99</u>	<u>(733,196)</u>
Loss before Capital Contributions and Transfers	(611,113)	(287,029)	(129,924)	(1,028,066)
Capital Contributions	65,026	161,334	29,400	255,760
Transfers In	939,578	660,000	-	1,599,578
Transfers Out	<u>(298,328)</u>	<u>(181,528)</u>	<u>(252,906)</u>	<u>(732,762)</u>
Change in Net Position	95,163	352,777	(353,430)	94,510
<b>NET POSITION</b>				
<b>Beginning of Year</b>	<u>19,296,203</u>	<u>18,817,731</u>	<u>15,950,273</u>	<u>54,064,207</u>
<b>End of Year</b>	<u>\$ 19,391,366</u>	<u>\$ 19,170,508</u>	<u>\$ 15,596,843</u>	<u>\$ 54,158,717</u>

**CITY OF SARTELL**

**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS  
For the Year Ended December 31, 2014**

	<u>Water (319, 320, 328, 601)</u>	<u>Sewer (315, 326, 331, 602)</u>	<u>Stormwater (603)</u>	<u>Total</u>
<b>CASH FLOWS - OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 1,610,751	\$ 1,777,571	\$ 352,677	\$ 3,740,999
Payments to Suppliers	(559,287)	(969,608)	(72,932)	(1,601,827)
Payments to Employees	(323,644)	(146,266)	-	(469,910)
Other Receipts	47,612	700	-	48,312
Net Cash Flows - Operating Activities	<u>775,432</u>	<u>662,397</u>	<u>279,745</u>	<u>1,717,574</u>
<b>CASH FLOWS - NONCAPITAL FINANCING ACTIVITIES</b>				
Advances to/from Other Funds	-	-	5,768	5,768
Transfer from Other Funds	939,578	660,000	-	1,599,578
Transfer to Other Funds	(298,328)	(181,528)	(252,906)	(732,762)
Net Cash Flows - Noncapital Financing Activities	<u>641,250</u>	<u>478,472</u>	<u>(247,138)</u>	<u>872,584</u>
<b>CASH FLOWS - CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Principal Paid on Debt	(840,000)	(791,647)	-	(1,631,647)
Interest Paid on Debt	(462,914)	(376,718)	-	(839,632)
Acquisition of Capital Assets	(5,704)	(34,300)	(79,852)	(119,856)
Net Cash Flows - Capital and Related Financing Activities	<u>(1,308,618)</u>	<u>(1,202,665)</u>	<u>(79,852)</u>	<u>(2,591,135)</u>
<b>CASH FLOWS - INVESTING ACTIVITIES</b>				
Interest and Dividends Received	3,076	12,077	141	15,294
<b>Net Change in Cash and Cash Equivalents</b>	111,140	(49,719)	(47,104)	14,317
<b>CASH AND CASH EQUIVALENTS</b>				
<b>Beginning of Year</b>	<u>1,004,082</u>	<u>581,115</u>	<u>47,104</u>	<u>1,632,301</u>
<b>End of Year</b>	<u>\$ 1,115,222</u>	<u>\$ 531,396</u>	<u>\$ -</u>	<u>\$ 1,646,618</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS - OPERATING ACTIVITIES</b>				
Operating Income (Loss)	\$ (208,683)	\$ 43,836	\$ (130,023)	\$ (294,870)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Flows - Operating Activities:				
Depreciation Expense	923,813	606,211	412,340	1,942,364
Other Receipts	47,612	700	-	48,312
Accounts Receivable	(10,219)	(4,080)	(5,625)	(19,924)
Due from Other Governments	-	-	-	-
Prepaid Items	286	(2,160)	-	(1,874)
Accounts Payable	16,943	15,741	3,053	35,737
Salaries Payable	1,091	450	-	1,541
Compensated Absences Payable	4,589	1,699	-	6,288
Total Adjustments	<u>984,115</u>	<u>618,561</u>	<u>409,768</u>	<u>2,012,444</u>
Net Cash Flows - Operating Activities	<u>\$ 775,432</u>	<u>\$ 662,397</u>	<u>\$ 279,745</u>	<u>\$ 1,717,574</u>
<b>NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Write Down of Sewer Rights (See Note 11)	\$ -	\$ (169,045)	\$ -	\$ (169,045)
Write Down of Note Payable (See Note 11)	-	169,045	-	169,045
Capital Contributions	65,026	161,334	29,400	255,760

(THIS PAGE LEFT BLANK INTENTIONALLY)

## CITY OF SARTELL

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### A. Reporting Entity

The City of Sartell is a statutory city governed by an elected mayor and four council members. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

The financial statements present the City and its component units. The City includes all funds, account groups, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate organizations for which the elected officials of the City are financially accountable and are included within the basic financial statements of the City because of the significance of their operational or financial relationships with the City.

The City is considered financially accountable for a component unit if it appoints a voting majority of the organization's governing body and it is able to impose its will on the organization by significantly influencing the programs, projects, activities or level of services performed or provided by the organization or there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens, on the City.

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

Blended Component Units – Reported as if they were part of the City.

Joint Ventures and Jointly Governed Organizations – The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

##### 1. Blended Component Unit

The Sartell Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Sartell EDA is reported as if it were part of the primary government because the City Council makes up the Sartell EDA Governing Board. Separate financial statements are not prepared for the Sartell EDA.

##### 2. Joint Ventures and Jointly Governed Organizations

In 1981, the City entered into a joint venture with LeSauk Township for the purpose of building a fire and township hall. The governments created the Sartell/LeSauk Government Center, Inc., for this purpose, which included borrowing funds for the fire and township hall project. The joint venture agreement states the City's financial interest in the Corporation to be 60% financial responsibility in the debt payments. As of December 31, 2014, the building and underlying land were the only remaining assets of the joint venture. The City's investment in the joint venture, the building and land, as of December 31, 2014, amounted to \$ 45,674 and \$ 100,000, respectively, and is reflected in the Statement of Net Position within the building capital asset line. Separate financial statements for the year ended December 31, 2014 were not prepared.

## CITY OF SARTELL

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### **B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. 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. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 period, except for tax forfeitures receipts, which are considered revenue if collected within 6 months of year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Only the portion of special assessments receivable due within the current 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.

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Description of Funds:**

Major Governmental Funds:

General Fund – This Fund is the City’s primary operating fund. It accounts for all financial resources of the general City, except those required to be accounted for in another fund.

G.O. Improvement Refunding Bonds, Series 2009C/2014A Debt Service Fund – This Fund accounts for resources accumulated and payments made for principal and interest on these bond issues.

G.O. Improvement Bonds, Series 2010A Debt Service Fund – This Fund accounts for resources accumulated and payments made for principal and interest on this bond issue.

Proprietary Funds:

Water Fund – This Fund accounts for the operations of the City’s water utility.

Sewer Fund – This Fund accounts for the operations of the City’s sanitary sewer utility.

Stormwater Fund – This Fund accounts for the operations of the City’s stormwater system.

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 utility functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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. Further, the City applies unrestricted funds in this order if various levels of unrestricted fund balances exist: committed, assigned and unassigned.

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Position or Equity**

**1. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, deposits and highly liquid debt instruments purchased with original maturities of three months or less from the date of acquisition. Investments are stated at fair value.

*Minnesota Statutes* authorizes the City to invest in obligations of the U.S. Treasury, agencies and instrumentalities, share of investment companies whose only investments are in the aforementioned securities, obligations of the State of Minnesota or its municipalities, bankers' acceptances, future contracts, repurchase and reverse repurchase agreements and commercial paper of the highest quality with a maturity of no longer than 270 days and in the Minnesota Municipal Investment Pool.

*Minnesota Statutes* requires all deposits made by cities with financial institutions to be collateralized in an amount equal to 110% of deposits in excess of Federal Deposit Insurance Corporation (FDIC) insurance.

**Custodial Credit Risk – Deposits:** For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's policy states all deposits must be collateralized in compliance with *Minnesota Statutes* 118A.

**Interest Rate Risk:** This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage its interest rates based on liquidity, safety and the overall return on the investment. The investment policy also states interest rate risk will be mitigated by diversifying the portfolio as the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

**Credit Risk:** This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. The City follows *Minnesota Statutes* Section 118A for the list of all permissible investments for municipalities.

**Concentration of Credit Risk:** This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City will attempt to diversify its investments according to type and maturity. Extended maturities may be utilized to take advantages of higher yield; however, no more than 30% of the total should extend beyond five years and the City shall not invest in investments with a maturity exceeding ten years.

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**1. Deposits and Investments (Continued)**

Custodial Credit Risk – Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy states when a broker dealer holds investments purchased by the City in safekeeping, the broker/dealer must provide asset protection of \$ 500,000 through the Securities Investor Protector Corporation (SIPC) and at least another \$ 49.5 million supplemental insurance protection.

**2. Receivables and Payables**

All trade and property taxes receivables are shown at a gross amount since both are assessable to the property taxes and are collectible upon the sale of the property.

The City levies its property tax for the subsequent year during the month of December. December 28 is the last day the City can certify a tax levy to the County Auditors for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Stearns County and Benton County are the collecting agencies for the levy and remit the collections to the City three times a year. The tax levy notice is mailed in March with the first half of the payment due on May 15 and the second half due on October 15. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

The County Auditors prepare the tax list for all taxable property in the City, applying the applicable tax rate to the tax capacity of individual properties, to arrive at the actual tax for each property. The County Auditors also collect all special assessments, except for certain prepayments paid directly to the City.

The County Auditors submit the list of taxes and special assessments to be collected on each parcel of property to the County Treasurers in January of each year.

**3. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded as an expense/expenditure at the time of consumption.

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**4. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, sidewalks, water and sewer lines and similar items) and intangibles, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost as indicated on the table below and an estimated useful life in excess of three years. Such assets that also meet the capitalization thresholds defined in the table below 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.

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

Assets	Years	Capitalization Threshold
Buildings, Treatment Plants, Towers	40	\$ 5,000
Building Improvements, Playgrounds, Shelters, Docks, Sirens	20	5,000
Fire Trucks	30	5,000
General Equipment	5-15	5,000
Heavy Trucks	15	5,000
Light Vehicles	10	5,000
Office Equipment and Furniture	3-30	5,000
Right of Ways and Easements	Indefinite	10,000
Signs, Banners, Traffic Signals	25	5,000
Software	5	10,000
Streets, Alleys, Sidewalks, Street Lights	20	5,000
Water and Sewer Infrastructure, Bridges	50	5,000

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**5. Deferred Inflows of Resources**

In addition to liabilities, the Statement of Financial Position and fund financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City presents deferred inflows of resources on the Governmental Fund Balance Sheet as unavailable revenue. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

**6. Compensated Absences**

Vacation time is earned at various rates dependent upon length of service with the City as well as employment contract. Vacation accrual carryovers also vary depending upon the employment contract. Employees earn eight hours of sick leave per month to a maximum of 600 hours. Employees are not paid for accumulated sick leave when they leave the City. All unused vacation balances will be deposited into the employee's health care savings plan. This is a plan allowing employees to save money in an account for medical expenses and health premiums after termination. Vacation benefits are recorded as expenditures in governmental funds when the obligation is expected to be liquidated with expendable financial resources. Vacation benefits are recorded as an expense in proprietary funds when earned.

**7. Other Post Employment Benefits**

The City was required to implement GASB Statement No. 45 in 2009. Per *Minnesota Statutes*, they do allow all retired employees to stay on their health care plan; however, due to the fact the City has less than 50 employees, the City is allowed to charge the actual costs of the plan rather than the standard premium amount; therefore, there is no implicit rate subsidy liability.

**8. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position.

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.

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Assets, Liabilities and Net Position or Equity (Continued)**

**9. Fund Equity**

**a. Classification**

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

- Nonspendable Fund Balance – These are amounts that cannot be spent because they are not in spendable form.
- Restricted Fund Balance – These are amounts that are restricted to specific purposes either by a) constraints placed on the use of resources by creditors, grantors, contributors or laws or regulations of other governments or b) imposed by law through enabling legislation.
- Committed Fund Balance – These are amounts that can only be used for specific purposes pursuant to constraints imposed by the City Council (highest level of decision making authority) by resolution. Commitments can also only be removed via resolution.
- Assigned Fund Balance – These are amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. Assignments are made by the City’s Finance Director or City Administrator based on the City Council’s direction.
- Unassigned Fund Balance – These are residual amounts in the General Fund not reported in any other classification. The General Fund is the only fund that can report a positive unassigned fund balance. Other funds would report a negative unassigned fund balance should the total of nonspendable, restricted and committed fund balances exceed the total net resources of that fund.

**b. Minimum Fund Balance**

The City’s target General Fund balance is to maintain a minimum of 40% of the operating budget.

**10. Net Position**

Net position represents the difference between assets and liabilities in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide financial statement when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

## CITY OF SARTELL

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

#### NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### D. Assets, Liabilities and Net Position or Equity (Continued)

###### 10. Net Position (Continued)

A reclassification of \$ 7,756,640 between the net investment in capital assets and unrestricted net position on the total column in the Statement of Net Position to recognize the portion of debt attributable to capital assets donated from governmental activities to business-type activities.

###### 11. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

#### NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

##### A. Budgetary Information

1. In August of each year, City staff submit to the City Council a proposed operating budget for the year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year.
2. A public hearing is conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments.
4. Budgets for the General, certain Special Revenue, Debt Service, certain Capital Project Funds and the Utility Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No fund's budget can be increased without City Council approval. The City Council may authorize transfers of budgeted amounts between departments within any fund.
6. Annual appropriated budgets are adopted during the year for the General, Debt Service and certain Special Revenue and Capital Projects Funds. For the Capital Projects Funds without adopted budgets, budgetary control is accomplished through the use of project controls.
7. Budgeted amounts are as originally adopted by the City Council. Budgeted expenditure appropriations lapse at year-end.

Encumbrances outstanding at year-end expire and outstanding purchase orders are canceled and not reported in the financial statements.

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2014**

**NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**B. Deficit Fund Balances**

The following Funds had deficit fund balances at December 31, 2014:

Nonmajor Governmental Funds:

Special Revenue Funds:

Sewer Capacity	\$ 814,484
Water Capacity	781,612
Local Sales Tax	166,153

Capital Projects Funds:

City Buildings Improvement Projects	23,900
Police Department Equipment	5,724
Technology	17,313
Civil Defense	2,192
Municipal Development District TIF 5-4	11,510
Municipal Development District TIF 5-5	11,674

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**A. Deposits**

In accordance with applicable *Minnesota Statutes*, the City maintains deposits at depository banks authorized by the City Council.

Custodial Credit Risk – Deposits: As of December 31, 2014, the City’s bank balance was not exposed to custodial credit risk because it was fully insured with FDIC with the remaining deposits being fully collateralized with securities held by the pledging financial institution’s trust department or agency in the City’s name.

The City’s deposits had a book balance as follows:

Certificates of Deposit	\$ 1,241,401
Money Markets	239,878
	<hr/>
Total Deposits	\$ 1,481,279
	<hr/> <hr/>

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 3 – DEPOSITS AND INVESTMENTS**

**B. Investments**

As of December 31, 2014, the City had the following investments:

Investment Type	Investment Maturities		
	Fair Value	Less than One Year	1-5 Years
Brokered Certificates of Deposit	\$ 4,969,422	\$ 2,489,104	\$ 2,480,318
Brokered Money Markets	6,931,651	6,931,651	-
Total Investments	<u>\$ 11,901,073</u>	<u>\$ 9,420,755</u>	<u>\$ 2,480,318</u>
Maturity	Maximum Investments		
Less than One Year	79%		
1-5 Years	21%		

Credit Risk: The City’s investments were unrated.

Concentration of Credit Risk: In following the City’s investment policy, the City does not have more than 30% of its investments invested in securities with a maturity greater than five years and no maturities are greater than ten years.

**C. Balances**

Summary of total deposits and investments as of December 31, 2014 were as follows:

Deposits (Note 3.A.)	\$ 1,481,279
Investments (Note 3.B.)	11,901,073
Total Deposits and Investments	<u>\$ 13,382,352</u>

Deposits and investments are presented in the December 31, 2014 basic financial statements as follows:

Statement of Net Position:	
Cash and Investments	<u>\$ 13,382,352</u>

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 4 – INTERFUND BALANCES AND TRANSFERS**

**A. Interfund Balances**

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

	Due from Other Funds		
	General	Other Governmental Funds	Total
Due to Other Funds:			
Other Governmental Funds	\$ 393,742	\$ 359	\$ 394,101
Stormwater Fund	<u>5,768</u>	<u>-</u>	<u>5,768</u>
 Total	 <u>\$ 399,510</u>	 <u>\$ 359</u>	 <u>\$ 399,869</u>

	Advances Due from Other Funds		
	General	Other Governmental Funds	Total
Advances Due to Other Funds:			
Other Governmental Funds	<u>\$ 620,000</u>	<u>\$ 1,032,048</u>	<u>\$ 1,652,048</u>

The \$ 399,869 amount due between funds is a short-term loan to cover cash deficits.

The remaining interfund balances exist due to interfund borrowing for a Tax Increment Financing (TIF) administration loan, park project loan and SAC and WAC loans. The park project loan is schedule to be paid off through 2017 with 3% interest. The remaining loans will be repaid as cash is available.

**B. Interfund Transfers**

The composition of interfund transfers as of December 31, 2014 follows:

	Transfers Out						
	General	G.O. Bonds, 2010A	Other Governmental Funds	Water	Sewer	Stormwater	Total
Transfers In:							
General Fund	\$ -	\$ -	\$ 87,000	\$ 31,328	\$ 31,328	\$ 31,328	\$ 180,984
G.O Bonds, 2009C	-	-	300,000	-	-	57,000	357,000
G.O Bonds, 2010A	-	-	-	150,000	-	75,000	225,000
Other Governmental Funds	897,368	745,000	1,140,581	117,000	100,200	-	3,000,149
Water	-	-	855,000	-	50,000	34,578	939,578
Sewer	-	-	605,000	-	-	55,000	660,000
 Total Transfers	 <u>\$ 897,368</u>	 <u>\$ 745,000</u>	 <u>\$ 2,987,581</u>	 <u>\$ 298,328</u>	 <u>\$ 181,528</u>	 <u>\$ 252,906</u>	 <u>\$ 5,362,711</u>

The above transfers were made for debt service payments, future capital improvement projects, future equipment purchases and an administrative expenditure subsidy.

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 5 – CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets not being Depreciated:				
Land	\$ 9,891,785	\$ 1,380,944	\$ -	\$ 11,272,729
Intangibles, Right of Ways and Easements	1,131,000	17,063	-	1,148,063
Construction in Progress	<u>-</u>	<u>670,070</u>	<u>-</u>	<u>670,070</u>
Total Capital Assets not being Depreciated	<u>11,022,785</u>	<u>2,068,077</u>	<u>-</u>	<u>13,090,862</u>
Capital Assets being Depreciated:				
Buildings	6,819,412	265,382	-	7,084,794
Infrastructure	65,543,652	313,110	-	65,856,762
Machinery and Equipment	<u>5,481,798</u>	<u>367,755</u>	<u>80,769</u>	<u>5,768,784</u>
Total Capital Assets being Depreciated	<u>77,844,862</u>	<u>946,247</u>	<u>80,769</u>	<u>78,710,340</u>
Less Accumulated Depreciation for:				
Buildings	2,333,615	192,646	-	2,526,261
Infrastructure	32,758,402	2,472,002	-	35,230,404
Machinery and Equipment	<u>3,056,957</u>	<u>303,455</u>	<u>31,927</u>	<u>3,328,485</u>
Total Accumulated Depreciation	<u>38,148,974</u>	<u>2,968,103</u>	<u>31,927</u>	<u>41,085,150</u>
Total Capital Assets being Depreciated, Net	<u>39,695,888</u>	<u>(2,021,856)</u>	<u>48,842</u>	<u>37,625,190</u>
Governmental Activities Capital Position, Net	<u>\$ 50,718,673</u>	<u>\$ 46,221</u>	<u>\$ 48,842</u>	<u>\$ 50,716,052</u>

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

General Government	\$ 70,241
Public Safety	158,352
Public Works	2,601,723
Culture and Recreation	<u>137,787</u>
 Total Depreciation Expense - Governmental Activities	 <u>\$ 2,968,103</u>

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2014**

**NOTE 5 – CAPITAL ASSETS**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital Assets not being Depreciated:				
Land	\$ 1,240,387	\$ -	\$ -	\$ 1,240,387
Sewer Rights	13,971,012	-	169,045	13,801,967
Construction in Progress	<u>-</u>	<u>79,852</u>	<u>-</u>	<u>79,852</u>
Total Capital Assets not being Depreciated	<u>15,211,399</u>	<u>79,852</u>	<u>169,045</u>	<u>15,122,206</u>
Capital Assets being Depreciated:				
Buildings	16,128,852	-	-	16,128,852
Sewer and Water Improvements	75,416,539	255,760	-	75,672,299
Machinery and Equipment	<u>284,604</u>	<u>40,004</u>	<u>-</u>	<u>324,608</u>
Total Capital Assets being Depreciated	<u>91,829,995</u>	<u>295,764</u>	<u>-</u>	<u>92,125,759</u>
Less Accumulated Depreciation for:				
Buildings	3,080,705	403,688	-	3,484,393
Sewer and Water Improvements	22,047,882	1,520,936	-	23,568,818
Machinery and Equipment	<u>177,151</u>	<u>17,740</u>	<u>-</u>	<u>194,891</u>
Total Accumulated Depreciation	<u>25,305,738</u>	<u>1,942,364</u>	<u>-</u>	<u>27,248,102</u>
Total Capital Assets being Depreciated, Net	<u>66,524,257</u>	<u>(1,646,600)</u>	<u>-</u>	<u>64,877,657</u>
Business-Type Activities Capital Assets, Net	<u>\$ 81,735,656</u>	<u>\$ (1,566,748)</u>	<u>\$ 169,045</u>	<u>\$ 79,999,863</u>

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

Business-Type Activities:	
Water	\$ 923,813
Sewer	606,211
Stormwater	<u>412,340</u>
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,942,364</u>

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 6 – LONG-TERM DEBT**

**A. G.O. Bonds**

The City issues G.O. bonds to provide for financing and street and other capital improvement projects. Debt service is covered by special assessments against benefited properties, SAC and WAC fees, property tax levies and any shortfalls thereafter are covered by property taxes.

G.O. bonds are direct obligations and pledge the full faith and credit of the City. These bonds are generally issued as 10-20 year serial bonds with equal debt service payments each year.

**B. Components of Long-Term Liabilities**

	Issue Date	Interest Rates	Original Issue	Final Maturity	Principal Outstanding	Due Within One Year
Long-Term Liabilities:						
Governmental Activities:						
G.O. Bonds, Including						
Refunding Bonds:						
Series 2009B	06/10/09	2.00%-3.50%	\$ 2,090,000	02/11/19	\$ 1,200,000	\$ 185,000
Series 2009E	06/10/09	2.50%-4.00%	6,155,000	02/01/20	4,095,000	1,035,000
Series 2010A	03/04/10	2.00%-3.80%	5,865,000	02/01/30	4,785,000	305,000
Series 2010B	03/04/10	2.00%-3.25%	800,000	02/01/20	445,000	80,000
Series 2012	07/10/12	2.00%-2.50%	5,450,000	02/01/26	5,340,000	830,000
Series 2014	01/02/14	3.00%-4.00%	6,135,000	02/01/19	<u>6,135,000</u>	<u>1,120,000</u>
Total Governmental Bonds					22,000,000	3,555,000
Unamortized Premium					464,741	-
Unamortized Gain on Bond Refunding					(49,808)	-
Compensated Absences					<u>148,137</u>	<u>7,407</u>
Total Governmental Activities					<u>22,563,070</u>	<u>3,562,407</u>
Business-Type Activities:						
G.O. Utility Revenue Bonds, Including Refunding Bonds:						
Series 2008B	10/02/08	3.25%-4.50%	4,090,000	08/01/28	3,145,000	170,000
Series 2009A	04/04/09	2.50%-4.15%	9,205,000	08/01/29	7,110,000	440,000
Series 2010B	03/04/10	2.00%-3.25%	5,215,000	02/01/24	3,970,000	440,000
Series 2012	07/10/12	2.00%-2.50%	1,865,000	02/01/26	<u>1,865,000</u>	<u>135,000</u>
Total Business-Type Bonds					16,090,000	1,185,000
Notes Payable					11,745,494	681,366
Compensated Absences					<u>38,570</u>	<u>1,928</u>
Total Business-Type Activities					<u>27,874,064</u>	<u>1,868,294</u>
Total Long-Term Liabilities					<u>\$ 50,437,134</u>	<u>\$ 5,430,701</u>

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 6 – LONG-TERM DEBT**

**C. Changes in Long-Term Liabilities**

Long-term liability activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Governmental Activities:				
Bonds Payable:				
G.O. Improvement Bonds	\$ 31,827,050	\$ 6,135,000	\$ 15,962,050	\$ 22,000,000
Unamortized Gain on Refunding	(174,965)	-	(125,157)	(49,808)
Unamortized Premium	93,274	471,917	100,450	464,741
Total Bonds Payable	<u>31,745,359</u>	<u>6,606,917</u>	<u>15,937,343</u>	<u>22,414,933</u>
Compensated Absences	140,791	130,791	123,445	148,137
Total Governmental Activities	<u>31,886,150</u>	<u>6,737,708</u>	<u>16,060,788</u>	<u>22,563,070</u>
Business-Type Activities:				
Bonds Payable:				
G.O. Utility Revenue Bonds	18,912,950	-	2,822,950	16,090,000
Notes Payable	12,536,045	-	790,551	11,745,494
Compensated Absences	32,282	24,909	18,621	38,570
Total Business-Type Activities	<u>31,481,277</u>	<u>24,909</u>	<u>3,632,122</u>	<u>27,874,064</u>
Total Long-Term Liabilities	<u>\$ 63,367,427</u>	<u>\$ 6,762,617</u>	<u>\$ 19,692,910</u>	<u>\$ 50,437,134</u>

The General Fund typically liquidates the liability related to compensated absences. Debt Service Funds and the Water and Sewer Funds are the Funds that make principal and interest payments on the City's bonds.

**D. Refunding**

In July 2012, the City issued \$ 7,315,000 G.O. Improvement Refunding Bonds to refund G.O. Bonds, Series 2006A, G.O. Bonds, Series 2007A and G.O. Bonds, Series 2008A. The net proceeds of \$ 7,442,475 were deposited with an escrow agent to provide for the payment of the principal maturities at the call date of the refunded bonds and for the interest on the refunding bonds through the call date. The City is responsible for the principal and interest payments on the remaining refunded bond issues through the call date. The call date for the refunded bonds was February 1, 2014 and August 1, 2014. The refunding resulted in reduction of future debt service payments of \$ 543,591 and a net present value savings of \$ 427,934.

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 6 – LONG-TERM DEBT**

**D. Refunding**

In January 2014, the City issued \$ 6,135,000 G.O. Refunding Bonds to refund the G.O. Refunding Bonds, Series 2009C. The net proceeds of \$ 6,520,022 were used to redeem the G.O. Refunding Bonds, Series 2009C on the call date of February 1, 2014. The refunding resulted in reduction of future debt service payments of \$ 370,759 and a net present value savings of \$ 360,670.

**E. Minimum Debt Payments**

Minimum annual principal and interest payments required to retire bonded long-term liabilities:

Year Ending December 31,	Governmental Activities		
	G.O. Bonds		
	Principal	Interest	Total
2015	\$ 3,555,000	\$ 615,534	\$ 4,170,534
2016	3,585,000	507,215	4,092,215
2017	3,705,000	394,853	4,099,853
2018	3,815,000	284,484	4,099,484
2019	2,870,000	186,315	3,056,315
2020-2024	2,400,000	504,506	2,904,506
2025-2029	1,750,000	205,916	1,955,916
2030	320,000	6,080	326,080
Total	<u>\$ 22,000,000</u>	<u>\$ 2,704,903</u>	<u>\$ 24,704,903</u>

Year Ending December 31,	Business-Type Activities					
	Notes Payable			Utility Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 681,366	\$ 234,123	\$ 915,489	\$ 1,185,000	\$ 533,545	\$ 1,718,545
2016	706,226	220,020	926,246	1,210,000	501,132	1,711,132
2017	716,086	205,392	921,478	1,255,000	466,383	1,721,383
2018	731,246	190,490	921,736	1,285,000	429,776	1,714,776
2019	751,704	174,606	926,310	1,215,000	390,875	1,605,875
2020-2024	3,550,766	649,488	4,200,254	5,765,000	1,381,735	7,146,735
2025-2029	3,884,406	289,366	4,173,772	4,175,000	478,830	4,653,830
2030	723,694	12,817	736,511	-	-	-
Total	<u>\$ 11,745,494</u>	<u>\$ 1,976,302</u>	<u>\$ 13,721,796</u>	<u>\$ 16,090,000</u>	<u>\$ 4,182,276</u>	<u>\$ 20,272,276</u>

**CITY OF SARTELL**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**December 31, 2014**

**NOTE 6 – LONG-TERM DEBT**

**F. Notes Payable**

The City is obligated to pay the City of Saint Cloud for debt service payments relating to the wastewater expansion rights and the City of Saint Cloud’s wastewater facility expansion project. The City of Saint Cloud issued three bonds and one Public Facilities Authority (PFA) note to finance the expansion project. The City pays the City of Saint Cloud monthly for these debt service payments. Terms of the bonds require annual payment totaling \$ 75,000 to \$ 155,000 of principal payments with interest rates of 2.0% to 4.0% until February 1, 2029. The PFA note requires annual total principal payments from the City of \$ 15,209 to \$ 723,694. Interest on the PFA note is 1.771% and principal and interest payments are due through August 20, 2030.

**G. Conduit Debt**

Conduit debt obligations are certain limited-obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private-sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

At December 31, 2014, the City’s outstanding conduit debt balances consisted of the following:

\$ 944,000 Minnesota Health Care Facilities Revenue Refunding Note (Opportunity Manor), Series 2013	\$ 799,903
\$ 13,445,000 Minnesota Health Care and Housing Facilities Revenue Refunding Note (Opportunity Manor), Series 2013	13,445,000
\$ 20,195,000 Healthcare and Housing Facilities Revenue Bonds (The Foundation for Healthcare Continuums Project), Series 2012A	18,790,000
\$ 1,879,000 Educational Facilities Revenue Note, (Opportunity Manor Incorporated), Series 2011	1,564,200
\$ 12,105,000 Healthcare and Housing Facilities Revenue Bonds (The Foundation for Healthcare Continuums Project), Series 2010A	11,905,000
\$ 1,900,000 Commercial Facility Revenue Note (Opportunity Manor Incorporated), Series 2005	649,929
	<u>\$ 47,154,032</u>

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2014**

**NOTE 7 – FUND BALANCE DETAIL**

Fund equity balances are classified as follows to reflect the limitations and restrictions of the respective funds:

	General	G.O. Improvement Refunding Bonds, Series 2009C/2014A	G.O. Improvement Bonds, Series 2010A	Other Governmental Funds	Total
Nonspendable					
Prepays	\$ 153,602	\$ -	\$ -	\$ -	\$ 153,602
Restricted For:					
Debt Service	-	2,826,271	-	4,401,655	7,227,926
Forfeitures	-	-	-	37,921	37,921
Special Initiatives	-	-	-	13,919	13,919
Lodging Tax	-	-	-	3,901	3,901
Access Fees	-	-	-	53,270	53,270
Parks	-	-	-	413,132	413,132
Street Project	-	-	-	64,653	64,653
Tax Increment Districts	-	-	-	8,409	8,409
Total	-	2,826,271	-	4,996,860	7,823,131
Committed For:					
Public Improvements	-	-	-	1,740,405	1,740,405
Police	-	-	-	3,878	3,878
Fire Equipment	-	-	-	151,163	151,163
Public Works Equipment	-	-	-	218,224	218,224
Streets	-	-	-	504,737	504,737
Park Improvements	-	-	-	10,833	10,833
Youth Programs	-	-	-	3,572	3,572
City Beautification	-	-	-	72,582	72,582
Economic Development	-	-	-	56,830	56,830
Trunk Fees	-	-	-	251,668	251,668
Cemetery	-	-	-	31,213	31,213
Golf Course	-	-	-	1,847	1,847
Total	-	-	-	3,046,952	3,046,952
Unassigned	2,802,437	-	(394,990)	(1,834,562)	572,885
<b>Total</b>	<b>\$ 2,956,039</b>	<b>\$ 2,826,271</b>	<b>\$ (394,990)</b>	<b>\$ 6,209,250</b>	<b>\$ 11,596,570</b>

## **CITY OF SARTELL**

### **NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2014**

#### **NOTE 8 – RISK MANAGEMENT**

The City purchases commercial insurance coverage through the League of Minnesota Cities Insurance Trust (LMCIT) with other cities in the state which is a public entity risk pool currently operating as a common risk management and insurance program. The City pays an annual premium to the LMCIT for its insurance coverage. The LMCIT is self-sustaining, through commercial companies, for excess claims. The City is covered through the pool for any claims incurred but unreported, however, retains risk for the deductible portion of its insurance policies. The amount of these deductibles is considered immaterial to the financial statements.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three years.

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2014 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2014, there were no other claims liabilities reported in the fund based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

#### **NOTE 9 – PENSION PLANS**

##### **Public Employees' Retirement Association**

##### **A. Plan Description**

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

GERF members belong to either the Coordinated or 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.

## CITY OF SARTELL

### NOTES TO THE FINANCIAL STATEMENTS

December 31, 2014

#### NOTE 9 – PENSION PLANS

##### Public Employees' Retirement Association (Continued)

##### A. Plan Description (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0% for each year of service. For all GERF and PEPFF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated Plan members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active Plan participants.

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

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2014**

**NOTE 9 – PENSION PLANS**

**Public Employees’ Retirement Association (Continued)**

**B. Funding Policy**

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These Statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members and 15.3% for PEPFF members. The City’s contributions to the Public Employees’ Retirement Fund for the years ending December 31, 2014, 2013 and 2012 were \$ 94,515, \$ 92,974 and \$ 94,152, respectively. The City’s contributions to the PEPFF for the years ending December 31, 2014, 2013 and 2012 were \$ 162,563, \$ 155,291 and \$ 146,778, respectively. The City’s contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and the PEPFF (10.8% for members and 16.2% for employers).

**Defined Contribution Plan**

Four Council Members of the City are covered by the Public Employee’s Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by PERA. The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. *Minnesota Statutes* Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of 1% of the assets in each member’s account annually.

Total contributions made by the City during 2014 were:

Contribution Amount		Percentage of Covered Payroll		Required
Employee	Employer	Employee	Employer	Rates
\$ 1,415	\$ 1,415	5.0%	5.0%	5.0%

**CITY OF SARTELL**

**NOTES TO THE FINANCIAL STATEMENTS**

**December 31, 2014**

**NOTE 10 – RECLASSIFICATION**

The G.O. Improvement Bonds, Series 2007A and G.O. Improvement Refunding Bonds, Series 2012A were reported as two separate nonmajor debt service funds in 2013. At January 1, 2014 the two funds were combined and reported as one nonmajor debt service fund in 2014. The 2012A refunding bond was issued to refund the 2007A bond.

**NOTE 11 – SPECIAL ITEM**

During 2014, the City of Saint Cloud finished its wastewater facility expansion project in which the City of Sartell has rights for sewer usage. The City of Sartell previously recorded sewer rights based on estimates for the project. The project came in under budget resulting in a negative adjust to the City of Sartell’s notes payable and sewer rights for \$ 169,045.

**NOTE 12 – CONSTRUCTION COMMITMENTS**

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

<u>Project</u>	<u>Contract Amount</u>	<u>Work Completed (Expended)</u>	<u>12/31/14 Commitment</u>
Val Smith Park Shelter	\$ 301,107	\$ 280,825	\$ 20,282
Champion Field Concessions and Restrooms	130,000	124,067	5,933
Sauk River Access and Parking Lot	103,965	87,214	16,751
Pinecone Road and 2-1/2 Street Flood Mitigation	76,354	61,599	14,755
19th Avenue Roundabout	127,610	82,993	44,617
 Total	 <u>\$ 739,036</u>	 <u>\$ 636,698</u>	 <u>\$ 102,338</u>

**NOTE 13 – NEW STANDARDS ISSUED BUT NOT YET IMPLEMENTED**

GASB Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date, an amendment of GASB Statement No. 68*, requires that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning new pension liability. The provisions of this Statement should be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014.

(THIS PAGE LEFT BLANK INTENTIONALLY)

**SUPPLEMENTARY INFORMATION**

(THIS PAGE LEFT BLANK INTENTIONALLY)

**CITY OF SARTELL**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2014**

	Budgeted Amounts	Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final		
<b>REVENUES</b>			
Property Taxes	\$ 3,957,555	\$ 3,877,969	\$ (79,586)
Licenses and Permits	997,400	924,109	(73,291)
Intergovernmental Revenue:			
Local Government Aid	110,668	112,938	2,270
Market Value Credit	-	140	140
PERA Aid	2,400	2,402	2
Fire Aid	65,000	87,045	22,045
Police Aid	116,000	135,080	19,080
Other Grants and Aids	63,231	73,528	10,297
Total Intergovernmental Revenue	<u>357,299</u>	<u>411,133</u>	<u>53,834</u>
Charges for Services:			
General Government	25,250	39,520	14,270
Public Safety	247,897	182,653	(65,244)
Public Works	17,497	34,323	16,826
Culture and Recreation	3,000	3,193	193
Total Charges for Services	<u>293,644</u>	<u>259,689</u>	<u>(33,955)</u>
Fines and Forfeitures	60,850	74,296	13,446
Miscellaneous Revenues:			
Investment Income	5,000	8,339	3,339
Contributions and Donations	-	250	250
Refunds and Reimbursements	8,500	13,055	4,555
Miscellaneous	-	647	647
Total Miscellaneous Revenues	<u>13,500</u>	<u>22,291</u>	<u>8,791</u>
Total Revenues	<u>5,680,248</u>	<u>5,569,487</u>	<u>(110,761)</u>

**CITY OF SARTELL**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Variance with Final Budget - Over (Under)
	<u>Original and Final</u>	<u>Actual Amounts</u>	<u>Over (Under)</u>
<b>EXPENDITURES</b>			
<b>General Government</b>			
Mayor and Council	\$ 108,481	\$ 101,069	\$ (7,412)
Administrative and Finance	476,687	457,162	(19,525)
Other General Government	27,500	22,938	(4,562)
Capital Outlay	1,000	1,000	-
Total General Government	<u>613,668</u>	<u>582,169</u>	<u>(31,499)</u>
<b>Public Safety</b>			
Police:			
Current	1,936,150	1,880,768	(55,382)
Capital Outlay	1,000	-	(1,000)
Fire:			
Current	311,935	313,188	1,253
Capital Outlay	5,500	(5,589)	(11,089)
Building Inspections:			
Current	306,815	304,388	(2,427)
Other:			
Current	16,050	5,398	(10,652)
Total Public Safety	<u>2,577,450</u>	<u>2,498,153</u>	<u>(79,297)</u>
<b>Public Works</b>			
Streets, Roadways and Maintenance:			
Current	1,216,316	1,298,645	82,329
Capital Outlay	1,000	1,368	368
Compost Facility:			
Current	19,100	12,478	(6,622)
Total Public Works	<u>1,236,416</u>	<u>1,312,491</u>	<u>76,075</u>
<b>Community and Economic Development</b>			
Current	220,650	207,986	(12,664)

**CITY OF SARTELL**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL - GENERAL FUND  
For the Year Ended December 31, 2014**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Over (Under)
	Original and Final			
<b>EXPENDITURES</b>				
<b>Park and Recreation</b>				
Current	\$ 233,049		\$ 219,769	\$ (13,280)
Capital Outlay	-		385	385
Total Park and Recreation	233,049		220,154	(12,895)
Total Expenditures	4,881,233		4,820,953	(60,280)
Excess of Revenues Over (Under) Expenditures	799,015		748,534	(50,481)
 <b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	93,985		180,984	86,999
Transfers Out	(893,000)		(897,368)	(4,368)
Total Other Financing Sources (Uses)	(799,015)		(716,384)	82,631
Net Change in Fund Balances	\$ -		32,150	\$ 32,150
 <b>FUND BALANCES</b>				
<b>Beginning of Year</b>			2,923,889	
<b>End of Year</b>			\$ 2,956,039	

**CITY OF SARTELL**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2014**

	Special Revenue				
	Park Improvement (211)	Youth Programs (212)	DUI Forfeiture (214)	Special Initiatives (215)	Police Reserves (217)
<b>ASSETS</b>					
Cash and Investments	\$ 10,056	\$ 4,076	\$ 26,922	\$ 13,904	\$ 4,728
Taxes Receivable - Delinquent	-	-	-	-	-
Special Assessments Receivable:					
Delinquent	-	-	-	-	-
Deferred	-	-	-	-	-
Interest Receivable	11	4	29	15	5
Accounts Receivable	766	-	-	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Advances Due from Other Funds	-	-	-	-	-
<b>Total Assets</b>	<b>\$ 10,833</b>	<b>\$ 4,080</b>	<b>\$ 26,951</b>	<b>\$ 13,919</b>	<b>\$ 4,733</b>
<b>LIABILITIES</b>					
Accounts and Contracts Payable	-	\$ 508	\$ 1,077	-	\$ 855
Due to Other Funds	-	-	-	-	-
Advances Due to Other Funds	-	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>508</b>	<b>1,077</b>	<b>-</b>	<b>855</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-	-
<b>Total Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>					
Restricted	-	-	25,874	13,919	-
Committed	10,833	3,572	-	-	3,878
Unassigned	-	-	-	-	-
<b>Total Fund Balances</b>	<b>10,833</b>	<b>3,572</b>	<b>25,874</b>	<b>13,919</b>	<b>3,878</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,833</b>	<b>\$ 4,080</b>	<b>\$ 26,951</b>	<b>\$ 13,919</b>	<b>\$ 4,733</b>

Special Revenue

City Beautification (221)	Forfeiture (222)	Lodging Tax (223)	Economic Development (224)	Sewer Capacity (225)	Water Capacity (226)	Public Education and Government Access Fee (227)	Trunk Water (229)
\$ 83,220	\$ 12,089	\$ 5,704	\$ 33,379	\$ 15,640	\$ 18,370	\$ 50,504	\$ 54,860
-	-	-	319	-	-	-	-
-	-	-	-	-	-	-	-
90	13	6	37	17	20	55	59
-	-	1,977	-	-	-	2,711	-
-	-	-	228	-	-	-	-
-	-	-	359	-	-	-	-
-	-	-	22,827	-	-	-	-
<u>\$ 83,310</u>	<u>\$ 12,102</u>	<u>\$ 7,687</u>	<u>\$ 57,149</u>	<u>\$ 15,657</u>	<u>\$ 18,390</u>	<u>\$ 53,270</u>	<u>\$ 54,919</u>
\$ 10,728	\$ 55	\$ 3,786	\$ -	\$ 30,141	\$ 2	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	800,000	800,000	-	-
<u>10,728</u>	<u>55</u>	<u>3,786</u>	<u>-</u>	<u>830,141</u>	<u>800,002</u>	<u>-</u>	<u>-</u>
-	-	-	319	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	319	-	-	-	-
-	12,047	3,901	-	-	-	53,270	-
72,582	-	-	56,830	-	-	-	54,919
-	-	-	-	(814,484)	(781,612)	-	-
<u>72,582</u>	<u>12,047</u>	<u>3,901</u>	<u>56,830</u>	<u>(814,484)</u>	<u>(781,612)</u>	<u>53,270</u>	<u>54,919</u>
<u>\$ 83,310</u>	<u>\$ 12,102</u>	<u>\$ 7,687</u>	<u>\$ 57,149</u>	<u>\$ 15,657</u>	<u>\$ 18,390</u>	<u>\$ 53,270</u>	<u>\$ 54,919</u>

**CITY OF SARTELL**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2014**

	Special Revenue				
	Trunk Stormwater (230)	Trunk Sanitary Sewer (231)	Local Sales Tax (240, 241)	Cemetery (250)	Regional Park Fund (260)
<b>ASSETS</b>					
Cash and Investments	\$ 159,741	\$ 36,795	\$ -	\$ 31,252	\$ 37,804
Taxes Receivable - Delinquent	-	-	-	-	-
Special Assessments Receivable:					
Delinquent	-	-	-	-	-
Deferred	54,562	-	-	-	-
Interest Receivable	173	40	(364)	34	41
Accounts Receivable	-	-	216,389	-	-
Due from Other Governments	-	-	-	-	-
Due from Other Funds	-	-	-	-	-
Advances Due from Other Funds	-	-	-	-	-
	<u>\$ 214,476</u>	<u>\$ 36,835</u>	<u>\$ 216,025</u>	<u>\$ 31,286</u>	<u>\$ 37,845</u>
Total Assets					
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ -	\$ 26,008	\$ 73	\$ 2,448
Due to Other Funds	-	-	356,170	-	-
Advances Due to Other Funds	-	-	-	-	29,221
Total Liabilities	<u>-</u>	<u>-</u>	<u>382,178</u>	<u>73</u>	<u>31,669</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	-	-	-	-	-
Unavailable Revenue - Special Assessments	54,562	-	-	-	-
Total Deferred Inflows of Resources	<u>54,562</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>					
Restricted	-	-	-	-	6,176
Committed	159,914	36,835	-	31,213	-
Unassigned	-	-	(166,153)	-	-
Total Fund Balances	<u>159,914</u>	<u>36,835</u>	<u>(166,153)</u>	<u>31,213</u>	<u>6,176</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 214,476</u>	<u>\$ 36,835</u>	<u>\$ 216,025</u>	<u>\$ 31,286</u>	<u>\$ 37,845</u>

Special Revenue			Debt Service			
Park Districts (261-266)	Sartell Golf Course (267)	Total	G.O. Improvement Bonds, Series 2006A/2012A (312, 330)	G.O. Improvement Bonds, Series 2007A/2012A (316, 332)	G.O. Bonds of 2008A/2012A (318, 333)	G.O. Improvement Refunding Bonds, Series 2009B (321)
\$ 398,385	\$ 1,845	\$ 999,274	\$ 89,352	\$ 816,383	\$ 298,405	\$ 92,847
-	-	319	-	4,403	2,767	3,391
-	-	-	-	-	2,011	-
-	-	54,562	-	149,745	380,837	-
431	2	718	97	883	323	100
-	-	221,843	-	-	-	-
109,794	-	110,022	-	788,420	1,959	2,384
-	-	359	-	-	-	-
-	-	22,827	-	-	-	-
<u>\$ 508,610</u>	<u>\$ 1,847</u>	<u>\$ 1,409,924</u>	<u>\$ 89,449</u>	<u>\$ 1,759,834</u>	<u>\$ 686,302</u>	<u>\$ 98,722</u>
\$ 101,654	\$ -	\$ 177,335	\$ -	\$ -	\$ -	\$ -
-	-	356,170	-	-	-	-
-	-	1,629,221	-	-	-	-
<u>101,654</u>	<u>-</u>	<u>2,162,726</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	319	-	4,403	2,767	3,391
-	-	54,562	-	149,745	382,848	-
-	-	54,881	-	154,148	385,615	3,391
406,956	-	522,143	89,449	1,605,686	300,687	95,331
-	1,847	432,423	-	-	-	-
-	-	(1,762,249)	-	-	-	-
<u>406,956</u>	<u>1,847</u>	<u>(807,683)</u>	<u>89,449</u>	<u>1,605,686</u>	<u>300,687</u>	<u>95,331</u>
<u>\$ 508,610</u>	<u>\$ 1,847</u>	<u>\$ 1,409,924</u>	<u>\$ 89,449</u>	<u>\$ 1,759,834</u>	<u>\$ 686,302</u>	<u>\$ 98,722</u>

**CITY OF SARTELL**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2014**

	Debt Service			
	G.O. Improvement Bonds, Series 2009E (324)	G.O. Refunding Bonds, Series 2010B (327)	G.O. Improvement Bonds, Series 2012 (329)	Total
<b>ASSETS</b>				
Cash and Investments	\$ 1,955,630	\$ 227,856	\$ 124,518	\$ 3,604,991
Taxes Receivable - Delinquent	-	-	-	10,561
Special Assessments Receivable:				
Delinquent	-	-	-	2,011
Deferred	755,440	-	-	1,286,022
Interest Receivable	2,116	247	135	3,901
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	-	792,763
Due from Other Funds	-	-	-	-
Advances Due from Other Funds	-	-	-	-
	<u>\$ 2,713,186</u>	<u>\$ 228,103</u>	<u>\$ 124,653</u>	<u>\$ 5,700,249</u>
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	-	-	-	-
Advances Due to Other Funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	10,561
Unavailable Revenue - Special Assessments	755,440	-	-	1,288,033
Total Deferred Inflows of Resources	<u>755,440</u>	<u>-</u>	<u>-</u>	<u>1,298,594</u>
<b>FUND BALANCES</b>				
Restricted	1,957,746	228,103	124,653	4,401,655
Committed	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,957,746</u>	<u>228,103</u>	<u>124,653</u>	<u>4,401,655</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,713,186</u>	<u>\$ 228,103</u>	<u>\$ 124,653</u>	<u>\$ 5,700,249</u>

Capital Projects

Public Improvement Revolving (402)	Municipal State Aid Maintenance (405)	City Buildings Improvement Projects (410)	Police Department Equipment (412)	Fire Department Equipment (413)	Public Works Equipment (414)
\$ 1,070,469	\$ 77,236	\$ -	\$ -	\$ 99,694	\$ 128,085
-	-	-	-	-	-
45	-	-	-	-	-
50,806	-	-	-	-	-
1,212	84	(15)	1	119	139
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
739,221	-	-	-	70,000	90,000
<u>\$ 1,861,753</u>	<u>\$ 77,320</u>	<u>\$ (15)</u>	<u>\$ 1</u>	<u>\$ 169,813</u>	<u>\$ 218,224</u>
\$ 70,497	\$ 12,667	\$ 9,900	\$ 1,000	\$ 18,650	\$ -
-	-	13,985	4,725	-	-
-	-	-	-	-	-
<u>70,497</u>	<u>12,667</u>	<u>23,885</u>	<u>5,725</u>	<u>18,650</u>	<u>-</u>
-	-	-	-	-	-
50,851	-	-	-	-	-
<u>50,851</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	64,653	-	-	-	-
1,740,405	-	-	-	151,163	218,224
-	-	(23,900)	(5,724)	-	-
<u>1,740,405</u>	<u>64,653</u>	<u>(23,900)</u>	<u>(5,724)</u>	<u>151,163</u>	<u>218,224</u>
<u>\$ 1,861,753</u>	<u>\$ 77,320</u>	<u>\$ (15)</u>	<u>\$ 1</u>	<u>\$ 169,813</u>	<u>\$ 218,224</u>

**CITY OF SARTELL**  
**COMBINING BALANCE SHEET -**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**December 31, 2014**

	Capital Projects			
	Technology (415)	Civil Defense (416)	Street (417)	Municipal Development District TIF 5-2 (441)
<b>ASSETS</b>				
Cash and Investments	\$ -	\$ -	\$ 142,040	\$ 8,400
Taxes Receivable - Delinquent	-	-	-	-
Special Assessments Receivable:				
Delinquent	-	-	-	-
Deferred	-	-	-	-
Interest Receivable	(18)	(2)	194	9
Accounts Receivable	-	-	-	-
Due from Other Governments	-	-	375,000	-
Due from Other Funds	-	-	-	-
Advances Due from Other Funds	-	-	110,000	-
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ (18)</u>	<u>\$ (2)</u>	<u>\$ 627,234</u>	<u>\$ 8,409</u>
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 623	\$ -	\$ 122,497	\$ -
Due to Other Funds	16,672	2,190	-	-
Advances Due to Other Funds	-	-	-	-
Total Liabilities	<u>17,295</u>	<u>2,190</u>	<u>122,497</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Property Taxes	-	-	-	-
Unavailable Revenue - Special Assessments	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted	-	-	-	8,409
Committed	-	-	504,737	-
Unassigned	(17,313)	(2,192)	-	-
Total Fund Balances	<u>(17,313)</u>	<u>(2,192)</u>	<u>504,737</u>	<u>8,409</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ (18)</u>	<u>\$ (2)</u>	<u>\$ 627,234</u>	<u>\$ 8,409</u>

Capital Projects

---

TIF District 5- 4 (444)	TIF District 5- 5 (445)	Total	Total Governmental Funds
\$ 2	\$ -	\$ 1,525,926	\$ 6,130,191
-	-	-	10,880
-	-	45	2,056
-	-	50,806	1,391,390
-	-	1,723	6,342
-	-	-	221,843
-	-	375,000	1,277,785
-	-	-	359
-	-	1,009,221	1,032,048
<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2,962,721</u>	<u>\$ 10,072,894</u>
\$ -	\$ -	\$ 235,834	\$ 413,169
-	359	37,931	394,101
11,512	11,315	22,827	1,652,048
<u>11,512</u>	<u>11,674</u>	<u>296,592</u>	<u>2,459,318</u>
-	-	-	10,880
-	-	50,851	1,393,446
-	-	<u>50,851</u>	<u>1,404,326</u>
-	-	73,062	4,996,860
-	-	2,614,529	3,046,952
(11,510)	(11,674)	(72,313)	(1,834,562)
<u>(11,510)</u>	<u>(11,674)</u>	<u>2,615,278</u>	<u>6,209,250</u>
<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 2,962,721</u>	<u>\$ 10,072,894</u>

CITY OF SARTELL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Special Revenue			
	Park Improvement (211)	Youth Programs (212)	DUI Forfeiture (214)	Special Initiatives (215)
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-
Tax Increment	-	-	-	-
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	32,270	-
Miscellaneous:				
Investment Income	21	11	94	26
Contributions and Donations	7,755	7,455	-	23,014
Refunds and Reimbursements	-	-	-	-
Miscellaneous	-	-	30	-
Total Revenues	<u>7,776</u>	<u>7,466</u>	<u>32,394</u>	<u>23,040</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	10,996	9,404	-
Public Works	-	-	-	-
Community and Economic Development	-	-	-	9,876
Parks and Recreation	23,502	-	-	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
<b>Capital Outlay</b>				
General Government	-	-	-	-
Public Safety	-	-	15,000	-
Public Works	-	-	-	-
Community and Economic Development	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>23,502</u>	<u>10,996</u>	<u>24,404</u>	<u>9,876</u>
Excess of Revenues Over (Under) Expenditures	(15,726)	(3,530)	7,990	13,164
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Property	-	-	-	-
Payment on Refunding Bond	-	-	-	-
Transfers In	20,000	3,000	-	-
Transfers Out	-	-	-	(500)
Total Other Financing Sources (Uses)	<u>20,000</u>	<u>3,000</u>	<u>-</u>	<u>(500)</u>
Net Change in Fund Balances	4,274	(530)	7,990	12,664
<b>FUND BALANCES</b>				
Beginning of Year	<u>6,559</u>	<u>4,102</u>	<u>17,884</u>	<u>1,255</u>
End of Year	<u>\$ 10,833</u>	<u>\$ 3,572</u>	<u>\$ 25,874</u>	<u>\$ 13,919</u>

Special Revenue

Police Reserves (217)	City Beautification (221)	Forfeiture (222)	Lodging Tax (223)	Economic Development (224)	Sewer Capacity (225)	Water Capacity (226)	Public Education and Government Access Fee (227)
\$ -	\$ -	\$ -	\$ -	\$ 22,119	\$ -	\$ -	\$ -
-	-	-	29,667	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	157,694	-	-	-	235,874	293,152	33,304
-	-	4,806	-	-	-	-	-
6	338	39	16	1,620	48	945	137
-	500	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	225	-	-	5	-	-
<u>6</u>	<u>158,532</u>	<u>5,070</u>	<u>29,683</u>	<u>23,739</u>	<u>235,927</u>	<u>294,097</u>	<u>33,441</u>
-	-	-	-	-	-	-	3,396
1,046	-	4,722	-	-	-	-	-
-	-	-	-	-	72,495	-	-
-	-	-	29,183	35,691	-	-	-
-	79,508	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	14,811
-	-	938	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	8,125	-	-	-	-	-	-
<u>1,046</u>	<u>87,633</u>	<u>5,660</u>	<u>29,183</u>	<u>35,691</u>	<u>72,495</u>	<u>-</u>	<u>18,207</u>
(1,040)	70,899	(590)	500	(11,952)	163,432	294,097	15,234
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
4,918	-	-	-	-	414,018	414,018	-
-	(65,000)	-	-	-	(605,000)	(855,000)	-
<u>4,918</u>	<u>(65,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(190,982)</u>	<u>(440,982)</u>	<u>-</u>
3,878	5,899	(590)	500	(11,952)	(27,550)	(146,885)	15,234
-	66,683	12,637	3,401	68,782	(786,934)	(634,727)	38,036
<u>\$ 3,878</u>	<u>\$ 72,582</u>	<u>\$ 12,047</u>	<u>\$ 3,901</u>	<u>\$ 56,830</u>	<u>\$ (814,484)</u>	<u>\$ (781,612)</u>	<u>\$ 53,270</u>

**CITY OF SARTELL**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014**

	Special Revenue			
	Trunk Water (229)	Trunk Stormwater (230)	Trunk Sanitary Sewer (231)	Local Sales Tax (241)
<b>REVENUES</b>				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	1,044,716
Tax Increment	-	-	-	-
Special Assessments	-	-	-	-
Intergovernmental	-	-	-	-
Charges for Services	26,377	26,659	26,377	-
Fines and Forfeitures	-	-	-	-
Miscellaneous:				
Investment Income	176	547	106	(286)
Contributions and Donations	-	-	-	-
Refunds and Reimbursements	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>26,553</u>	<u>27,206</u>	<u>26,483</u>	<u>1,044,430</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	1,267	-	-
Community and Economic Development	-	-	-	-
Parks and Recreation	-	-	-	-
<b>Debt Service</b>				
Principal	-	-	-	-
Interest and Other Charges	-	-	-	-
<b>Capital Outlay</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	500	16,486	-
Community and Economic Development	-	-	-	-
Culture and Recreation	-	-	-	653,004
Total Expenditures	<u>-</u>	<u>1,767</u>	<u>16,486</u>	<u>653,004</u>
Excess of Revenues Over (Under) Expenditures	26,553	25,439	9,997	391,426
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Property	-	-	-	-
Payment on Refunding Bond	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	(700,000)
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(700,000)</u>
Net Change in Fund Balances	26,553	25,439	9,997	(308,574)
<b>FUND BALANCES</b>				
Beginning of Year	<u>28,366</u>	<u>134,475</u>	<u>26,838</u>	<u>142,421</u>
End of Year	<u>\$ 54,919</u>	<u>\$ 159,914</u>	<u>\$ 36,835</u>	<u>\$ (166,153)</u>

Special Revenue					Debt Service	
Cemetery (250)	Regional Park Fund (260)	Park Districts (261-266)	Sartell Golf Course (267)	Total	G.O. Improvement Bonds, Series 2006A/2012A (312, 330)	G.O. Improvement Bonds, Series 2007A/2012A (316, 332)
\$ -	\$ -	\$ -	\$ -	\$ 22,119	\$ -	\$ 310,547
-	-	-	-	1,074,383	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	861,318
-	-	1,016,981	-	1,016,981	-	-
5,175	-	-	15,000	819,612	-	-
-	-	-	-	37,076	-	-
107	196	1,198	6	5,351	(6,770)	4,426
-	-	-	-	38,724	-	-
-	-	2,086	-	2,086	-	-
-	-	-	-	260	-	-
<u>5,282</u>	<u>196</u>	<u>1,020,265</u>	<u>15,006</u>	<u>3,016,592</u>	<u>(6,770)</u>	<u>1,176,291</u>
-	-	-	-	3,396	-	-
-	-	-	-	26,168	-	-
-	-	-	-	73,762	-	-
-	-	-	-	74,750	-	-
2,073	6,777	22,994	(1)	134,853	-	-
-	-	-	-	-	100,450	555,000
-	1,964	-	-	1,964	68,034	111,302
-	-	-	-	14,811	-	-
-	-	-	-	15,938	-	-
-	-	-	-	16,986	-	-
-	-	-	-	-	-	-
-	32,825	1,042,329	-	1,736,283	-	-
<u>2,073</u>	<u>41,566</u>	<u>1,065,323</u>	<u>(1)</u>	<u>2,098,911</u>	<u>168,484</u>	<u>666,302</u>
3,209	(41,370)	(45,058)	15,007	917,681	(175,254)	509,989
-	-	-	-	-	-	-
-	-	-	-	-	(1,636,600)	(2,490,000)
-	60,000	-	-	915,954	250,200	117,000
-	-	-	(15,000)	(2,240,500)	-	-
-	<u>60,000</u>	<u>-</u>	<u>(15,000)</u>	<u>(1,324,546)</u>	<u>(1,386,400)</u>	<u>(2,373,000)</u>
3,209	18,630	(45,058)	7	(406,865)	(1,561,654)	(1,863,011)
<u>28,004</u>	<u>(12,454)</u>	<u>452,014</u>	<u>1,840</u>	<u>(400,818)</u>	<u>1,651,103</u>	<u>3,468,697</u>
<u>\$ 31,213</u>	<u>\$ 6,176</u>	<u>\$ 406,956</u>	<u>\$ 1,847</u>	<u>\$ (807,683)</u>	<u>\$ 89,449</u>	<u>\$ 1,605,686</u>

CITY OF SARTELL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Debt Service			
	G.O. Bonds of 2008A/2012A (318, 333)	G.O. Improvement Refunding Bonds, Series 2009B (321)	G.O. Improvement Bonds, Series 2009E (324)	G.O. Refunding Bonds, Series 2010B (327)
<b>REVENUES</b>				
Taxes:				
Property	\$ 190,160	\$ 231,370	\$ -	\$ -
Sales	-	-	-	-
Tax Increment	-	-	-	-
Special Assessments	131,301	-	206,783	-
Intergovernmental	-	-	-	91,825
Charges for Services	-	-	-	-
Fines and Forfeitures	-	-	-	-
Miscellaneous:				
Investment Income	5,329	49	5,378	168
Contributions and Donations	-	-	-	-
Refunds and Reimbursements	-	-	-	-
Miscellaneous	-	-	-	-
Total Revenues	<u>326,790</u>	<u>231,419</u>	<u>212,161</u>	<u>91,993</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community and Economic Development	-	-	-	-
Parks and Recreation	-	-	-	-
<b>Debt Service</b>				
Principal	330,000	180,000	1,015,000	85,000
Interest and Other Charges	81,438	41,514	156,325	12,675
<b>Capital Outlay</b>				
General Government	-	-	-	-
Public Safety	-	-	-	-
Public Works	-	-	-	-
Community and Economic Development	-	-	-	-
Culture and Recreation	-	-	-	-
Total Expenditures	<u>411,438</u>	<u>221,514</u>	<u>1,171,325</u>	<u>97,675</u>
Excess of Revenues Over (Under) Expenditures	(84,648)	9,905	(959,164)	(5,682)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Property	-	-	-	-
Payment on Refunding Bond	(1,455,000)	-	-	-
Transfers In	-	-	700,000	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>(1,455,000)</u>	<u>-</u>	<u>700,000</u>	<u>-</u>
Net Change in Fund Balances	(1,539,648)	9,905	(259,164)	(5,682)
<b>FUND BALANCES</b>				
<b>Beginning of Year</b>	<u>1,840,335</u>	<u>85,426</u>	<u>2,216,910</u>	<u>233,785</u>
<b>End of Year</b>	<u>\$ 300,687</u>	<u>\$ 95,331</u>	<u>\$ 1,957,746</u>	<u>\$ 228,103</u>

Debt Service		Capital Projects				
G.O. Improvement Bonds, Series 2012 (329)	Total	Public Improvement Revolving (402)	Municipal State Aid Maintenance (405)	City Buildings Improvement Projects (410)	Police Department Equipment (412)	Fire Department Equipment (413)
\$ -	\$ 732,077	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,199,402	156,032	-	-	-	-
-	91,825	143,356	24,555	-	9,750	-
-	-	41,000	-	-	-	-
-	-	-	-	-	240	-
252	8,832	5,464	259	(19)	4	403
-	-	-	-	-	4,320	6,940
-	-	-	-	-	-	-
-	-	-	-	-	-	150
<u>252</u>	<u>2,032,136</u>	<u>345,852</u>	<u>24,814</u>	<u>(19)</u>	<u>14,314</u>	<u>7,493</u>
-	-	-	-	-	-	-
-	-	-	-	-	1,575	650
-	-	-	-	-	-	-
-	-	244,776	-	21,370	-	-
-	-	-	-	-	-	-
110,000	2,375,450	-	-	-	-	-
10,750	482,038	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	106,321	53,138
-	-	-	5,979	-	-	-
-	-	26,962	-	25,491	-	-
-	-	-	-	-	-	-
<u>120,750</u>	<u>2,857,488</u>	<u>271,738</u>	<u>5,979</u>	<u>46,861</u>	<u>107,896</u>	<u>53,788</u>
(120,498)	(825,352)	74,114	18,835	(46,880)	(93,582)	(46,295)
-	-	-	-	-	12,550	-
-	(5,581,600)	-	-	-	-	-
125,000	1,192,200	-	-	160,000	60,000	30,000
-	-	(51,495)	-	(150,000)	(550)	-
<u>125,000</u>	<u>(4,389,400)</u>	<u>(51,495)</u>	<u>-</u>	<u>10,000</u>	<u>72,000</u>	<u>30,000</u>
4,502	(5,214,752)	22,619	18,835	(36,880)	(21,582)	(16,295)
<u>120,151</u>	<u>9,616,407</u>	<u>1,717,786</u>	<u>45,818</u>	<u>12,980</u>	<u>15,858</u>	<u>167,458</u>
<u>\$ 124,653</u>	<u>\$ 4,401,655</u>	<u>\$ 1,740,405</u>	<u>\$ 64,653</u>	<u>\$ (23,900)</u>	<u>\$ (5,724)</u>	<u>\$ 151,163</u>

CITY OF SARTELL

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended December 31, 2014

	Capital Projects				
	Public Works Equipment (414)	Technology (415)	Civil Defense (416)	Street (417)	TH 15 and CR 120 (427)
<b>REVENUES</b>					
Taxes:					
Property	\$ -	\$ -	\$ -	\$ -	\$ -
Sales	-	-	-	-	-
Tax Increment	-	-	-	-	-
Special Assessments	-	-	-	375,000	-
Intergovernmental	-	-	-	-	-
Charges for Services	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-
Miscellaneous:					
Investment Income	440	(51)	-	1,239	4
Contributions and Donations	-	-	-	7,075	-
Refunds and Reimbursements	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Total Revenues	<u>440</u>	<u>(51)</u>	<u>-</u>	<u>383,314</u>	<u>4</u>
<b>EXPENDITURES</b>					
<b>Current</b>					
General Government	-	38,172	-	-	-
Public Safety	-	-	-	-	-
Public Works	1,285	-	-	-	4,937
Community and Economic Development	-	-	-	-	-
Parks and Recreation	-	-	-	-	-
<b>Debt Service</b>					
Principal	-	-	-	-	-
Interest and Other Charges	-	-	-	-	-
<b>Capital Outlay</b>					
General Government	-	40,549	-	-	-
Public Safety	-	-	1	-	-
Public Works	136,571	-	-	720,200	-
Community and Economic Development	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Total Expenditures	<u>137,856</u>	<u>78,721</u>	<u>1</u>	<u>720,200</u>	<u>4,937</u>
Excess of Revenues Over (Under) Expenditures	(137,416)	(78,772)	(1)	(336,886)	(4,933)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Property	-	-	-	-	-
Payment on Refunding Bond	-	-	-	-	-
Transfers In	200,500	35,000	5,000	400,000	1,495
Transfers Out	-	-	-	(462,000)	-
Total Other Financing Sources (Uses)	<u>200,500</u>	<u>35,000</u>	<u>5,000</u>	<u>(62,000)</u>	<u>1,495</u>
Net Change in Fund Balances	63,084	(43,772)	4,999	(398,886)	(3,438)
<b>FUND BALANCES</b>					
Beginning of Year	<u>155,140</u>	<u>26,459</u>	<u>(7,191)</u>	<u>903,623</u>	<u>3,438</u>
End of Year	<u>\$ 218,224</u>	<u>\$ (17,313)</u>	<u>\$ (2,192)</u>	<u>\$ 504,737</u>	<u>\$ -</u>

Capital Projects

Municipal Development District TIF 5-2 (441)	TIF District 5- 4 (444)	TIF District 5- 5 (445)	Total	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 754,196
-	-	-	-	1,074,383
24,070	92,262	28,729	145,061	145,061
-	-	-	531,032	1,730,434
-	-	-	177,661	1,286,467
-	-	-	41,000	860,612
-	-	-	240	37,316
27	3	-	7,773	21,956
-	-	-	18,335	57,059
-	-	-	-	2,086
-	-	-	150	410
<u>24,097</u>	<u>92,265</u>	<u>28,729</u>	<u>921,252</u>	<u>5,969,980</u>
-	-	-	38,172	41,568
-	-	-	2,225	28,393
-	-	-	6,222	79,984
22,526	860	27,715	317,247	391,997
-	-	-	-	134,853
-	-	-	-	2,375,450
-	1,541	-	1,541	485,543
-	-	-	40,549	55,360
-	-	-	159,460	175,398
-	-	-	862,750	879,736
-	-	-	52,453	52,453
-	-	-	-	1,736,283
<u>22,526</u>	<u>2,401</u>	<u>27,715</u>	<u>1,480,619</u>	<u>6,437,018</u>
1,571	89,864	1,014	(559,367)	(467,038)
-	-	-	12,550	12,550
-	-	-	-	(5,581,600)
-	-	-	891,995	3,000,149
-	(83,036)	-	(747,081)	(2,987,581)
-	(83,036)	-	157,464	(5,556,482)
1,571	6,828	1,014	(401,903)	(6,023,520)
<u>6,838</u>	<u>(18,338)</u>	<u>(12,688)</u>	<u>3,017,181</u>	<u>12,232,770</u>
<u>\$ 8,409</u>	<u>\$ (11,510)</u>	<u>\$ (11,674)</u>	<u>\$ 2,615,278</u>	<u>\$ 6,209,250</u>

(THIS PAGE LEFT BLANK INTENTIONALLY)



*Expert advice. When you need it.<sup>SM</sup>*

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

**INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Sartell  
Sartell, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sartell, 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 and have issued our report thereon dated March 19, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Responses on Internal Control that we consider to be significant deficiencies in internal control over financial reporting, listed as Audit Findings 06-01 and 07-04.

### **Compliance and Other Matters**

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

### **City's Responses to Findings**

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses on Internal Control. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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

*Kern, DeWenter, Viere, Ltd.*  
KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota  
March 19, 2015



*Expert advice. When you need it.<sup>SM</sup>*

**REPORT ON LEGAL COMPLIANCE  
INDEPENDENT AUDITOR'S REPORT**

Honorable Mayor and Members  
of the City Council  
City of Sartell  
Sartell, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the controller of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Sartell, Minnesota as of and for the year ended December 31, 2014, and the related Notes to the Financial Statements, and have issued our report thereon dated March 19, 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 Sartell failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Political Subdivisions*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions.

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

*Kern, DeWenter, Viere, Ltd.*  
KERN, DEWENTER, VIERE, LTD.  
St. Cloud, Minnesota  
March 19, 2015

**CITY OF SARTELL**  
**SCHEDULE OF FINDINGS AND**  
**RESPONSES ON INTERNAL CONTROL**  
**December 31, 2014**

**CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS:**

**Significant Deficiencies:**

**Audit Finding 06-01 – Lack of Segregation of Accounting Duties**

During the year ended December 31, 2014, the City had a lack of segregation of accounting duties. In order to have appropriate segregation of accounting duties, the performance of the following duties would need to be completed by a different employee: initiation and authorization of transactions, recording and processing of transactions, reconciliation and reporting of transactions. It is also imperative to limit access to the general ledger, subsidiary modules of the accounting system, financial information and assets. The lack of adequate segregation of accounting duties could adversely affect the City's ability to initiate, record, process and report financial data consistent with the assertions of management in the financial statements. The notable deficiencies can be demonstrated in these areas, the following of which is not intended to be an all inclusive list.

During our audit and review of the utility billing process, the following overlap in duties was noted:

- The Utility Clerk collects payments at various locations for utility bills and makes entries into the utility billing system.
- The Utility Clerk receives cash and prepares the deposit slips and can compare the deposit slips to receipts, as well as make the physical deposit.
- The Utility Clerk prepares the utility bills, records utility payments and can record adjustments into the utility billing system.

During our audit and review of the cash disbursement, receipting and payroll processes, the following overlap in duties was noted:

- The Deputy Clerk/Treasurer prepares checks and holds the signature plate. This employee is authorized to initiate electronic funds transfers (EFT).
- The Deputy Clerk/Treasurer has access to the system to manually enter receipts, can upload receipts to the fund accounting system, prepare the bank deposits and make the physical deposit.
- The Deputy Clerk/Treasurer preps the time cards by calculating extensions, has access to the payroll module and posts payroll transactions to the general ledger.
- In addition to the recording duties above, the Deputy Clerk/Treasurer also reconciles the bank statements and has access to make manual journal entries to the general ledger.

During our audit and review of the capital asset process, the following overlap in duties was noted:

- The City Administrator/Finance Director enters additions and disposals of capital assets in the capital asset module and reconciles the activity at year-end.

The City Administrator/Finance Director also has access to all areas of the general ledger.

**CITY OF SARTELL**  
**SCHEDULE OF FINDINGS AND**  
**RESPONSES ON INTERNAL CONTROL**  
**December 31, 2014**

**CURRENT AND PRIOR YEAR INTERNAL CONTROL FINDINGS:**

**Significant Deficiencies: (Continued)**

**Audit Finding 06-01 – Lack of Segregation of Accounting Duties (Continued)**

**City's Response:**

The City has weighed the costs and benefits of additional office staff to eliminate this risk and has determined it to be cost prohibitive to entirely eliminate the risk. However, the City will continue to review work flow and job descriptions to use staff to achieve a better segregation of accounting duties in the areas noted on the previous page.

**Audit Finding 07-04 – Preparation of Financial Statements**

As a function of the audit process, auditors are required to gain an understanding of the City's internal control, including the financial reporting process.

The City does not have an internal control system designed to provide for the preparation of the financial statements and related note disclosures in accordance with accounting principles generally accepted in the United States of America. As auditors, we were requested to draft the financial statements and accompanying Notes to the Financial Statements. This circumstance is not unusual in a city of your size.

This condition increases the risk that errors could occur which would not be prevented or detected and corrected in a timely manner. Even though all management decisions related to financial reporting are made by the City's management and approval of the financial statements and accompanying note disclosures lies with management, it is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**City's Response:**

Due to limited staff, the City's management team has asked KDV, Ltd. to draft the financial statements and accompanying Notes to the Financial Statements. The City has weighed the costs and benefits of adding additional staff to address this finding and has determined the costs do not exceed the benefit. Draft financial statements and notes are reviewed by management prior to the final report to limit the risk involved.