

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Page No.</u>
INTRODUCTORY SECTION	
Elected and Appointed Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds	
Balance Sheet	34
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	40
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	41
Proprietary Funds – Municipal Liquor Dispensary	
Statements of Net Position	42
Statements of Revenues, Expenses and Changes in Net Position	43
Statements of Cash Flows	44
Notes to the Financial Statements	47
Required Supplementary Information	
Schedule of Funding Progress	84
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Special Revenue Funds	
Combining Balance Sheet	86
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	88
General Fund	
Comparative Balance Sheets	91
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	92
Debt Service Funds	
Combining Balance Sheet	98
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	102
Capital Projects Funds	
Combining Balance Sheet	106
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	108
Tax Increment Financing Funds	
Combining Balance Sheet	110
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	116
Summary Financial Report -	
Revenues and Expenditures for General Operations - Governmental Funds	122

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Page No.</u>
SINGLE AUDIT AND OTHER REQUIRED REPORTS	
Independent Auditor's Report on Minnesota Legal Compliance	125
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	126
Independent Auditor's Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	128
Schedules of Expenditures of Federal Awards	130
Notes to Schedule of Expenditures of Federal Awards	131
Schedule of Findings, Responses and Questioned Costs	132

THIS PAGE IS LEFT BLANK
INTENTIONALLY

INTRODUCTORY SECTION

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2014

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Sara Carlson	Mayor	12/31/16
Virgil Batesole	Council	12/31/14
Roger Thalman	Council	12/31/14
Owen Miller	Council	12/31/16
David Benson	Council	12/31/14
Todd Jensen	Council	12/31/16

APPOINTED

Martin Schultz	City Administrator
Jane Blade	Finance Director
Kathy Summer	Finance Clerk
Thomas Jacobson	City Attorney

THIS PAGE IS LEFT BLANK
INTENTIONALLY

FINANCIAL SECTION

**CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA**

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

THIS PAGE IS LEFT BLANK
INTENTIONALLY

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Alexandria, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City of Alexandria, Minnesota, (the City) 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2013 financial statements dated June 16, 2014, and express an unmodified opinion on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 statement.

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, the discretely presented component unit, each major fund and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

THIS PAGE IS LEFT BLANK
INTENTIONALLY

Prior Period Financial Statements

The financial statements of the City as of December, 31 2013, were audited by other auditors whose report dated June 16, 2014, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 and the Schedule of Funding Progress on page 84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

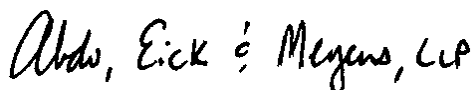
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards 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 fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 17, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
July 17, 2015

THIS PAGE IS LEFT BLANK
INTENTIONALLY

Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$63,778,892 (net position). Of this amount, \$4,428,140 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position decreased \$1,562,128, compared to a decrease of \$5,237,913 in the previous year. Of this decrease, business-type activities (enterprise funds) had an increase of \$93,405 and governmental activities had a decrease of \$1,655,533, this decrease is mostly due to the City's capital contributions to Alexandria Light and Power.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,511,211, an increase of \$1,967,498 in comparison with the prior year. The major factors in this increase were the unspent bond proceeds for the 2014A G.O. Improvement Bonds. Approximately 10.5 percent of this total amount, \$1,730,423, is available for spending at the City's discretion.

Overview of the Financial Statements

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 show how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

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

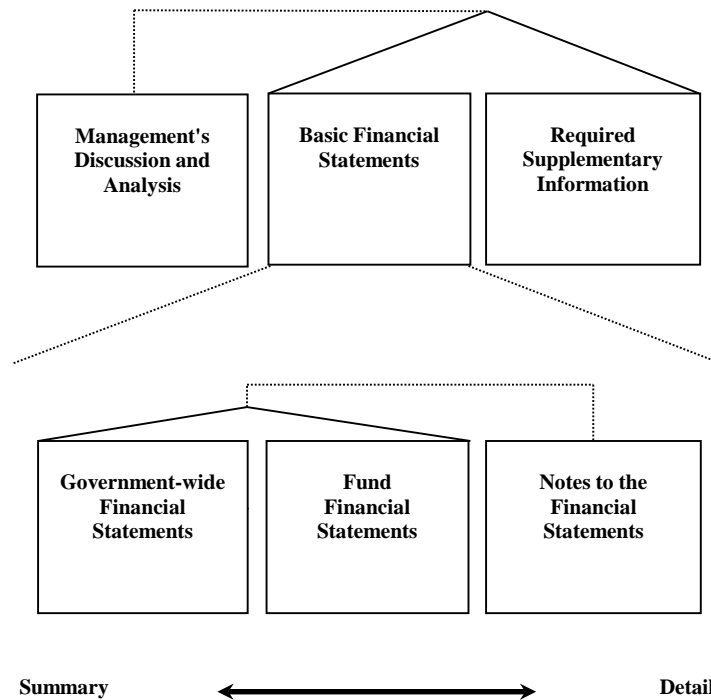


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

The *statement of net position* presents information on all of the City’s assets and liabilities with the difference 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. There are many additional non-financial factors to assess the overall health of the City, such as changes in the City’s property tax base and the condition of the City’s infrastructure and other capital assets.

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), as well as an economic development authority for which the City is financially accountable. The economic development authority functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found starting on page 29 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

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

The basic governmental fund financial statements can be found starting on page 34 of this report.

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 liquor store operations.

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

The basic proprietary fund financial statements can be found starting on page 42 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 starting on page 47 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund financial statements and schedules can be found starting on page 86 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 \$63,778,892 at the close of the most recent fiscal year.

A large portion of the City's net position (71.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Alexandria' Summary of Net Position

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Current and other assets	\$ 24,822,036	\$ 23,325,056	\$ 1,496,980	\$ 538,800	\$ 553,263	\$ (14,463)
Capital assets	65,608,884	67,133,825	(1,524,941)	550,013	581,539	(31,526)
Total assets	90,430,920	90,458,881	(27,961)	1,088,813	1,134,802	(45,989)
Long-term liabilities outstanding	25,015,352	21,815,888	3,199,464	48,938	69,488	(20,550)
Other liabilities	2,499,026	4,070,918	(1,571,892)	177,525	296,369	(118,844)
Total liabilities	27,514,378	25,886,806	1,627,572	226,463	365,857	(139,394)
Net position						
Net investment in capital assets	45,057,471	50,647,617	(5,590,146)	550,013	581,539	(31,526)
Restricted	13,743,268	11,472,255	2,271,013	-	-	-
Unrestricted	4,115,803	2,452,203	1,663,600	312,337	187,406	124,931
Total net position	\$ 62,916,542	\$ 64,572,075	\$ (1,655,533)	\$ 862,350	\$ 768,945	\$ 93,405

An additional portion of the City's net position (21.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (6.9 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

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

There was an increase of \$93,405 in net position reported in connection with the City's business-type activities. The Municipal Liquor Dispensary fund's gross profit percentage has increased from the previous year, currently at 23.6 percent, up from 22.6 in 2013.

The City's total net position decreased by \$1,562,128, compared to a decrease of \$5,237,913 in the previous year. Of this decrease, business-type activities (enterprise funds) had an increase of \$93,405 while governmental activities had a decrease of \$1,655,533.

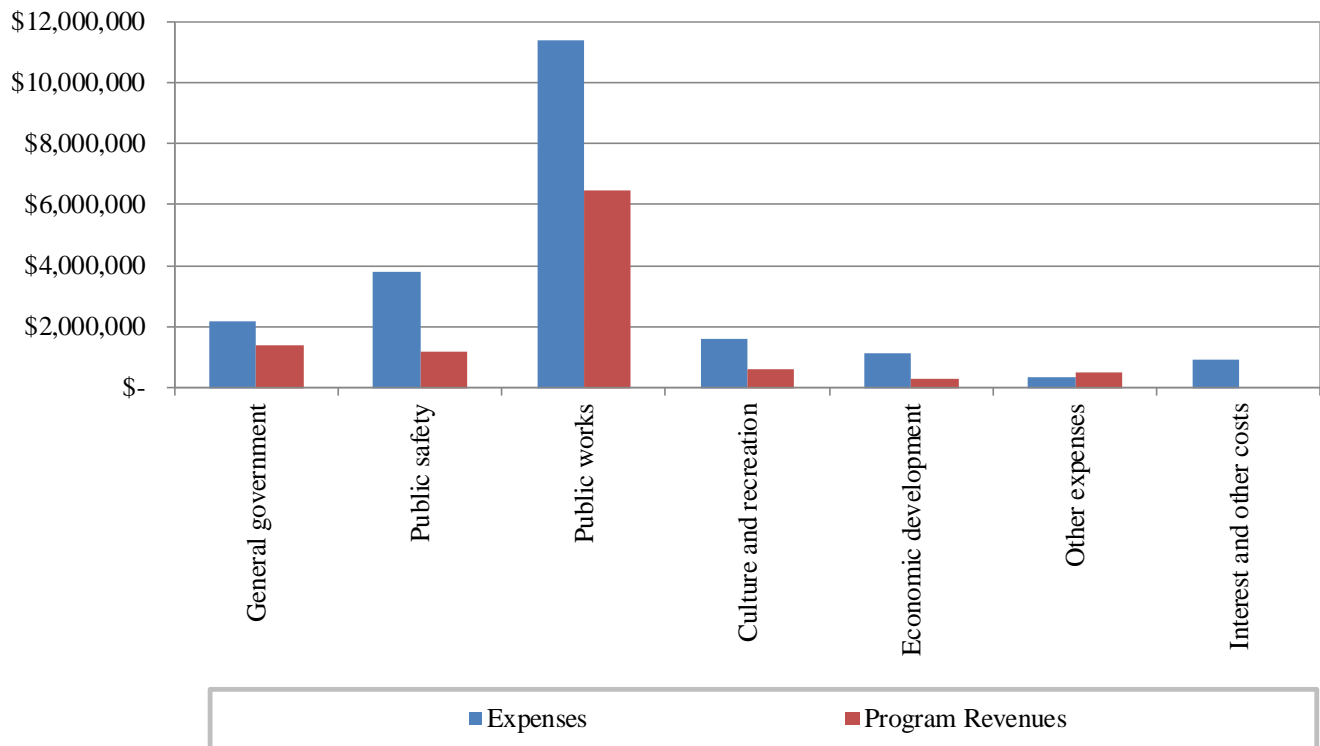
Governmental activities. The change in net position is described above and summarized as follows:

City of Alexandria' Changes in Net Position

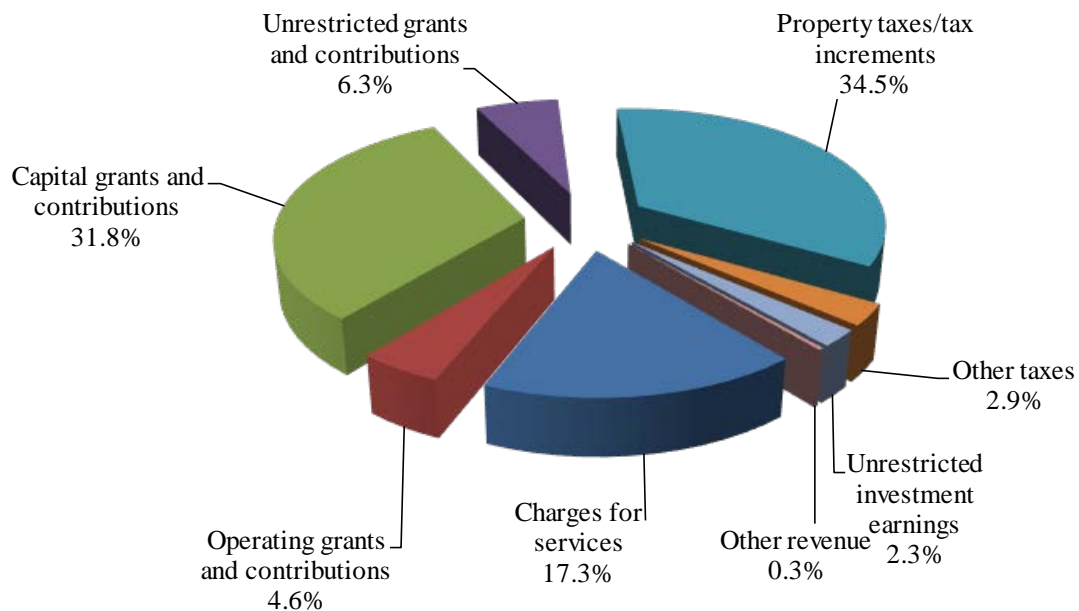
	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,376,352	\$ 2,854,688	\$ 521,664	\$4,714,573	\$ 4,452,136	\$ 262,437
Operating grants and contributions	901,188	592,179	309,009	-	-	-
Capital grants and contributions	6,203,561	4,151,180	2,052,381	-	-	-
General revenues						
Property taxes/tax increments	6,735,569	6,808,853	(73,284)	-	-	-
Other taxes	556,387	-	556,387	-	-	-
Grants and contributions not restricted to specific programs	1,236,288	1,895,565	(659,277)	-	-	-
Unrestricted investment earnings	447,337	(270,604)	717,941	199	415	(216)
Other revenues	9,216	1,159,121	(1,149,905)	-	-	-
Gain on sale of capital assets	60,656	5,132	55,524	-	-	-
Total revenues	19,526,554	17,196,114	2,330,440	4,714,772	4,452,551	262,221
Expenses						
General government	2,191,789	2,121,000	70,789	-	-	-
Public safety	3,807,813	3,392,733	415,080	-	-	-
Public works	11,383,372	11,288,376	94,996	-	-	-
Culture and recreation	1,580,019	1,699,492	(119,473)	-	-	-
Sanitation and waste removal	-	25,000	(25,000)	-	-	-
Economic development	1,140,977	-	1,140,977	-	-	-
Other expenses	329,927	3,069,049	(2,739,122)	-	-	-
Interest and other costs	948,190	1,087,683	(139,493)	-	-	-
Liquor	-	-	-	4,421,367	4,203,245	218,122
Total expenses	21,382,087	22,683,333	(1,301,246)	4,421,367	4,203,245	218,122
Increase (decrease) in net position before transfers	(1,855,533)	(5,487,219)	3,631,686	293,405	249,306	44,099
Transfers	200,000	169,218	30,782	(200,000)	(169,218)	(30,782)
Change in net position	(1,655,533)	(5,318,001)	3,662,468	93,405	80,088	13,317
Net position - January 1 as restated	64,572,075	69,890,076	(5,318,001)	768,945	688,857	80,088
Net position - December 31 as restated	\$ 62,916,542	\$ 64,572,075	\$ (1,655,533)	\$ 862,350	\$ 768,945	\$ 93,405

The following graphs depict various governmental activities and show the revenues and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



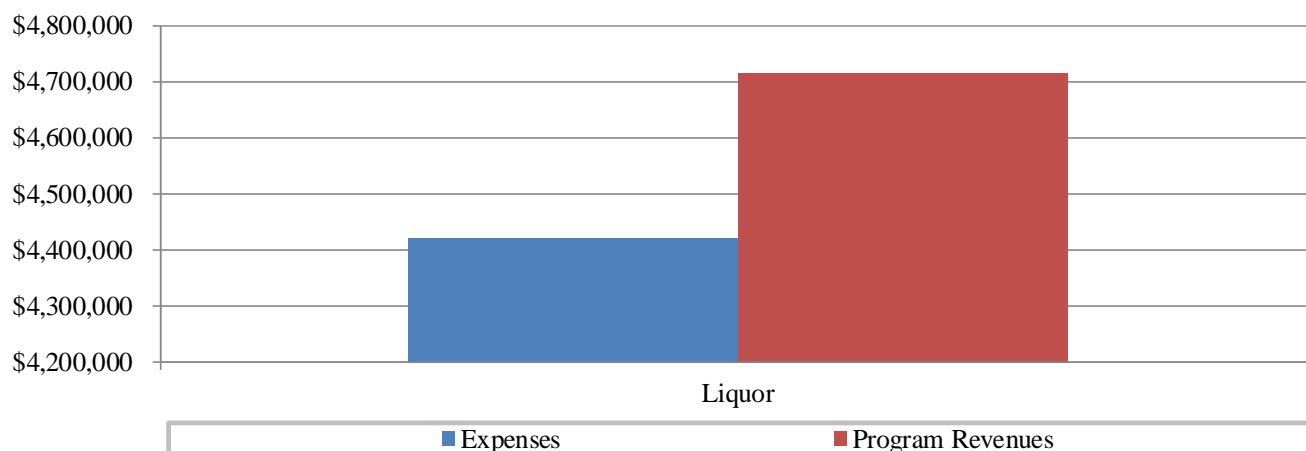
Revenues by Source - Governmental Activities



Business-type activities. Key elements of the change in net position are summarized as follows:

- Sales for business-type activities increased by \$262,437, or 5.9 percent during the year.
- Total expenses increased by approximately \$218,122 during 2014.
- The City's Municipal Liquor fund showed a gain due to operating revenues exceeding operating expenses. Profits before transfers for the past two years were \$302,498 and \$259,267, respectively.
- Investment earnings decreased by \$216 for business-type activities because of a decrease in cash in 2014.

Expenses and Program Revenues - Business-type Activities



Financial Analysis of the City'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, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,511,211, an increase of \$1,967,498 in comparison with the prior year. The major factor in this increase was the due to unspent bond proceeds from the 2014A G.O. Improvement Bonds. Approximately 10.5 percent of this total amount (\$1,730,423) constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The *restricted* fund balance totals \$9,551,378; *committed* - \$5,104,256; *assigned* - \$0; and *nonspendable* - \$125,154.

The *General fund* is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$4,751,549. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 57.8 percent of fund expenditures, while total fund balance represents 59.0 percent of that same amount.

The fund balance of the City's General fund increased by \$833,813 during the current fiscal year. The key factors in this increase was total revenues exceeding budgeted amounts by \$753,290 while total expenditures were under budget by \$517,919.

The *Debt Service fund* has a total fund balance of \$4,394,417, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the Debt Service fund was \$173,074. This increase is due to a transfer from the Strom Water Utility fund to the G.O. Improvement Bonds of 2007B for bond payments in the amount of \$215,075 and the issuance of the 2014B G.O. Refunding Bonds.

The *Capital Project fund* has a total fund balance of \$4,218,044. The net increase in fund balance during the current year in the Capital Project fund was \$866,922. The major factors in this increase were the unspent bond proceeds for the 2014A G.O. Improvement Bonds.

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

Unassigned net position of the enterprise funds at the end of the year amounted to \$312,337. The total increase in net position for the funds was \$93,405. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. Revenues exceeded expectations by \$753,290 and the expenditures budget was underspent by \$517,919.

Some highlights include:

- Franchise fees received from natural gas were \$445,000 and exceeded budgeted amount by \$125,000.
- Building permit revenues for the year exceeded budget by \$75,900 due to an increase in permits issued for commercial projects and single family dwellings over the previous year.
- Runestone Community Center revenues were \$594,000 which was \$65,500 over budget.
- Increased police participation in the Federal/State program, Toward Zero Deaths and increased police state aid contributed to intergovernmental revenues in excess of budget of \$41,000.
- Investment earnings were over budget by \$336,000, due in part to the \$334,000 book adjustment to unrealized gain on investments required by GASB Statement No. 31: Accounting and Financial Reporting for Certain Investments and for External Investment Pools. It is important to note that the adjustment is based on the market value of the investments as of December 31, 2014; the City's investments when purchased are intended to be held to maturity, therefore not affected by market fluctuations.
- Amounts paid for electric and gas utilities for all City departments were \$32,000 under budget.
- Building and equipment repairs and maintenance expenditures for all City departments were \$92,000 over budget.
- Total payroll and related expenditures for the City's General fund were under budget by \$272,000. Budgeted hires in the municipal clerk, police and engineering departments did not take place in 2014.
- Insurance dividends of \$33,000 helped to keep insurance costs under budget.
- Transfers out exceeded budget due to the transfer of \$523,000 for the General fund to the Capital Projects fund for the Broadway Reconstruction project.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$66,158,897 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges. The total decrease in the City's investment in capital assets for the current fiscal year was 2.3 percent (a 2.3 percent decrease for governmental activities and a 5.4 percent decrease for business-type activities.)

Major capital assets purchased or constructed during the current fiscal year include the following:

- Large aircraft hangar construction completed - \$775,273.
- 1996 Oshkosh plow truck for the municipal airport - \$79,500.
- Bobcat 5600G toolcat - \$51,786.
- 2013 MSA overlays/downtown side streets reconstruction - \$618,412.
- 2014 local overlays - \$202,018.
- Hawthorne Street parking lot - \$298,853.
- 7th Avenue parking lot - \$194,753.
- 2 police squad vehicles - \$73,654.

Additional information on the City's capital assets can be found in Note 3D starting on page 60 of this report.

City of Alexandria' Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Land	\$ 2,877,179	\$ 2,877,179	\$ -	\$ 101,413	\$ 101,413	\$ -
Buildings	12,270,075	11,901,643	368,432	407,023	460,675	(53,652)
Improvements other than buildings	46,913,383	47,807,467	(894,084)	15,545	18,383	(2,838)
Machinery and equipment	2,694,434	2,359,771	334,663	26,032	1,068	24,964
Construction in progress	853,813	2,187,765	(1,333,952)	-	-	-
Total	<u>\$ 65,608,884</u>	<u>\$ 67,133,825</u>	<u>\$ (1,524,941)</u>	<u>\$ 550,013</u>	<u>\$ 581,539</u>	<u>\$ (31,526)</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$23,218,479. Of this amount \$15,645,000 is general obligation improvement debt and \$7,377,470 is general obligation debt. All of the City's bonds are backed by the full faith and credit of the City.

City of Alexandria Outstanding Debt

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
General obligation bonds	\$ 7,460,000	\$ 7,785,000	\$ (325,000)	\$ -	\$ -	\$ -
General obligation improvement bonds	15,645,000	14,135,000	1,510,000	-	-	-
Less: General obligation amount paid by ALP	(82,530)	(165,690)	83,160	-	-	-
Hangar loan	77,269	102,328	(25,059)	-	-	-
CHAP loans	118,740	139,610	(20,870)	-	-	-
Total	<u>\$ 23,218,479</u>	<u>\$ 21,996,248</u>	<u>\$ 1,222,231</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The City's total debt increased \$1,222,231, or 5.6 percent during the current fiscal year. New debt was issued totaling \$5,695,000 and principal of \$4,472,769 was retired during the year.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$37,823,949, which is considerable greater than the City's outstanding general obligation debt.

Additional information on the City's long-term debt can be found in Note 3G starting on page 66 of this report.

Economic Factors and Next Year's Budgets and Rates

The Budget Committee and then the City Council looked comprehensively at a number of external and internal factors in crafting the 2015 budget.

- The primary guiding principle was continuing to plan for a sustainable future as a growing regional center
- The City Council reviewed not only the 2015 budget but also considered a five-year (2016-2020) budget blueprint when discussing the 2015 budget
- Property value increases and growth through new construction contributed to a 2.54% increase in tax capacity from 2014 to 2015
- The overall property tax levy increased by 4.51% for 2015. The tax base growth within the City meant the average city tax rate increased by 0.42%.
- The unemployment rate in Douglas County is currently 3.7 percent, which is a decrease from a rate of 4.1 percent a year ago. This compares to the State's unemployment rate of 3.7 percent and is favorable to the national average rate of 5.4 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Alexandria, 704 Broadway, Alexandria, Minnesota 56308.

THIS PAGE IS LEFT BLANK
INTENTIONALLY

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Alexandria Light and Power
ASSETS				
Cash and temporary investments	\$ 15,706,849	\$ 147,422	\$ 15,854,271	\$ 10,205,311
Restricted debt service reserve deposits	-	-	-	723,986
Receivables				
Interest	16,606	-	16,606	21,123
Delinquent taxes	150,000	-	150,000	-
Accounts	226,802	42,917	269,719	829,210
Loans	649,877	-	649,877	-
Special assessments	5,919,799	-	5,919,799	-
Intergovernmental	834,669	-	834,669	-
Internal balances	303,745	(303,745)	-	-
Due from component unit	888,535	-	888,535	-
Inventories	-	645,366	645,366	1,274,388
Prepaid items	125,154	6,840	131,994	111,254
Capital assets				
Capital assets not being depreciated	3,730,992	101,413	3,832,405	2,245,842
Capital assets net of accumulated depreciation	61,877,892	448,600	62,326,492	50,150,377
TOTAL ASSETS	90,430,920	1,088,813	91,519,733	65,561,491
LIABILITIES				
Accounts and contracts payable	1,386,009	115,376	1,501,385	1,676,529
Due to other governments	405,758	50,878	456,636	513,255
Accrued interest payable	258,000	-	258,000	56,256
Accrued salaries payable	114,640	9,351	123,991	43,046
Due to component unit	-	-	-	888,535
Deposits payable	16,455	-	16,455	322,473
Unearned revenue	318,164	1,920	320,084	-
Noncurrent liabilities				
Due within one year	2,032,741	18,212	2,050,953	1,114,941
Due in more than one year	22,982,611	30,726	23,013,337	6,768,541
TOTAL LIABILITIES	27,514,378	226,463	27,740,841	11,383,576
NET POSITION				
Net investment in capital assets	45,057,471	550,013	45,607,484	45,637,689
Restricted for				
Debt service	8,586,307	-	8,586,307	723,986
Wellness	16,785	-	16,785	-
Capital outlay	2,837,873	-	2,837,873	-
Economic development	2,196,470	-	2,196,470	-
Sanitary sewer operations	105,833	-	105,833	-
Unrestricted	4,115,803	312,337	4,428,140	7,816,240
TOTAL NET POSITION	\$ 62,916,542	\$ 862,350	\$ 63,778,892	\$ 54,177,915

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

CITY OF ALEXANDRIA, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 2,191,789	\$ 1,364,904	\$ 38,562	\$ 472
Public safety	3,807,813	680,957	519,331	-
Public works	11,383,372	572,231	4,874	5,881,243
Culture and recreation	1,580,019	603,735	9,246	-
Economic development	1,140,977	30,562	264,819	-
Other	329,927	123,963	64,356	321,846
Interest and other costs	948,190	-	-	-
Total governmental activities	<u>21,382,087</u>	<u>3,376,352</u>	<u>901,188</u>	<u>6,203,561</u>
Business-type activities				
Liquor	<u>4,421,367</u>	<u>4,714,573</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 25,803,454</u>	<u>\$ 8,090,925</u>	<u>\$ 901,188</u>	<u>\$ 6,203,561</u>
Component unit				
Alexandria Light and Power	<u>\$ 24,463,166</u>	<u>\$ 26,183,709</u>	<u>\$ -</u>	<u>\$ 11,522</u>
General revenues				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Tax increments				
Franchise taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Gain on sale of capital assets				
Other revenues				
Payments in lieu of taxes				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, January 1 as restated				
Net position, December 31				

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Alexandria Light and Power
\$ (787,851)		\$ (787,851)	
(2,607,525)		(2,607,525)	
(4,925,024)		(4,925,024)	
(967,038)		(967,038)	
(845,596)		(845,596)	
180,238		180,238	
(948,190)		(948,190)	
(10,900,986)		(10,900,986)	
-	\$ 293,206	293,206	
(10,900,986)	293,206	(10,607,780)	
			1,732,065
4,589,877	-	4,589,877	-
1,271,885	-	1,271,885	-
873,807	-	873,807	-
556,387	-	556,387	-
1,236,288	-	1,236,288	-
447,337	199	447,536	603,745
60,656	-	60,656	-
9,216	-	9,216	87,895
-	-	-	(1,224,713)
200,000	(200,000)	-	-
9,245,453	(199,801)	9,045,652	(533,073)
(1,655,533)	93,405	(1,562,128)	1,198,992
64,572,075	768,945	65,341,020	52,978,923
\$ 62,916,542	\$ 862,350	\$ 63,778,892	\$ 54,177,915

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

THIS PAGE IS LEFT BLANK
INTENTIONALLY

FUND FINANCIAL STATEMENTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF ALEXANDRIA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

	General	Debt Service	Capital Projects
ASSETS			
Cash and temporary investments	\$ 3,909,472	\$ 4,385,964	\$ 5,226,338
Receivables			
Interest	16,606	-	-
Delinquent taxes	94,400	32,200	5,000
Accounts	172,606	-	33,922
Notes and loans, net of allowance	-	-	-
Special assessments	1,114	4,417,690	1,500,995
Intergovernmental	155,256	25,112	334,107
Due from other funds	26,984	-	-
Due from component unit	839,878	-	-
Advances to other funds	-	-	-
Prepaid items	65,300	-	59,854
TOTAL ASSETS	<u>\$ 5,281,616</u>	<u>\$ 8,860,966</u>	<u>\$ 7,160,216</u>
LIABILITIES			
Accounts payable	\$ 236,925	\$ 16,450	\$ 1,084,115
Due to other governments	62,497	-	33,420
Due to component unit	-	209	867
Due to other funds	3,647	-	-
Accrued salaries payable	114,640	-	-
Deposits payable	16,455	-	-
Unearned revenue	389	-	317,775
TOTAL LIABILITIES	<u>434,553</u>	<u>16,659</u>	<u>1,436,177</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	94,400	32,200	5,000
Unavailable revenue - special assessments	1,114	4,417,690	1,500,995
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>95,514</u>	<u>4,449,890</u>	<u>1,505,995</u>
FUND BALANCES			
Nonspendable for			
Prepaid items	65,300	-	59,854
Restricted for			
Debt service	-	4,394,417	-
Wellness	16,785	-	-
Capital outlay	-	-	2,835,288
Economic development	-	-	-
Sanitary sewer operations	-	-	-
Committed for			
Capital outlay	-	-	4,250,101
Payment of benefits	-	-	-
Firefighter's retirement obligation	-	-	-
Economic development	-	-	-
Storm water operations	-	-	-
Flex benefits	11,842	-	-
Unassigned	4,657,622	-	(2,927,199)
TOTAL FUND BALANCES	<u>4,751,549</u>	<u>4,394,417</u>	<u>4,218,044</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 5,281,616</u>	<u>\$ 8,860,966</u>	<u>\$ 7,160,216</u>

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

Other Governmental Funds	Total Governmental Funds
\$ 2,185,075	\$ 15,706,849
-	16,606
18,400	150,000
20,274	226,802
649,877	649,877
-	5,919,799
320,194	834,669
-	26,984
49,733	889,611
293,021	293,021
-	125,154
<u>\$ 3,536,574</u>	<u>\$ 24,839,372</u>
\$ 48,519	\$ 1,386,009
309,841	405,758
-	1,076
12,613	16,260
-	114,640
-	16,455
-	318,164
<u>370,973</u>	<u>2,258,362</u>
18,400	150,000
-	5,919,799
<u>18,400</u>	<u>6,069,799</u>
-	125,154
-	4,394,417
-	16,785
2,585	2,837,873
2,196,470	2,196,470
105,833	105,833
-	4,250,101
8,971	8,971
63,732	63,732
189,458	189,458
580,152	580,152
-	11,842
-	1,730,423
<u>3,147,201</u>	<u>16,511,211</u>
<u>\$ 3,536,574</u>	<u>\$ 24,839,372</u>

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

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

Total fund balances - governmental funds	\$ 16,511,211
Amounts reported for governmental activities in the statement of net position are different because	
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds.	65,608,884
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	
Compensated absences payable	(688,197)
Other postemployment benefit liability	(634,733)
Bonds payable	(23,022,470)
Loans payable	(196,009)
Bond premium and discount, net of accumulated amortization	(473,943)
Long-term assets are not available to pay current-period expenditures and, therefore, are reported as unavailable revenue in the funds.	
Delinquent property taxes receivable	150,000
Special assessments receivable	5,919,799
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(258,000)</u>
Total net position - governmental activities	<u><u>\$ 62,916,542</u></u>

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

CITY OF ALEXANDRIA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Debt Service	Capital Projects
REVENUES			
Taxes	\$ 4,269,936	\$ 1,270,485	\$ 138,724
Payment in lieu of taxes	1,071,437	-	-
Special assessments	472	716,372	373,736
Licenses and permits	522,241	-	-
Intergovernmental	1,764,045	110,401	5,158,251
Charges for services	988,355	-	106,558
Fines and forfeits	133,690	-	-
Investment earnings	350,859	36,099	40,609
Other revenue	93,226	264,006	103,666
TOTAL REVENUES	9,194,261	2,397,363	5,921,544
EXPENDITURES			
Current			
General government	2,080,811	-	-
Public safety	3,046,049	-	-
Public works	1,243,275	-	9,609
Culture and recreation	1,231,468	-	1,100
Economic development	-	-	-
Other expenses	97,703	-	6,236
Capital outlay			
General government	9,851	-	28,180
Public safety	124,787	-	176,416
Public works	66,543	-	7,786,462
Culture and recreation	135,409	-	45,006
Other capital outlay	18,380	-	422,344
Debt service			
Principal	-	1,760,000	25,060
Interest and other	-	807,099	-
Bond issuance costs	-	118,738	-
TOTAL EXPENDITURES	8,054,276	2,685,837	8,500,413
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,139,985	(288,474)	(2,578,869)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	-	65,400
Transfers in	228,642	215,075	986,441
Debt issued	-	2,861,240	2,833,760
Payment of refunded bonds	-	(2,750,000)	-
Bond premium	-	135,233	-
Transfers out	(534,814)	-	(439,810)
TOTAL OTHER FINANCING SOURCES (USES)	(306,172)	461,548	3,445,791
NET CHANGE IN FUND BALANCES	833,813	173,074	866,922
FUND BALANCES, JANUARY 1	3,917,736	4,221,343	3,351,122
PRIOR PERIOD ADJUSTMENT (NOTE 7)	-	-	-
FUND BALANCES, DECEMBER 31	\$ 4,751,549	\$ 4,394,417	\$ 4,218,044

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

Other Governmental Funds	Totals
\$ 1,606,912	\$ 7,286,057
-	1,071,437
-	1,090,580
-	522,241
394,140	7,426,837
541,792	1,636,705
-	133,690
48,482	476,049
1,734	462,632
<u>2,593,060</u>	<u>20,106,228</u>
-	2,080,811
161,845	3,207,894
897,154	2,150,038
152	1,232,720
1,140,977	1,140,977
-	103,939
-	38,031
-	301,203
16,291	7,869,296
-	180,415
-	440,724
20,869	1,805,929
6,549	813,648
-	118,738
<u>2,243,837</u>	<u>21,484,363</u>
<u>349,223</u>	<u>(1,378,135)</u>
-	65,400
27,794	1,457,952
-	5,695,000
-	(2,750,000)
-	135,233
<u>(283,328)</u>	<u>(1,257,952)</u>
<u>(255,534)</u>	<u>3,345,633</u>
93,689	1,967,498
2,944,219	14,434,420
109,293	109,293
<u>\$ 3,147,201</u>	<u>\$ 16,511,211</u>

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

CITY OF ALEXANDRIA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

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

Net change in fund balances - governmental funds	\$ 1,967,498
--	--------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense.

Capital outlay	1,335,886
Depreciation expense	(2,856,083)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position	(4,744)
--	---------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred	(5,695,000)
Principal repayments	4,555,929
Principal repayments from the Board of Public Works	(83,160)
Premium on bonds issued, net of amortization expense	(87,877)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	20,000
--	--------

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

Property taxes	5,900
Special assessments	(418,106)
State grants	(228,124)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(167,652)
----------------------	-----------

Change in net position - governmental activities	<u>\$ (1,655,533)</u>
--	-----------------------

CITY OF ALEXANDRIA, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u> Original and Final	Actual Amounts	Variance with Final Budget
REVENUES			
Taxes	\$ 4,177,344	\$ 4,269,936	\$ 92,592
Payment in lieu of taxes	1,080,000	1,071,437	(8,563)
Special assessments	-	472	472
Licenses and permits	442,300	522,241	79,941
Intergovernmental	1,687,491	1,764,045	76,554
Charges for services	881,636	988,355	106,719
Fines and forfeits	109,000	133,690	24,690
Investment earnings	15,000	350,859	335,859
Other revenue	48,200	93,226	45,026
	<u>8,440,971</u>	<u>9,194,261</u>	<u>753,290</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	2,265,800	2,080,811	184,989
Public safety	3,215,110	3,046,049	169,061
Public works	1,348,100	1,243,275	104,825
Culture and recreation	1,217,785	1,231,468	(13,683)
Other expenses	103,100	97,703	5,397
Capital outlay			
General government	11,500	9,851	1,649
Public safety	155,500	124,787	30,713
Public works	97,500	66,543	30,957
Culture and recreation	140,900	135,409	5,491
Other	16,900	18,380	(1,480)
	<u>8,572,195</u>	<u>8,054,276</u>	<u>517,919</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(131,224)</u>	<u>1,139,985</u>	<u>1,271,209</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	200,000	228,642	28,642
Transfers out	(68,776)	(534,814)	(466,038)
	<u>131,224</u>	<u>(306,172)</u>	<u>(437,396)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	-	833,813	833,813
FUND BALANCES, JANUARY 1	<u>3,917,736</u>	<u>3,917,736</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 3,917,736</u>	<u>\$ 4,751,549</u>	<u>\$ 833,813</u>

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

CITY OF ALEXANDRIA, MINNESOTA
MUNICIPAL LIQUOR DISPENSARY
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014 AND 2013

	Municipal Liquor Dispensary	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and temporary investments	\$ 147,422	\$ 382,463
Receivables		
Accounts	42,917	33,526
Due from other funds	3,646	58
Inventories	645,366	480,414
Prepaid items	6,840	5,495
TOTAL CURRENT ASSETS	846,191	901,956
NONCURRENT ASSETS		
Other postemployment benefits	4,167	-
Capital assets		
Land	101,413	101,413
Buildings	996,899	996,899
Equipment	188,435	200,968
Other improvements	56,220	56,220
Less accumulated depreciation	(792,954)	(773,961)
Total capital assets (net of accumulated depreciation)	550,013	581,539
TOTAL NONCURRENT ASSETS	554,180	581,539
TOTAL ASSETS	1,400,371	1,483,495
LIABILITIES		
CURRENT LIABILITIES		
Accounts and contracts payable	115,376	238,535
Due to other governments	50,878	39,547
Accrued salaries payable	9,351	15,907
Compensated absences payable	18,212	16,525
Due to other funds	14,370	19,720
Unearned revenue	1,920	-
Advance from other funds - current portion	26,795	35,965
TOTAL CURRENT LIABILITIES	236,902	366,199
NONCURRENT LIABILITIES,		
Compensated absences payable	34,893	33,742
Other postemployment benefits	-	21,588
Advance from other funds - noncurrent portion	266,226	293,021
TOTAL NONCURRENT LIABILITIES	301,119	348,351
TOTAL LIABILITIES	538,021	714,550
NET POSITION		
Investment in capital assets	550,013	581,539
Unrestricted	312,337	187,406
TOTAL NET POSITION	\$ 862,350	\$ 768,945

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

CITY OF ALEXANDRIA, MINNESOTA
MUNICIPAL LIQUOR DISPENSARY
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Municipal Liquor Dispensary	
	2014	2013
OPERATING REVENUES		
Sales	\$ 4,714,369	\$ 4,451,582
Cost of sales	<u>(3,604,032)</u>	<u>(3,444,171)</u>
TOTAL OPERATING REVENUES	<u>1,110,337</u>	<u>1,007,411</u>
OPERATING EXPENSES		
Personal services	528,489	522,800
Operating supplies and expenses	39,794	22,314
Insurance	22,376	23,013
Utilities	33,211	32,801
Depreciation and amortization	63,956	56,389
Other services and charges	<u>120,013</u>	<u>90,827</u>
TOTAL OPERATING EXPENSES	<u>807,839</u>	<u>748,144</u>
OPERATING INCOME	<u>302,498</u>	<u>259,267</u>
NONOPERATING REVENUES (EXPENSES)		
Other income	204	554
Investment income	199	415
Interest expense	<u>(9,496)</u>	<u>(10,930)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(9,093)</u>	<u>(9,961)</u>
INCOME BEFORE TRANSFERS	293,405	249,306
TRANSFERS IN	-	30,782
TRANSFERS OUT	<u>(200,000)</u>	<u>(200,000)</u>
CHANGE IN NET POSITION	93,405	80,088
NET POSITION, JANUARY 1	<u>768,945</u>	<u>688,857</u>
NET POSITION, DECEMBER 31	<u><u>\$ 862,350</u></u>	<u><u>\$ 768,945</u></u>

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

CITY OF ALEXANDRIA, MINNESOTA
MUNICIPAL LIQUOR DISPENSARY
STATEMENTS OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Municipal Liquor Dispensary	
	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	\$ 4,671,463	\$ 4,409,785
Payments to suppliers and vendors	(4,071,054)	(3,549,277)
Payments to and on behalf of employees	(557,962)	(546,643)
Other receipts	204	554
	<u>42,651</u>	<u>314,419</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
	<u>42,651</u>	<u>314,419</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers from other funds	-	30,782
Transfers to other funds	(200,000)	(200,000)
	<u>(200,000)</u>	<u>(200,000)</u>
NET CASH USED BY NONCAPITAL FINANCING ACTIVITIES		
	<u>(200,000)</u>	<u>(169,218)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of capital assets	(32,430)	-
Principal paid on advance from other funds	(35,965)	(41,670)
Interest paid on advance from other funds	(9,496)	(10,930)
	<u>(77,891)</u>	<u>(52,600)</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES		
	<u>(77,891)</u>	<u>(52,600)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received on cash and investments	199	429
	<u>199</u>	<u>429</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(235,041)	93,030
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>382,463</u>	<u>289,433</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u><u>\$ 147,422</u></u>	<u><u>\$ 382,463</u></u>

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

CITY OF ALEXANDRIA, MINNESOTA
MUNICIPAL LIQUOR DISPENSARY
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Municipal Liquor Dispensary	
	2014	2013
RECONCILIATION OF OPERATING INCOME TO NET		
CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 302,498	\$ 259,267
Adjustments to reconcile operating income		
to net cash provided by operating activities		
Depreciation and amortization	63,956	56,389
Other income related to operations	204	554
(Increase) decrease in assets		
Accounts receivable	(9,391)	(8,716)
Due from other funds/departments	(35,435)	(33,081)
Inventories	(164,952)	(22,295)
Prepaid items	(1,345)	889
Increase (decrease) in liabilities		
Accounts and contracts payable	(123,159)	30,699
Due to other governments	11,331	748
Due to other funds/departments	26,497	53,808
Accrued salaries payable	(6,556)	85
Compensated absences payable	2,838	(21,251)
Unearned revenue	1,920	-
Other postemployment benefits (asset) liability	(25,755)	(2,677)
	<u>\$ 42,651</u>	<u>\$ 314,419</u>
NET CASH PROVIDED (USED) BY		
OPERATING ACTIVITIES	<u>\$ 42,651</u>	<u>\$ 314,419</u>

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

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Alexandria, Minnesota (the City) is a municipality governed by an elected Mayor and a five-member Council. The Council exercises legislative authority and determines all matters of policy. The Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City's policy is to include in the financial statements all funds, departments, agencies, boards, commissions, and other component units for which the City is considered to be financially accountable. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. Blended component units, although legally separate entities, are, in substance, part of the City's operations and so data from these units are combined with data of the primary government. Each blended component unit has a December 31 year end. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize it is legally separate from the City. Each discretely presented component unit has a December 31 year end.

Separate audited financial statements are also issued for the enterprise fund – Municipal Liquor Dispensary dba: Downtown Liquor Store and Plaza Liquor Store and may be obtained at the City offices.

Blended Component Unit. The Alexandria Economic Development Authority (EDA) was created pursuant to Minnesota statutes, 469.090 through 469.108 to encourage the development and redevelopment of certain properties within the City in accordance with policies established by the City Council. The EDA is considered blended because the City has significant influence on the EDA activities, the EDA has six members, all of whom hold the office of City Council member or mayor and there is a financial benefit or burden relationship between the EDA and the City.

Discretely Presented Component Units. The Board of Public Works includes the operations of the water and electric utilities and is governed by a six-member Board of Commissioners, five members appointed by the City Council plus the Utility's general manager. The City does have the authority to approve or modify the operational and capital budgets of the Board of Public Works and any bonded debt of the Board of Public Works must be approved by City Council. The Board of Public Works does not provide services entirely to the City and the Board of Public Works debt is not expected to be repaid by the City's resources. It is this criterion that results in the Board of Public Works being reported as a discretely presented component unit. Completed financial statements of the Board of Public Works can be obtained from the Board of Public Works, 316 Fillmore Street, Alexandria, Minnesota 56308.

Related Organizations. The Alexandria Housing and Redevelopment Authority (the HRA) board members are appointed by the City Council, but the City's accountability for the HRA does not extend beyond making the appointments. Audited financial statements are available upon request from the HRA offices located at 805 Fillmore Street, Alexandria, MN, 56308.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 and its Component Units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major 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 and component unit 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 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

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

The City reports the following major governmental funds:

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

The *Debt Service fund* accounts for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the City is obligated in some manner for the payment.

The *Capital Projects fund* accounts for the acquisition and construction of major capital facilities other than those financed by proprietary funds.

The City reports the following major proprietary funds:

The *Municipal Liquor dispensary fund* accounts for the operation of the City's off-sale municipal liquor stores.

Enterprise funds are used to account for those operations of the municipal liquor dispensary. The measurement of financial activity focuses on net income similar to the private sector.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water, sewer and electric 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 City's enterprise funds are charges to customers for sales and services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities, deferred inflows or resources, and net position/fund balance

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the Statements of Cash Flows.

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

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

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to statute section 126C.55.
6. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
7. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
8. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
9. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

Property taxes

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

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. The Board of Public Works' accounts receivable are recorded net of allowance for doubtful accounts of \$52,935 at December 31, 2014. Accounts are considered past due based on how recently payments have been received. Accounts of customers who have terminated their electric service are considered uncollectible and charged-off if no payment has been received after 60 days. No allowance for doubtful accounts has been provided for the City or the Municipal Liquor Dispensary because such amounts are not expected to be material.

Notes receivable

Notes receivable represent the amount of revolving loans the City has made to other entities. An allowance account in the amount of \$88,644 has been recorded related to these notes. Bad debt expense of \$24,781 was expensed during the year related to these notes.

Due from other governments

Due from other governments includes amounts due from State and/or Federal grantors for grants related to specific financial assistance programs and also amounts due from the County for the January property tax settlement. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred.

Payment in lieu of taxes

The Board of Public Works is exempt from federal and state income taxes. However, the Board of Public Works makes annual payment in lieu of taxes to the City. That payment is reflected as an expense on the statements of revenues, expenses and changes in net position and General fund revenue on the City's statement revenues, expenditures and changes in fund balance.

Capital contributions

Capital assets are contributed to the Board of Public Works from the governmental funds of the City. The value of property contributed to the Utility is reported as capital grants and contributions in the statement of revenues, expenses and changes in net position.

Due to other governments

Due to other governments represent amounts the City owes to other governments for various projects. The Board of Public Works collects revenue from customers of the Alexandria Lakes Area Sanitary District (ALASD). The collections are paid to ALASD monthly.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special assessments

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

Interfund receivables and payables

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

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

Inventories and prepaid items

Inventories for the Municipal Liquor Dispensary are stated at the lower of cost or market on an average cost basis of the first-in, first out (FIFO) method. A perpetual inventory tracking system is used for the management of inventory and pricing by the Municipal Liquor Dispensary.

Inventories at the Board of Public Works are generally used for construction, operation and maintenance work rather than for resale. They are valued at lower of cost or market utilizing the average cost method and charged to construction or expense when used.

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.

Restricted assets

Certain proceeds from revenue bonds of the Board of Public Works are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an estimated useful life in excess of one year. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

For financial statement purposes only, the City's capitalization threshold is \$2,500.

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

Assets	Years
Buildings	30 - 50
Other improvements	5 - 25
Furniture and equipment	5 - 25

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay is accrued when incurred in the government-wide, proprietary, and component unit financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. For the most part, the General fund is typically used to liquidate governmental compensated absences payable.

Employees are also compensated for 50 percent of their unused sick leave up to 60 days upon termination or retirement and 100 percent upon death. However, the Board of Public Works' union employees are compensated for 75 percent of their unused sick leave and non-union employees will be paid for unused sick leave based on the lesser of a percentage of the unused balance determined by their years of service or 120 days of accumulated sick leave in the event of retirement, termination or death. Therefore, 50 percent of sick leave for the City employees and 75 percent for the Board of Public Works' employees is accrued and expensed as earned in the government-wide, proprietary funds and component unit financial statements.

Postemployment benefits other than pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 45, at January 1, 2014.

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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognized 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 ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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, deferred inflows of resources, 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 government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

In the fund financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

Restricted - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council (the Council), which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the Council itself or by an official to which the governing body delegates the authority. The Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Administrator.

Unassigned - The residual classification for the General fund and also negative residual amounts in other funds.

The City has formally adopted a fund balance policy for the General fund. It is the City's policy that at the end of each fiscal year, the City will strive to maintain unassigned portion of the fund balance for cash flow of 35 to 50 percent of fund operating revenues or no less than five months of operating expenditures. When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order: 1) committed 2) assigned and 3) unassigned.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is displayed in three components:

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

Comparative data/reclassifications

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

Beginning in June of each year, all departments of the City submit requests for appropriations to the Administrator/Clerk/Treasurer so that a budget may be prepared. The City Council begins discussion of the budget in August at Work Sessions and adopts a preliminary budget and levy after a public hearing prior to September 30. A final budget is prepared and adopted in early December following the Truth-in-Taxation public hearing.

Budgeted amounts are as originally adopted or as amended by the Council. No budget amendments were made during the year.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Deficit fund equity

The following funds had fund equity deficits at December 31, 2014:

Fund	Amount
Special revenue	
TIF District #25	\$ 10,181

The above deficits will be eliminated through future tax increments.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

At year end, the City's carrying amount of deposits was \$9,855,095 and the bank balance was \$10,203,026. Of the bank balance, \$510,154 was covered by federal depository insurance. Of the remaining balance, \$9,692,872 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

The carrying amount of deposits for the Alexandria Light and Power, a discretely presented component unit, was \$4,442,179 and the bank balance was \$5,302,121. The bank balance was covered by \$1,242,034 of federal depository insurance while the remaining \$4,060,087 was covered by collateral.

Investments

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

- *Credit Risk.* Is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City's does not have an investment policy but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City places no limit on the amount that may be invested in any one issuer. This risk is mitigated by most of the City's investments being in certificates of deposit at local banks.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years and mainly investing in investments with little exposure to declines in fair value.

Generally, the City's investing activities are managed under the custody of the City Administrator and Finance Director. Investing is performed in accordance state statutes. The City has adopted an investment policy, and follows the related statute which is described in Note 1.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

At December 31, 2014, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non-pooled investment			
Broker Certificates of Deposit	N/A	less than 6 months	\$ 432,065
Broker Certificates of Deposit	N/A	6 to 12 months	449,773
Broker Certificates of Deposit	N/A	1 to 3 years	495,624
Broker Certificates of Deposit	N/A	more than 3 years	<u>1,455,635</u>
Total Broker Certificates of Deposit			2,833,097
Asset Backed Securities	AAA/AA+	more than 3 years	<u>3,162,629</u>
Total investments			<u><u>\$ 5,995,726</u></u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A indicates not applicable or available.

Component Unit

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
US Government Money Market Portfolio	Aaa	1 to 3 years	\$ 7,801
Minnesota Municipal Money Market Fund	N/A	1 to 3 years	500,005
Broker certificates of deposit	N/A	more than 3 years	1,237,497
US Government Agency			
Federal Home Loan Bank	Aaa	more than 3 years	<u>4,741,565</u>
Total investments			<u><u>\$ 6,486,868</u></u>

(1) Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.

(2) Interest rate risk is disclosed using the segmented time distribution method.

N/A Indicates not applicable or available

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash on hand

Cash in the possession of the City, consisting of petty cash and change funds, totals \$3,700.

Cash and investments summary

A reconciliation of cash and investments as shown on the statement of net position for the City, including the component units, follows:

	Primary Government	Component Units Board of Public Works	Total Reporting Entity
Deposits	\$ 9,855,095	\$ 4,442,179	\$ 14,297,274
Investments	5,995,726	6,486,868	12,482,594
Cash on hand	3,450	250	3,700
	<u>15,854,271</u>	<u>10,929,297</u>	<u>26,783,568</u>
Total	<u>\$ 15,854,271</u>	<u>\$ 10,929,297</u>	<u>\$ 26,783,568</u>
Cash and cash equivalents	\$ 15,854,271	\$ 10,205,311	\$ 26,059,582
Restricted debt service reserve deposits	-	723,986	723,986
	<u>15,854,271</u>	<u>10,929,297</u>	<u>26,783,568</u>
Total	<u>\$ 15,854,271</u>	<u>\$ 10,929,297</u>	<u>\$ 26,783,568</u>

B. Operating lease receivable

The City has agreed to lease land to a local non-profit organization for a period of 25 years ending on February 28, 2031. This lease is renewable by the lessee for an additional 5 years. The lease payments are to be \$1,200 per year.

C. Loans receivable

The City has loaned funds to various local businesses. These notes will be paid back with monthly payments at interest rates ranging from 1 to 6 percent. The balance of these loans, net of an allowance of \$43,644, at December 31, 2014 is \$527,865.

The City has City Housing Assistance Program (CHAP) loans receivable to various qualified homeowners. These loans may become forgivable if the homeowner remains for a specified time period. The balance of these loans, net of an allowance of \$45,000, at December 31, 2014 is \$122,012.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital assets

Primary Government

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 2,877,179	\$ -	\$ -	\$ 2,877,179
Construction in progress	2,187,765	1,181,250	(2,515,202)	853,813
Total capital assets not being depreciated	5,064,944	1,181,250	(2,515,202)	3,730,992
Capital assets being depreciated				
Buildings	17,388,026	825,727	(25,659)	18,188,094
Improvements other than buildings	77,159,442	1,024,369	-	78,183,811
Machinery and equipment	8,648,121	819,742	(109,414)	9,358,449
Total capital assets being depreciated	103,195,589	2,669,838	(135,073)	105,730,354
Less accumulated depreciation for				
Buildings	(5,486,383)	(457,295)	25,659	(5,918,019)
Improvements other than buildings	(29,351,975)	(1,918,453)	-	(31,270,428)
Machinery and equipment	(6,288,350)	(480,335)	104,670	(6,664,015)
Total accumulated depreciation	(41,126,708)	(2,856,083)	130,329	(43,852,462)
Total capital assets being depreciated, net	62,068,881	(186,245)	(4,744)	61,877,892
Governmental activities capital assets, net	<u>\$ 67,133,825</u>	<u>\$ 995,005</u>	<u>\$ (2,519,946)</u>	<u>\$ 65,608,884</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 101,413	\$ -	\$ -	\$ 101,413
Capital assets being depreciated				
Buildings	996,899	-	-	996,899
Equipment	200,968	32,430	(44,963)	188,435
Other improvements	56,220	-	-	56,220
Total capital assets being depreciated	1,254,087	32,430	(44,963)	1,241,554
Less accumulated depreciation for				
Buildings	(536,224)	(53,652)	-	(589,876)
Equipment	(199,900)	(7,466)	44,963	(162,403)
Other improvements	(37,837)	(2,838)	-	(40,675)
Total accumulated depreciation	(773,961)	(63,956)	44,963	(792,954)
Total capital assets being depreciated, net	480,126	(31,526)	-	448,600
Business-type activities capital assets, net	\$ 581,539	\$ (31,526)	\$ -	\$ 550,013

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Governmental activities

General government	\$ 41,607
Public safety	404,922
Public works	1,976,017
Culture and recreation	225,931
Miscellaneous	207,606
	<u>207,606</u>

Total depreciation expense - governmental activities	<u>\$ 2,856,083</u>
--	---------------------

Business-type activities

Municipal Liquor Dispensary	<u>\$ 63,956</u>
-----------------------------	------------------

Discretely presented component units

Capital asset activity for the component units for the year ended December 31, 2014 are as follows:

Board of Public Works

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land and service territory acquired	\$ 366,009	\$ -	\$ -	\$ 366,009
Construction in progress	1,684,633	2,642,859	(2,213,126)	2,114,366
	<u>2,050,642</u>	<u>2,642,859</u>	<u>(2,213,126)</u>	<u>2,480,375</u>
Total capital assets not being depreciated				
	<u>2,050,642</u>	<u>2,642,859</u>	<u>(2,213,126)</u>	<u>2,480,375</u>
Capital assets being depreciated				
General plant	1,002,314	4,221	-	1,006,535
Machinery and equipment	5,430,364	181,248	(9,332)	5,602,280
Utility plant in service	77,789,267	1,951,028	-	79,740,295
	<u>84,221,945</u>	<u>2,136,497</u>	<u>(9,332)</u>	<u>86,349,110</u>
Total capital assets being depreciated				
	<u>84,221,945</u>	<u>2,136,497</u>	<u>(9,332)</u>	<u>86,349,110</u>
Less accumulated depreciation for				
Buildings	(526,925)	(35,376)	-	(562,301)
Production plant	(4,362,097)	(262,193)	9,332	(4,614,958)
Transmission and distribution system	(29,447,656)	(1,808,351)	-	(31,256,007)
	<u>(34,336,678)</u>	<u>(2,105,920)</u>	<u>9,332</u>	<u>(36,433,266)</u>
Total accumulated depreciation				
	<u>(34,336,678)</u>	<u>(2,105,920)</u>	<u>9,332</u>	<u>(36,433,266)</u>
Total capital assets being depreciated, net				
	<u>49,885,267</u>	<u>30,577</u>	<u>-</u>	<u>49,915,844</u>
Business-type activities capital assets, net				
	<u>\$ 51,935,909</u>	<u>\$ 2,673,436</u>	<u>\$ (2,213,126)</u>	<u>\$ 52,396,219</u>

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

Component unit

Board of Public Works	<u>\$ 2,105,920</u>
-----------------------	---------------------

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City has active construction projects as of December 31, 2014. At year end the City's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Phase 4 part 1 water - plans and specs	\$ 4,977,423	\$ 107,423
Broadway Reconstruction	6,572,126	307,668
2013 MSA Local Streets overlay, Hawthorne Street parking lot and 7th Ave. parking lot	1,025,098	86,920
Phase 4 part 2 watermain construction	363,694	2,944,735
Phase 4 part 3 watermain extension, plan and specs	2,610	54,330
Boys avenue paving	6,383	54,615
Geneva Road reclamation and bike path, plans and specs	76,195	95,121
50th Avenue reconstruciton, plans and specs	282,483	147,300
3rd Avenue pedestrian/bicycle crossing	16,834	8,341
17th Avenue Street improvement, plans and specs	2,787	9,329
2015 local street improvements, plans and specs	6,130	15,379
Total	<u>\$ 13,331,763</u>	<u>\$ 3,831,161</u>

E. Operating leases

The City has entered into a lease agreement for a diesel-powered backup generator with Douglas County for eight years with the option to renew after the term has ended. The City must pay \$963.87 per month beginning on July 1, 2011 and ending on June 1, 2019. In addition, the City will also pay \$67.20 per month for 35 percent of the County's maintenance fee and the City will pay 35 percent of the actual fuel cost.

The City is leasing land for a period of ten years. The City must pay \$1,200 per year.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2014, were as follows:

Year Ending December 31	Governmental Activities
2015	\$ 13,572
2016	13,572
2017	13,572
2018	13,572
2019	6,186
Total minimum lease payments	<u>\$ 60,474</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. Interfund receivables, payables and transfers

Interfund receivables/payables

The composition of advances from/to other funds at December 31, 2014 is as follows:

Receivable Fund	Payable Fund	Amount
General	Proprietary	
	Municipal Liquor Dispensary	\$ 14,370
Proprietary	General	
Municipal Liquor Dispensary		3,647
General	Non-major	
	TIF District #25	12,613
		<u>30,630</u>
Net internal balance		<u>\$ 30,630</u>

The outstanding balance between funds results mainly from the time lag between the dates that payments between funds are made.

Advances from/to other funds

There was an advance from the City for remodeling and an addition to the Plaza Liquor store. This will be retired from net revenues from the Plaza Liquor store.

Receivable Fund	Payable Fund	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Revolving Loan	Municipal Liquor Dispensary	3.00 %	07/01/09	07/01/24	\$ 293,021

A summary of total future interfund loan repayments follows:

Year Ending December 31,	Principal	Interest	Total
2015	\$ 26,795	\$ 8,424	\$ 35,219
2016	27,610	7,609	35,219
2017	28,450	6,769	35,219
2018	29,315	5,904	35,219
2019	30,207	5,012	35,219
2020 - 2024	150,644	10,783	161,427
Total	<u>\$ 293,021</u>	<u>\$ 44,501</u>	<u>\$ 337,522</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Interfund transfers

Transfers made for the year ended December 31, 2014 are as follows:

Fund	Transfer in				Total
	General	Debt Service	Capital Projects	Nonmajor Governmental	
Transfer out					
General	\$ -	\$ -	\$ 522,814	\$ 12,000	\$ 534,814
Capital Projects	-	-	439,810	-	439,810
Nonmajor governmental	28,642	215,075	23,817	15,794	283,328
Municipal Liquor Dispensary	200,000	-	-	-	200,000
Total transfers out	<u>\$ 228,642</u>	<u>\$ 215,075</u>	<u>\$ 986,441</u>	<u>\$ 27,794</u>	<u>\$ 1,457,952</u>

Annual recurring transfers are for the following purposes:

- From the Municipal Liquor Dispensary fund to the General fund to transfer a portion of the profits of \$200,000.

For the year ended December 31, 2014, the government made the following one time transfers:

- From the Employee Benefit fund to the General fund to transfer an amount equal to the retiring/terminating employee's vacation and half of sick time for three patrol officers in the amount of \$28,642.
- From the Storm Water Utility fund to the G.O. Improvement Bonds of 2007B for bond payments in the amount of \$215,075.
- From the Storm Water Utility fund to the Municipal State Aid fund for the Broadway reconstruction project in the amount of \$23,817.
- From the General fund to the Municipal State Aid fund for the Broadway reconstruction project in the amount of \$522,814.
- From the General fund to the EDA Development fund to cover TIF consulting fees in the amount of \$12,000.
- From the TIF District #26 fund to the TIF District #17 fund to move maintenance fees that were paid by the wrong fund in the amount of \$75.
- From the TIF District #26 fund to the TIF District #25 fund to re-allocate CHAP startup costs in the amount of \$15,719.
- From the Capital Improvement fund to the Municipal State Aid fund in the amount of \$439,810, this was the City's share of the Broadway Reconstruction project.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G. Long-term debt

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds. General obligation bonds currently outstanding are as follows:

Primary government debt

General obligation improvement bonds

The following bonds are direct obligations and pledge full faith and credit of the City. These bond issues will be repaid primarily from ad valorem taxes.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Tax Abatement Bonds of 2009A	\$ 1,190,000	3.00 - 4.60 %	03/15/09	02/01/30	\$ 1,020,000
G.O. Improvement Bonds of 2010A	5,205,000	1.50 - 5.00	09/15/10	02/01/31	4,970,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/30	<u>1,470,000</u>
Total General Obligation Bonds					<u>\$ 7,460,000</u>

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

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2015	\$ 350,000	\$ 266,099	\$ 616,099
2016	380,000	262,201	642,201
2017	385,000	252,773	637,773
2018	390,000	242,541	632,541
2019	400,000	231,023	631,023
2020 - 2024	2,155,000	947,237	3,102,237
2025 - 2029	2,485,000	495,231	2,980,231
2030 - 2031	915,000	40,501	955,501
Total	<u>\$ 7,460,000</u>	<u>\$ 2,737,606</u>	<u>\$ 10,197,606</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G.O. special assessment (improvement) bonds

The following bonds were issued to finance various improvements and will be repaid primarily from special assessments levied on the properties benefiting from the improvements. Some issues, however, are partly financed by ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds of 2007B	\$ 4,435,000	4.00 - 5.00 %	12/15/07	02/01/28	\$ 2,995,000
G.O. Improvement Bonds of 2011A	2,475,000	1.00 - 2.90	08/15/11	02/01/22	2,295,000
G.O. Improvement Bonds of 2011B	1,935,000	3.00	12/01/11	02/01/15	640,000
G.O. Improvement Bonds of 2013A	5,490,000	2.60 - 3.00	09/01/13	02/01/24	5,490,000
G.O. Improvement Bonds of 2014A	2,900,000	2.60 - 3.00	09/15/14	02/01/24	2,900,000
G.O. Refunding Bonds of 2014B	1,470,000	2.00 - 3.00	09/15/14	02/01/30	<u>1,325,000</u>
Total G.O. Improvement Bonds					<u>\$ 15,645,000</u>

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

Year Ending December 31,	General Obligation Improvement Bonds Governmental Activities		
	Principal	Interest	Total
2015	\$ 1,455,000	\$ 420,291	\$ 1,875,291
2016	1,255,000	391,656	1,646,656
2017	1,580,000	350,899	1,930,899
2018	1,695,000	303,448	1,998,448
2019	1,510,000	258,780	1,768,780
2020 - 2024	6,750,000	698,170	7,448,170
2025 - 2030	1,400,000	81,825	1,481,825
Total	<u>\$ 15,645,000</u>	<u>\$ 2,505,069</u>	<u>\$ 18,150,069</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Loans Payable

The following loans were issued to finance capital improvements. They will be retired from net revenues of the governmental funds.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
City Homestead					
Assistance Program loan	\$ 172,500	4.00 - 8.25 %	01/01/04	12/31/22	\$ 118,740
MNDOT Airport					
Hangar loan	93,000	4.00 - 6.11	01/01/05	12/31/22	77,269
Total G.O. Revenue Bonds and Notes					<u>\$ 196,009</u>

The annual debt service requirements to maturity for loans payable are as follows:

Year Ending December 31,	Loans Payable		
	Governmental Activities		
	Principal	Interest	Total
2015	\$ 46,823	\$ 5,258	\$ 52,081
2016	47,738	4,344	52,082
2017	48,779	3,304	52,083
2018	25,602	2,232	27,834
2019	11,855	1,262	13,117
2020 - 2022	15,212	1,223	16,435
Total	<u>\$ 196,009</u>	<u>\$ 17,623</u>	<u>\$ 213,632</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 7,785,000	\$ 1,470,000	\$ (1,795,000)	\$ 7,460,000	\$ 350,000
General obligation improvement bonds	14,135,000	4,225,000	(2,715,000)	15,645,000	1,455,000
Less: General obligation amount paid by the Board of Public Works	(165,690)	-	83,160	(82,530)	(82,530)
Bond discount	(37,190)	-	18,488	(18,702)	-
Bond premium	423,256	135,235	(65,846)	492,645	-
Total bonds payable	22,140,376	5,830,235	(4,474,198)	23,496,413	1,722,470
Hangar loan	102,328	-	(25,059)	77,269	25,060
CHAP loans	139,610	-	(20,870)	118,740	21,763
Other post employment benefits payable	545,312	89,421	-	634,733	-
Compensated absences payable	609,966	412,153	(333,922)	688,197	263,448
Governmental activity long-term liabilities	<u>\$ 23,537,592</u>	<u>\$ 6,331,809</u>	<u>\$ (4,854,049)</u>	<u>\$ 25,015,352</u>	<u>\$ 2,032,741</u>
Business-type activities					
Other post employment benefits payable	\$ 21,588	\$ 7,539	\$ (33,294)	\$ (4,167)	\$ -
Compensated absences payable	50,267	29,504	(26,666)	53,105	18,212
Business-type activity long-term liabilities	<u>\$ 71,855</u>	<u>\$ 37,043</u>	<u>\$ (59,960)</u>	<u>\$ 48,938</u>	<u>\$ 18,212</u>

Refunding bonds

On November 14, 2014, the City issued \$2,795,000 of G.O. Refunding Bonds, Series 2014B to refund the G.O. Improvement Bonds, Series 2009B and the G.O. Capital Improvement Plan Bonds, Series 2009C. The bonds were issued with a net interest cost of 2.2918508 percent with a net present value cash flow savings of \$155,935. The bonds have an average coupon rate of 2.4766819 percent and will mature on February 1, 2030.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component unit debt

G.O. revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds of 2004A	\$ 842,310	3.00 - 4.00 %	12/01/11	02/01/15	<u>\$ 82,530</u>

The annual debt service requirements to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds		
	Principal	Interest	Total
2015	<u>\$ 82,530</u>	<u>\$ 16,081</u>	<u>\$ 98,611</u>

Revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Electric Utility Refunding Bonds of 2007A	\$ 6,310,000	4.00 - 4.125 %	06/15/07	12/01/24	<u>\$ 3,300,000</u>

The annual debt service requirements to maturity for Revenue bonds are as follows:

Year Ending December 31,	Revenue Bonds		
	Principal	Interest	Total
2015	\$ 510,000	\$ 132,905	\$ 642,905
2016	530,000	112,505	642,505
2017	550,000	91,305	641,305
2018	565,000	69,305	634,305
2019	170,000	46,705	216,705
2020 - 2024	<u>975,000</u>	<u>124,324</u>	<u>1,099,324</u>
Total	<u>\$ 3,300,000</u>	<u>\$ 577,049</u>	<u>\$ 3,877,049</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Revenue notes

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Note of 2002	\$ 1,050,116	3.38 %	07/30/02	08/20/22	\$ 512,000
G.O. Drinking Water Revenue Note of 2009	3,765,480	2.445	09/01/09	08/20/29	<u>2,864,000</u>
Total G.O. Revenue Notes					<u>\$ 3,376,000</u>

The annual debt service requirements to maturity for Revenue notes are as follows:

Year Ending December 31,	G.O. Revenue Notes Governmental Activities		
	Principal	Interest	Total
2015	\$ 217,000	\$ 87,330	\$ 304,330
2016	223,000	81,492	304,492
2017	229,000	75,488	304,488
2018	236,000	69,318	305,318
2019	242,000	62,959	304,959
2020 - 2024	1,157,000	215,988	1,372,988
2025 - 2029	<u>1,072,000</u>	<u>79,927</u>	<u>1,151,927</u>
Total	<u>\$ 3,376,000</u>	<u>\$ 672,502</u>	<u>\$ 4,048,502</u>

Annual revenues from charges for services, principal and interest payments, and percentages of revenue required to cover principal and interest payments are as follows:

	Board of Public Works
Revenues	\$ 25,811,531
Principal and interest	1,048,972
Percentage of revenues	4.1%

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Business-type activities					
G.O. bonds	\$ 165,690	\$ -	\$ (83,160)	\$ 82,530	\$ 82,530
Revenue bonds	3,790,000	-	(490,000)	3,300,000	510,000
G.O. revenue notes	3,588,000	-	(212,000)	3,376,000	217,000
Bonds payable	7,543,690	-	(785,160)	6,758,530	809,530
Compensated absences payable	978,174	285,417	(292,045)	971,546	305,411
Other postemployment benefits	134,909	28,583	(10,086)	153,406	-
Business-type activity long-term liabilities	<u>\$ 8,656,773</u>	<u>\$ 314,000</u>	<u>\$ (1,087,291)</u>	<u>\$ 7,883,482</u>	<u>\$ 1,114,941</u>

Conduit debt obligation

The City has set forth a policy statement in an effort to be consistent with its use to Industrial Development Bonds within the City's jurisdiction. It is the judgement of the Council that tax exempt financing is to be used on a selective basis to encourage certain development that offers a benefit to the City as a whole, including significant employment and housing opportunities. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. The conduit debt obligation for the year ended December 31, 2014 was as follows:

Issued to	Issue Date	Maturity Date	Amount Issued	Balance at Year End
Prairie Community Services - 1999A	07/01/99	07/01/19	\$ 1,754,436	\$ 486,575
Prairie Community Services - 1999C	07/01/99	07/01/19	1,038,906	288,128
St. Mary's Church School Project - 2005A	03/22/05	03/01/30	2,800,000	2,313,210
St. Mary's Church School Project - 2005B	11/29/05	11/01/30	1,200,000	833,057
Knute Nelson - Assisted Living Facility	06/08/06	06/01/27	4,300,000	3,118,192
Alexandria Area YMCA	12/15/08	06/15/20	6,000,000	1,666,169
Knute Nelson Senior Living Campus	07/08/10	07/01/45	19,865,000	19,865,000
Knute Nelson project	07/08/10	07/08/25	4,500,000	3,381,438
ATCC Foundation	09/01/11	03/01/43	7,040,000	6,794,701

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan description

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

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters 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 Minnesota statute, and vest after five years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

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

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon 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, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED

B. Funding policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.20 percent of their annual covered salary in 2014. In 2014, the City of Alexandria was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members, 7.25 percent of Coordinated Plan members and 15.3 percent for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013 and 2012 were \$178,473, \$144,054 and \$149,680 respectively. The City's contributions to PEPFF for the years ending December 31, 2014, 2013 and 2012 were \$222,790, \$192,349, and \$181,977, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute. Contribution rates will increase on January 1, 2015 in the Coordinated plan (6.50 percent member and 7.50 percent for employers) and the Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

C. Defined contribution plan - statewide

The City provides pension benefits for its elected local government officials through a defined contribution plan administered by PERA. The Public Employee Defined Contribution Plan (PEDCP) is a multiple-employer deferred compensation plan. 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. The plan is established and administered in accordance with Minnesota statutes, chapter 353D. The State of Minnesota has the authority for establishing and amending the Plan's provisions. Minnesota statutes require that both the elected local government officials and the City contribute an amount equal to 5 percent of the elected local government official's salary. There is no vesting period required to receive benefits in the PEDCP.

The City's contributions to the PEDCP for the years ending December 31, 2014, 2013 and 2012 were \$325, \$315, and \$632, respectively. The City's contributions were equal to the contractually required contributions or each year as set by Minnesota Statutes.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 5: DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION

A. Plan description

All members of the Alexandria Fire Department (the Department) are covered by a single-employer defined benefit plan administered by the Alexandria Firefighters' Relief Association (the Association). The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 69.

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

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Alexandria Firefighters' Relief Association, 302 Fillmore Street, Alexandria, MN 56308.

B. Funding policy

The financial requirements of the Special fund are determined in accordance with section 69.772 of the Minnesota statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service, and 10 years of Association membership or upon death. The City's annual pension cost for the current year and related information for the plan is as follows:

Annual Pension Cost	\$ 161,845
Contributions Made:	
City	32,602
State Aid	129,243
Actuarial Valuation Date	12/31/2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period:	
Normal cost	20 years
Prior service cost	10 years
Asset valuation method	Market
Actuarial Assumptions	
Investment rate of return	5%
Projected salary increases	N/A
Inflation rate	N/A
Cost of living adjustments	None

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 5: DEFINED BENEFIT PENSION PLAN – FIRE RELIEF ASSOCIATION - CONTINUED

Three Year Trend Information						
Year Ending			Annual Pension Cost (APC)		Percentage of APC Contributed	Net Pension Obligation
12/31/2014			\$ 161,845		100.0 %	\$ -
12/31/2013			251,147		100.0	-
12/31/2012			198,841		100.0	-

Required Supplementary Information						
Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Assets in Excess of (Unfunded) Accrued Liability	Funded Rate	Annual Covered Payroll	Unfunded Accrued Liability as Percentage of Covered Payroll
12/31/2014	* \$ -	\$ -	\$ -	- %	\$ -	- %
12/31/2013	2,700,808	2,245,189	455,619	120.3	-	-
12/31/2012	2,009,707	2,034,269	(24,562)	98.8	-	-

* Information is not available at the time of the audit.

Note 6: OTHER INFORMATION

A. Risk management

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

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

B. Contingent liabilities

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

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

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: OTHER INFORMATION - CONTINUED

C. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) program. The amount received in 2014 was \$1,463,786 which accounted for 16 percent of General fund revenues.

The Board of Public Works purchases substantially all power from two suppliers. Approximately forty percent of the Board of Public Work's labor force is subject to a collective bargaining agreement.

D. Commitments and contingencies

The City, in connection with the normal conduct of its affairs, is involved in various claims, judgments, and litigations. The City estimates that the potential claims resulting from such litigation and not covered by insurance would not materially affect the financial statements of the City. No Liability or provision of loss has been recorded in the December 31, 2014 financial statements in relation to any of these matters.

E. Joint Powers Agreement

Lakes Area Recreation was established by an agreement between the City of Alexandria, Minnesota, Independent School District No. 206, and the Alexandria and LaGrande Townships, pursuant to authority contained in *Minnesota Statutes* Section 471.59. The Lakes Area Recreation Board is responsible for legislative and fiscal control of the program. The majority of the Recreation Program's funding is provided by patron fees and local government contributions. The financial statements are audited and available for inspection. Per the agreement, in 2014, the City made four quarterly payments of \$17,765 and one payment of \$5,000 to the Lakes Area Recreation.

The Water Control Board was established by an agreement between the City of Alexandria, Douglas County, Alexandria Township, LaGrande Township, and Alexandria Lakes Area Sanitary District to prevent, control and abate water quality and flooding in the City watersheds. Per the agreement, in 2014, the City was not required to make a payment to the Water Control Board.

The Alexandria Area Economic Development Commission is a not-for-profit 501 C 6 organization that was founded by the City of Alexandria and surrounding Townships in 1990 as a result of the Star City program. The Alexandria Area Economic Development Commission is responsible for coordinating daily economic development activities for the City and surrounding area. During 2014 the City paid TIF administration fees of \$43,341 to the Alexandria Area Economic Development Commission.

The Lakes Area Economic Development Authority was formed in 2004 with special legislation that brought together the Cities of Alexandria and Garfield and the Townships of Alexandria and LaGrande into an Authority. The purpose of the organization is to fund the operations of the Alexandria Area Economic Development Commission and to support economic development initiatives, through designated powers by the State of Minnesota and as a political subdivision of the state.

Alexandria Joint Airport Zoning Board was established to control zoning and land use at the airport by an agreement between the City of Alexandria and Douglas County.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: OTHER INFORMATION - CONTINUED

F. Severance pay

The Board of Public Works offers union and non-union employees a choice of one of two benefit options. Option 1, Matching Deferred Compensation is described in Note 16. Option 2, Severance Pay is described below. Employees hired after January 1, 2000, are only eligible for Option 1. Those employees with dates of employment before January 1, 2000 may choose whichever option is more beneficial to them.

The Board of Public Works will make a severance payment to those non-union employees who choose this option. The severance payment will be \$2,000 for each year of completed employment with the Board. Non-union employees will be eligible for this severance payment upon reaching the age of 55 and having 3 or more years of service or upon having 30 or more years of service regardless of age (if first hired prior to July 1, 1989).

Union employees will be eligible for this severance payment upon reaching the age for full retirement benefits as defined by PERA (See Note 9). Severance will be paid over a five year period in 60 monthly installments. If a separated employee dies before all or a portion of the severance pay has been disbursed, the balance due must be paid to a named beneficiary, or if lacking one, to the deceased's estate.

Severance pay provided for an employee leaving employment may not exceed an amount equivalent to one year of pay.

G. Deferred Compensation Plan

The City, Municipal Liquor Dispensary and Board of Public Works offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or an unforeseeable emergency. The amounts deferred by employees or related income on those amounts are not assets held in the City's name and subject to the claims of the City's creditors; thus, the deferred compensation asset and related liability are not recorded on the City's balance sheet.

Matching Deferred Compensation

For employees choosing this benefit option the Board of Public Works will contribute an amount matching the employee contribution to the deferred compensation account on a dollar for dollar basis, but not to exceed an employer contribution of \$2,000 per year per employee. Current non-union employees were fully vested in the plan on January 1, 2000. Union employees became fully vested on January 1, 2001. New employees will be vested at the rate of 20 percent per year for the first five years of participation becoming fully vested after the fifth year. The Board contributed \$48,077 and \$47,430 in matching funds to the plan for the year ended December 31, 2014 and 2013, respectively.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: OTHER INFORMATION - CONTINUED

H. Postemployment benefits other than pensions

Plan description. The City makes available to eligible retirees and their spouses a single-employer defined benefit healthcare plan. The plan offers medical coverage.

Funding policy. The City does not provide healthcare coverage for retired employees. The City is required to pay for any employee that is disabled in the line of duty. Currently, the City is paying for one disabled police officer. Rather, it allows employees who separate from City employment due to retirement or disability, access to the coverage; however, that coverage is paid for at the former employees' expense.

Annual OPEB Cost and Net OPEB Obligation. The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan.

	Primary Government	Board of Public Works	Total
Annual required contribution	\$ 158,751	\$ 30,989	\$ 189,740
Interest on net OPEB obligation	22,676	5,396	28,072
Adjustment to annual required contribution	<u>(32,784)</u>	<u>(7,802)</u>	<u>(40,586)</u>
Annual OPEB cost (expense)	148,643	28,583	177,226
Contributions made	<u>(84,977)</u>	<u>(10,086)</u>	<u>(95,063)</u>
Increase (decrease) in net OPEB obligation	63,666	18,497	82,163
Net OPEB obligation - beginning of year	<u>566,900</u>	<u>134,909</u>	<u>701,809</u>
Net OPEB obligation - end of year	<u><u>\$ 630,566</u></u>	<u><u>\$ 153,406</u></u>	<u><u>\$ 783,972</u></u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: OTHER INFORMATION - CONTINUED

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2014 and the preceding two fiscal years were as follows:

Primary Government

Year Ending	Three Year Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/14	\$ 148,643	53.6 %	\$ 630,566
12/31/13	197,088	24.8	566,900
12/31/12	193,143	21.8	438,144

Component Unit – Board of Public Works

Year Ending	Three Year Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/14	\$ 28,583	35.3 %	\$ 153,406
12/31/13	51,787	60.3	134,909
12/31/12	51,591	63.5	114,350

Funded Status and Funding Progress. As of January 1, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$2,356,318, which was not funded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,024,284, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 39.1 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Methods and Assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the City, in the January 1, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4 percent investment rate of return and an annual healthcare cost trend rate of 7.5 percent initially, reduced incrementally to an ultimate rate of 5 percent after 8 years. The actuarial value of assets was not determined as the City has not advance-funded its obligation. The plan's unfunded actuarial accrued liability was amortized as a level dollar amount over an open basis of thirty years.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 6: OTHER INFORMATION - CONTINUED

Methods and assumptions. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following simplifying assumptions were made:

Retirement age for active employees - Based on the historical average age of retirement and expectations of management, the retirement age for active plan members was determined on an individual level. In addition, spouses of retired employees were assumed to discontinue coverage on the plan when the retired employee reaches Medicare age.

Marital status - Marital status of members at the calculation date was assumed to continue throughout retirement.

Mortality - Life expectancies were based on mortality tables from the RP 2000 annuitant generational mortality projected fully generationally with Scale AA, white collar adjustment, male rates set forward five years and female rates set back three years.

Turnover - Non-group-specific age-based turnover data from GASB Statement No. 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Healthcare cost trend rate - The trend assumption is comprised of three elements: the initial trend rate, the grade-down period to the ultimate trend rate, and the ultimate trend rate itself. The annual increases in per capita claims costs and plan premiums are initially 7.5 percent, to an ultimate average rate increase of 5.0 percent after eight years, was used.

Health insurance premiums - Health insurance premiums for retirees were used as the basis for calculation of the present value of total benefits to be paid.

Inflation rate - The expected long-term inflation assumption is 3.00 percent.

Payroll growth rate - The expected long-term payroll growth rate was assumed to equal the rate of inflation.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 4.0 percent was used. In addition, a simplified version of the entry age actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

Note 7: PRIOR PERIOD ADJUSTMENT

According to GASB 54, loans receivable should not be offset by a deferred inflow of resources. Loans receivable will now be reported as restricted fund balance. As a result of the prior period adjustment to beginning balances, the following schedule reconciles the previously reported December, 31 2013 financial statements. This prior period adjustment had no impact on net position for the governmental activities.

Fund	Net Position December 31, 2013 as Previously Reported	Prior Period Adjustment/ Restatement	Net Position January 1, 2014 as Restated
TIF District #25	\$ (26,242)	\$ 5,574	\$ (20,668)
TIF District #26	151,448	103,719	255,167

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF ALEXANDRIA, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2014

Schedule of funding progress for the postemployment benefit plan

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
01/01/14	\$ -	\$ 2,356,318	\$ 2,356,318	- %	\$ 6,024,284	39.1 %
01/01/11	-	2,737,359	2,737,359	-	5,479,129	50.0
01/01/08	-	1,204,545	1,204,545	-	5,002,353	24.1

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

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

CITY OF ALEXANDRIA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	215 Crime Prevention/ Bike Safety	228 Storm Water Utility	229 Employee Benefit	231 Firemen's Relief
ASSETS				
Cash and temporary investments	\$ 2,585	\$ 553,074	\$ 8,696	\$ 63,026
Receivables				
Delinquent taxes	-	-	400	1,400
Accounts	-	-	-	-
Notes and loans, net of allowance	-	-	-	-
Intergovernmental	-	-	275	129,949
Due from component unit	-	49,733	-	-
Advances to other funds	-	-	-	-
	<u>2,585</u>	<u>553,074</u>	<u>8,696</u>	<u>63,026</u>
TOTAL ASSETS	<u><u>\$ 2,585</u></u>	<u><u>\$ 602,807</u></u>	<u><u>\$ 9,371</u></u>	<u><u>\$ 194,375</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ 22,655	\$ -	\$ -
Due to other governments	-	-	-	129,243
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>22,655</u>	<u>-</u>	<u>129,243</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	-	-	400	1,400
	<u>-</u>	<u>-</u>	<u>400</u>	<u>1,400</u>
FUND BALANCES				
Restricted for				
Capital outlay	2,585	-	-	-
Economic development	-	-	-	-
Sanitary sewer operations	-	-	-	-
Committed for				
Payment of benefits	-	-	8,971	-
Firefighter's retirement obligation	-	-	-	63,732
Economic development	-	-	-	-
Storm water operations	-	580,152	-	-
	<u>2,585</u>	<u>580,152</u>	<u>8,971</u>	<u>63,732</u>
TOTAL FUND BALANCES	<u>2,585</u>	<u>580,152</u>	<u>8,971</u>	<u>63,732</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 2,585</u></u>	<u><u>\$ 602,807</u></u>	<u><u>\$ 9,371</u></u>	<u><u>\$ 194,375</u></u>

234 Planning Commission Development	235 Sanitary Sewer District	245 Tree Preservation	260 Small Cities Development Program	297/298 Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ 111,567	\$ 96,813	\$ 77,890	\$ -	\$ 939,772	\$ 331,652	\$ 2,185,075
100	16,500	-	-	-	-	18,400
-	-	-	-	425	19,849	20,274
-	-	-	-	527,865	122,012	649,877
1	9,020	-	180,598	-	351	320,194
-	-	-	-	-	-	49,733
-	-	-	-	293,021	-	293,021
<u>\$ 111,668</u>	<u>\$ 122,333</u>	<u>\$ 77,890</u>	<u>\$ 180,598</u>	<u>\$ 1,761,083</u>	<u>\$ 473,864</u>	<u>\$ 3,536,574</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,864	\$ 48,519
-	-	-	180,598	-	-	309,841
-	-	-	-	-	12,613	12,613
-	-	-	180,598	-	38,477	370,973
100	16,500	-	-	-	-	18,400
-	-	-	-	-	-	2,585
-	-	-	-	1,761,083	435,387	2,196,470
-	105,833	-	-	-	-	105,833
-	-	-	-	-	-	8,971
-	-	-	-	-	-	63,732
111,568	-	77,890	-	-	-	189,458
-	-	-	-	-	-	580,152
<u>111,568</u>	<u>105,833</u>	<u>77,890</u>	<u>-</u>	<u>1,761,083</u>	<u>435,387</u>	<u>3,147,201</u>
<u>\$ 111,668</u>	<u>\$ 122,333</u>	<u>\$ 77,890</u>	<u>\$ 180,598</u>	<u>\$ 1,761,083</u>	<u>\$ 473,864</u>	<u>\$ 3,536,574</u>

CITY OF ALEXANDRIA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
FOR THE YEAR ENDED DECEMBER 31, 2014

	215 Crime Prevention/ Bike Safety	228 Storm Water Utility	229 Employee Benefit	231 Firemen's Relief
REVENUES				
Taxes				
Property taxes	\$ -	\$ -	\$ 22,825	\$ 48,870
Tax increments	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
State	-	-	2	129,248
Charges for service	-	540,292	-	-
Investment earnings	22	5,844	149	504
Other revenue				
Other	-	-	1	139
	<u>22</u>	<u>546,136</u>	<u>22,977</u>	<u>178,761</u>
TOTAL REVENUES				
	<u>22</u>	<u>546,136</u>	<u>22,977</u>	<u>178,761</u>
EXPENDITURES				
Current				
Public safety	-	-	-	161,845
Public works	-	276,510	-	-
Culture and recreation	-	-	-	-
Economic development	-	-	-	-
Capital outlay				
Public works	-	16,291	-	-
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
	<u>-</u>	<u>292,801</u>	<u>-</u>	<u>161,845</u>
TOTAL EXPENDITURES				
	<u>-</u>	<u>292,801</u>	<u>-</u>	<u>161,845</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22</u>	<u>253,335</u>	<u>22,977</u>	<u>16,916</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(238,892)	(28,642)	-
	<u>-</u>	<u>(238,892)</u>	<u>(28,642)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	<u>-</u>	<u>(238,892)</u>	<u>(28,642)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	22	14,443	(5,665)	16,916
FUND BALANCES, JANUARY 1	2,563	565,709	14,636	46,816
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 2,585</u>	<u>\$ 580,152</u>	<u>\$ 8,971</u>	<u>\$ 63,732</u>

234 Planning Commission Development	235 Sanitary Sewer District	245 Tree Preservation	260 Small Cities Development Program	297/298 Revolving Loan	Tax Increment Financing Total	Total Nonmajor Special Revenue
\$ 54	\$ 661,356	\$ -	\$ -	\$ -	\$ -	\$ 733,105
-	-	-	-	-	873,807	873,807
-	-	-	264,819	-	-	264,819
-	71	-	-	-	-	129,321
-	-	-	-	-	1,500	541,792
1,156	687	661	-	36,824	2,635	48,482
-	1,244	-	-	350	-	1,734
<u>1,210</u>	<u>663,358</u>	<u>661</u>	<u>264,819</u>	<u>37,174</u>	<u>877,942</u>	<u>2,593,060</u>
-	-	-	-	-	-	161,845
-	620,644	-	-	-	-	897,154
-	-	152	-	-	-	152
33,881	-	-	264,819	390	841,887	1,140,977
-	-	-	-	-	-	16,291
-	-	-	-	-	20,869	20,869
-	-	-	-	-	6,549	6,549
<u>33,881</u>	<u>620,644</u>	<u>152</u>	<u>264,819</u>	<u>390</u>	<u>869,305</u>	<u>2,243,837</u>
<u>(32,671)</u>	<u>42,714</u>	<u>509</u>	<u>-</u>	<u>36,784</u>	<u>8,637</u>	<u>349,223</u>
-	-	-	-	-	27,794	27,794
-	-	-	-	-	(15,794)	(283,328)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,000</u>	<u>(255,534)</u>
(32,671)	42,714	509	-	36,784	20,637	93,689
144,239	63,119	77,381	-	1,724,299	305,457	2,944,219
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>109,293</u>	<u>109,293</u>
<u>\$ 111,568</u>	<u>\$ 105,833</u>	<u>\$ 77,890</u>	<u>\$ -</u>	<u>\$ 1,761,083</u>	<u>\$ 435,387</u>	<u>\$ 3,147,201</u>

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2014 AND 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and temporary investments	\$ 3,909,472	\$ 3,001,952
Receivables		
Interest	16,606	28,371
Delinquent taxes	94,400	90,900
Accounts	172,606	199,539
Special assessments	1,114	1,384
Intergovernmental	155,256	155,088
Due from other funds	26,984	34,428
Due from component unit	839,878	834,721
Prepaid items	<u>65,300</u>	<u>-</u>
 TOTAL ASSETS	 <u><u>\$ 5,281,616</u></u>	 <u><u>\$ 4,346,383</u></u>
LIABILITIES		
Accounts payable	\$ 236,925	\$ 151,036
Due to other governments	62,497	41,814
Accrued salaries payable	114,640	126,695
Deposits payable	16,455	16,760
Due to other funds	3,647	58
Unearned revenue	<u>389</u>	<u>-</u>
 TOTAL LIABILITIES	 <u>434,553</u>	 <u>336,363</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	94,400	90,900
Unavailable revenue - special assessments	<u>1,114</u>	<u>1,384</u>
 TOTAL DEFERRED INFLOWS OF RESOURCES	 <u>95,514</u>	 <u>92,284</u>
FUND BALANCES		
Nonspendable for		
Prepaid items	65,300	-
Restricted for		
Wellness	16,785	18,827
Committed for		
Flex benefits	11,842	11,594
Unassigned	<u>4,657,622</u>	<u>3,887,315</u>
 TOTAL FUND BALANCES	 <u>4,751,549</u>	 <u>3,917,736</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 5,281,616</u></u>	 <u><u>\$ 4,346,383</u></u>

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amounts			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
REVENUES				
Taxes				
Property taxes	\$ 3,754,844	\$ 3,713,549	\$ (41,295)	\$ 3,725,775
Franchise taxes	422,500	556,387	133,887	571,641
Total taxes	4,177,344	4,269,936	92,592	4,297,416
Payment in lieu of taxes	1,080,000	1,071,437	(8,563)	1,066,692
Special assessments	-	472	472	4,299
Licenses and permits				
Business licenses	65,350	65,475	125	62,730
Nonbusiness licenses	26,950	30,847	3,897	31,154
Building permits	350,000	425,919	75,919	393,472
Total licenses and permits	442,300	522,241	79,941	487,356
Intergovernmental				
Federal				
Other Federal grants	7,500	37,988	30,488	21,178
State				
Local government aid	1,463,786	1,463,786	-	1,204,947
Property tax credits and aids	-	398	398	331
Police aid	130,000	157,397	27,397	138,737
Fire aid	-	6,200	6,200	-
Airport maintenance	58,505	64,356	5,851	58,505
Other State aids	27,700	33,920	6,220	43,258
Total State	1,679,991	1,726,057	46,066	1,445,778
County				
Highway aid	-	-	-	500
Total intergovernmental	1,687,491	1,764,045	76,554	1,467,456
Charges for services				
General government	158,800	165,890	7,090	162,523
Public safety	191,836	209,677	17,841	214,422
Public works	-	25,362	25,362	2,789
Culture and recreation	531,000	587,426	56,426	530,318
Total charges for services	881,636	988,355	106,719	910,052
Fines and forfeits	109,000	133,690	24,690	109,684
Investment earnings	15,000	350,859	335,859	(346,856)
Other revenue				
Leases	18,200	34,826	16,626	33,454
Contributions and donations	-	10,246	10,246	380
Other	30,000	48,154	18,154	78,397
Total other revenue	48,200	93,226	45,026	112,231
TOTAL REVENUES	8,440,971	9,194,261	753,290	8,108,330

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES				
Current				
General government				
Mayor and Council				
Personal services	\$ 44,700	\$ 43,974	\$ 726	\$ 43,079
Other services and charges	49,000	48,546	454	41,615
Total Mayor and Council	93,700	92,520	1,180	84,694
Municipal clerk				
Personal services	525,525	410,027	115,498	474,425
Supplies	500	41	459	47
Other services and charges	16,500	14,114	2,386	14,646
Total municipal clerk	542,525	424,182	118,343	489,118
Elections				
Personal services	21,000	21,003	(3)	-
Supplies	1,000	1,168	(168)	717
Other services and charges	4,000	3,184	816	-
Total elections	26,000	25,355	645	717
City planner				
Personal services	155,175	148,018	7,157	156,149
Other services and charges	925	111	814	572
Total city planner	156,100	148,129	7,971	156,721
Planning and zoning				
Personal services	3,150	3,122	28	3,122
Other services and charges	2,800	2,641	159	1,873
Total planning and zoning	5,950	5,763	187	4,995
Assessor				
Personal services	155,975	155,443	532	150,028
Other services and charges	5,700	2,046	3,654	2,008
Total assessor	161,675	157,489	4,186	152,036
Legal and accounting				
Supplies	4,000	1,721	2,279	2,977
Other services and charges	371,800	375,093	(3,293)	371,096
Total legal and accounting	375,800	376,814	(1,014)	374,073
Human resources				
Personal services	29,550	37,339	(7,789)	26,369
Supplies	50	1,866	(1,816)	842
Other services and charges	500	1,027	(527)	856
Total human resources	30,100	40,232	(10,132)	28,067

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES - CONTINUED				
Current - Continued				
General government - Continued				
Public transit				
Other services and charges	\$ 25,000	\$ 25,000	\$ -	\$ 25,000
Other general government				
Personal services	5,000	847	4,153	9,073
Supplies	19,000	16,989	2,011	18,302
Other services and charges	824,950	767,491	57,459	787,091
Total other general government	848,950	785,327	63,623	814,466
Total general government	2,265,800	2,080,811	184,989	2,129,887
Public safety				
Police protection				
Personal services	2,257,750	2,199,608	58,142	2,061,102
Supplies	93,700	88,962	4,738	89,856
Other services and charges	174,850	155,678	19,172	124,192
Total police protection	2,526,300	2,444,248	82,052	2,275,150
Fire protection				
Personal services	25,100	21,204	3,896	16,464
Supplies	89,100	52,874	36,226	49,857
Other services and charges	136,980	104,566	32,414	121,825
Total fire protection	251,180	178,644	72,536	188,146
Fire marshall				
Personal services	88,620	87,369	1,251	84,858
Other services and charges	1,500	1,172	328	1,576
Total fire marshall	90,120	88,541	1,579	86,434
Building inspection				
Personal services	176,850	188,851	(12,001)	214,768
Supplies	5,300	5,122	178	4,406
Other services and charges	15,960	14,851	1,109	9,740
Total building inspection	198,110	208,824	(10,714)	228,914
Emergency management				
Personal services	3,000	2,898	102	2,747
Other services and charges	2,400	2,124	276	1,996
Total emergency management	5,400	5,022	378	4,743
Traffic signs and signals				
Personal services	64,500	50,718	13,782	53,692
Supplies	25,000	24,517	483	24,118
Other services and charges	23,000	20,850	2,150	22,590
Total traffic signs and signals	112,500	96,085	16,415	100,400

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES - CONTINUED				
Current - Continued				
Public safety - Continued				
Animal control				
Other services and charges	\$ 31,500	\$ 24,685	\$ 6,815	\$ 29,397
Total public safety	3,215,110	3,046,049	169,061	2,913,184
Public works				
Highways, streets and alleys				
Personal services	350,650	264,677	85,973	334,030
Supplies	108,400	110,436	(2,036)	115,568
Other services and charges	14,800	12,418	2,382	9,662
Total highways, streets and alleys	473,850	387,531	86,319	459,260
Engineering				
Personal services	85,800	-	85,800	-
Supplies	200	-	200	141
Other services and charges	31,000	47,850	(16,850)	30,583
Total engineering	117,000	47,850	69,150	30,724
Blacktop repair				
Personal services	57,900	65,987	(8,087)	57,911
Supplies	115,000	117,444	(2,444)	136,286
Other services and charges	-	1,848	(1,848)	-
Total blacktop repair	172,900	185,279	(12,379)	194,197
Dust control				
Supplies	8,000	-	8,000	5,802
Sidewalks and curbs				
Other services and charges	21,000	3,896	17,104	10,038
Snow and ice control				
Personal services	120,425	115,436	4,989	124,709
Supplies	65,000	88,915	(23,915)	85,295
Other services and charges	3,500	-	3,500	754
Total snow and ice control	188,925	204,351	(15,426)	210,758
Equipment maintenance				
Personal services	57,400	106,581	(49,181)	45,512
Supplies	23,000	22,055	945	15,241
Other services and charges	43,500	28,122	15,378	24,956
Total equipment maintenance	123,900	156,758	(32,858)	85,709
Weed eradication				
Personal services	14,525	18,881	(4,356)	8,600
Supplies	12,000	12,586	(586)	7,323
Total weed eradication	26,525	31,467	(4,942)	15,923
Street lighting				
Other services and charges	216,000	226,143	(10,143)	219,279
Total public works	1,348,100	1,243,275	104,825	1,231,690

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES - CONTINUED				
Current - Continued				
Culture and recreation				
Recreation				
Other services and charges	\$ 76,060	\$ 76,060	\$ -	\$ 73,426
Runestone Community Center				
Personal services	272,575	303,924	(31,349)	261,691
Supplies	22,800	21,288	1,512	22,182
Other services and charges	196,850	191,712	5,138	195,262
Total Runestone Community Center	492,225	516,924	(24,699)	479,135
Baseball league				
Supplies	-	3,703	(3,703)	4,912
Other services and charges	-	11,000	(11,000)	10,500
Total baseball league	-	14,703	(14,703)	15,412
Senior citizens				
Other services and charges	-	-	-	10,000
Parks				
Personal services	505,500	506,214	(714)	484,418
Supplies	65,500	50,923	14,577	46,944
Other services and charges	78,500	66,644	11,856	59,444
Total parks	649,500	623,781	25,719	590,806
Total culture and recreation	1,217,785	1,231,468	(13,683)	1,168,779
Other expenses				
Airport				
Personal services	20,700	12,594	8,106	14,701
Supplies	8,000	7,563	437	8,322
Other services and charges	69,400	73,154	(3,754)	58,598
Total airport	98,100	93,311	4,789	81,621
Airport industrial park				
Other services and charges	-	-	-	516,452

CITY OF ALEXANDRIA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014
(With Comparative Actual Amounts for the Year Ended December 31, 2013)

	2014			2013
	Budgeted Amount			
	Original and Final	Actual Amounts	Variance with Final Budget	Actual Amounts
EXPENDITURES - CONTINUED				
Current - Continued				
Other expenses - Continued				
Unallocated				
Other services and charges	\$ 5,000	\$ 4,392	\$ 608	\$ 3,367
Total other expenses	103,100	97,703	5,397	601,440
Total current	8,149,895	7,699,306	450,589	8,044,980
Capital outlay				
General government	11,500	9,851	1,649	4,250
Public safety	155,500	124,787	30,713	131,531
Public works	97,500	66,543	30,957	75,161
Culture and recreation	140,900	135,409	5,491	154,041
Other capital outlay	16,900	18,380	(1,480)	30,972
Total capital outlay	422,300	354,970	67,330	395,955
TOTAL EXPENDITURES	8,572,195	8,054,276	517,919	8,440,935
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(131,224)	1,139,985	1,271,209	(332,605)
OTHER FINANCING SOURCES (USES)				
Transfers in	200,000	228,642	28,642	258,371
Transfers out	(68,776)	(534,814)	(466,038)	(126,971)
TOTAL OTHER FINANCING SOURCES (USES)	131,224	(306,172)	(437,396)	131,400
NET CHANGE IN FUND BALANCES	-	833,813	833,813	(201,205)
FUND BALANCES, JANUARY 1	3,917,736	3,917,736	-	4,118,941
FUND BALANCES, DECEMBER 31	\$ 3,917,736	\$ 4,751,549	\$ 833,813	\$ 3,917,736

CITY OF ALEXANDRIA, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2014

	357 G.O. Municipal Bldg Refunding Bonds of 2002C	519 G.O. Improvement Bonds of 1995	521 G.O. Improvement Bonds of 1999	522 G.O. Improvement Bonds of 2002A
ASSETS				
Cash and temporary investments	\$ 180,198	\$ 84,550	\$ 3,039	\$ 80,600
Receivables				
Delinquent taxes	700	-	-	500
Special assessments	-	-	8,400	170,660
Intergovernmental	5	-	-	96
	<u>5</u>	<u>-</u>	<u>-</u>	<u>96</u>
TOTAL ASSETS	<u><u>\$ 180,903</u></u>	<u><u>\$ 84,550</u></u>	<u><u>\$ 11,439</u></u>	<u><u>\$ 251,856</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to component unit	<u>-</u>	<u>-</u>	<u>-</u>	<u>209</u>
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>209</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	700	-	-	500
Unavailable revenue - special assessments	<u>-</u>	<u>-</u>	<u>8,400</u>	<u>170,660</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>700</u>	<u>-</u>	<u>8,400</u>	<u>171,160</u>
FUND BALANCES				
Restricted for debt service	<u>180,203</u>	<u>84,550</u>	<u>3,039</u>	<u>80,487</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 180,903</u></u>	<u><u>\$ 84,550</u></u>	<u><u>\$ 11,439</u></u>	<u><u>\$ 251,856</u></u>

523 G.O. Improvement Bonds of 2002B	524 G.O. Improvement Bonds of 2003A	525 G.O. Improvement Bonds of 2004A	526 G.O. Improvement Bonds of 2007B	527 G.O. Tax Abatement Bonds of 2009A	528 G.O. Improvement Bonds of 2009B	529 G.O. Capital Improvement Bonds of 2009C
\$ (447,107)	\$ 217,984	\$ 731,350	\$ 751,764	\$ 92,913	\$ 262,045	\$ 120,787
-	400	200	5,800	2,400	1,900	3,300
246,769	93,290	324,762	1,420,629	-	212,343	-
-	3	2,318	3,386	1,247	2,440	1,768
<u>\$ (200,338)</u>	<u>\$ 311,677</u>	<u>\$ 1,058,630</u>	<u>\$ 2,181,579</u>	<u>\$ 96,560</u>	<u>\$ 478,728</u>	<u>\$ 125,855</u>
\$ 1,400	\$ -	\$ 2,000	\$ 2,950	\$ 2,950	\$ 2,950	\$ 2,950
-	-	-	-	-	-	-
1,400	-	2,000	2,950	2,950	2,950	2,950
-	400	200	5,800	2,400	1,900	3,300
246,769	93,290	324,762	1,420,629	-	212,343	-
246,769	93,690	324,962	1,426,429	2,400	214,243	3,300
(448,507)	217,987	731,668	752,200	91,210	261,535	119,605
<u>\$ (200,338)</u>	<u>\$ 311,677</u>	<u>\$ 1,058,630</u>	<u>\$ 2,181,579</u>	<u>\$ 96,560</u>	<u>\$ 478,728</u>	<u>\$ 125,855</u>

CITY OF ALEXANDRIA, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2014

	530 G.O. Capital Improvement Bonds of 2010A	531 G.O. Improvement Bonds of 2011A	532 G.O. Improvement Refunding Bonds of 2011B	533 G.O. Improvement Bonds of 2013A
ASSETS				
Cash and temporary investments	\$ 394,204	\$ 520,724	\$ (5,750)	\$ 1,300,816
Receivables				
Delinquent taxes	9,200	-	6,200	1,600
Special assessments	-	428,034	29,445	1,455,358
Intergovernmental	5,413	2	3,453	4,981
	<u>5,413</u>	<u>2</u>	<u>3,453</u>	<u>4,981</u>
TOTAL ASSETS	<u><u>\$ 408,817</u></u>	<u><u>\$ 948,760</u></u>	<u><u>\$ 33,348</u></u>	<u><u>\$ 2,762,755</u></u>
LIABILITIES				
Accounts payable	\$ 200	\$ 200	\$ 650	\$ 200
Due to component unit	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>200</u>	<u>200</u>	<u>650</u>	<u>200</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	9,200	-	6,200	1,600
Unavailable revenue - special assessments	-	428,034	29,445	1,455,358
	<u>-</u>	<u>428,034</u>	<u>29,445</u>	<u>1,455,358</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>9,200</u>	<u>428,034</u>	<u>35,645</u>	<u>1,456,958</u>
FUND BALANCES				
Restricted for debt service	399,417	520,526	(2,947)	1,305,597
	<u>399,417</u>	<u>520,526</u>	<u>(2,947)</u>	<u>1,305,597</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 408,817</u></u>	<u><u>\$ 948,760</u></u>	<u><u>\$ 33,348</u></u>	<u><u>\$ 2,762,755</u></u>

534 G.O. Improvement Bonds of 2014A	535 G.O. Improvement Bonds of 2014B	Total
\$ 88,730	\$ 9,117	\$ 4,385,964
-	-	32,200
-	28,000	4,417,690
-	-	25,112
<u>\$ 88,730</u>	<u>\$ 37,117</u>	<u>\$ 8,860,966</u>
\$ -	\$ -	\$ 16,450
-	-	209
-	-	16,659
-	-	32,200
-	28,000	4,417,690
-	28,000	4,449,890
<u>88,730</u>	<u>9,117</u>	<u>4,394,417</u>
<u>\$ 88,730</u>	<u>\$ 37,117</u>	<u>\$ 8,860,966</u>

CITY OF ALEXANDRIA, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2014

	357 G.O. Municipal Bldg Refunding Bonds of 2002C	519 G.O. Improvement Bonds of 1995	521 G.O. Improvement Bonds of 1999	522 G.O. Improvement Bonds of 2002A
REVENUES				
Property taxes	\$ 381	\$ -	\$ 5	\$ 782
Special assessments	-	-	-	14,891
Intergovernmental				
Federal	-	-	-	-
Other state aid	-	-	-	-
Investment earnings	1,528	718	25	598
Other revenue	-	-	-	101
	<u>1,909</u>	<u>718</u>	<u>30</u>	<u>16,372</u>
TOTAL REVENUES				
EXPENDITURES				
Debt service				
Principal	-	-	-	65,000
Interest and other	-	-	-	1,737
Bond issuance costs	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	<u>-</u>	<u>-</u>	<u>-</u>	<u>66,737</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,909</u>	<u>718</u>	<u>30</u>	<u>(50,365)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Payment of refunded bonds	-	-	-	-
Bond premium	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,909	718	30	(50,365)
FUND BALANCES, JANUARY 1	<u>178,294</u>	<u>83,832</u>	<u>3,009</u>	<u>130,852</u>
FUND BALANCES, DECEMBER 31	<u>\$ 180,203</u>	<u>\$ 84,550</u>	<u>\$ 3,039</u>	<u>\$ 80,487</u>

523 G.O. Improvement Bonds of 2002B	524 G.O. Improvement Bonds of 2003A	525 G.O. Improvement Bonds of 2004A	526 G.O. Improvement Bonds of 2007B	527 G.O. Tax Abatement Bonds of 2009A	528 G.O. Improvement Bonds of 2009B	529 G.O. Capital Improvement Bonds of 2009C
\$ - 4,826	\$ 298 1,763	\$ 66 169,392	\$ 225,357 37,263	\$ 90,836 -	\$ 74,311 83,868	\$ 128,982 -
-	-	-	-	-	20,466	24,626
-	-	-	24	10	8	14
1	1,838	5,271	3,432	343	2,379	1,418
-	-	-	448	182	148	255
<u>4,827</u>	<u>3,899</u>	<u>174,729</u>	<u>266,524</u>	<u>91,371</u>	<u>181,180</u>	<u>155,295</u>
135,000	-	-	290,000	45,000	175,000	70,000
6,324	-	2,000	140,975	43,703	81,484	98,336
-	-	-	-	-	-	-
<u>141,324</u>	<u>-</u>	<u>2,000</u>	<u>430,975</u>	<u>88,703</u>	<u>256,484</u>	<u>168,336</u>
<u>(136,497)</u>	<u>3,899</u>	<u>172,729</u>	<u>(164,451)</u>	<u>2,668</u>	<u>(75,304)</u>	<u>(13,041)</u>
-	-	-	215,075	-	-	-
-	-	-	-	-	1,320,074	1,463,666
-	-	-	-	-	(1,305,000)	(1,445,000)
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>215,075</u>	<u>-</u>	<u>15,074</u>	<u>18,666</u>
(136,497)	3,899	172,729	50,624	2,668	(60,230)	5,625
<u>(312,010)</u>	<u>214,088</u>	<u>558,939</u>	<u>701,576</u>	<u>88,542</u>	<u>321,765</u>	<u>113,980</u>
<u>\$ (448,507)</u>	<u>\$ 217,987</u>	<u>\$ 731,668</u>	<u>\$ 752,200</u>	<u>\$ 91,210</u>	<u>\$ 261,535</u>	<u>\$ 119,605</u>

CITY OF ALEXANDRIA, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

	530 G.O. Capital Improvement Bonds of 2010A	531 G.O. Improvement Bonds of 2011A	532 G.O. Improvement Refunding Bonds of 2011B	533 G.O. Improvement Bonds of 2013A
REVENUES				
Property taxes	\$ 394,474	\$ -	\$ 250,075	\$ 104,918
Special assessments	-	84,625	12,179	307,565
Intergovernmental				
Federal	65,173	-	27	11
Other state aid	42	-	-	-
Investment earnings	1,330	4,036	-	9,330
Miscellaneous	777	-	262,091	4
	<u>461,796</u>	<u>88,661</u>	<u>524,372</u>	<u>421,828</u>
TOTAL REVENUES				
EXPENDITURES				
Debt service				
Principal	235,000	95,000	650,000	-
Interest and other	201,305	49,833	31,927	149,475
Bond issuance costs	-	-	-	-
	<u>436,305</u>	<u>144,833</u>	<u>681,927</u>	<u>149,475</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>25,491</u>	<u>(56,172)</u>	<u>(157,555)</u>	<u>272,353</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Bonds issued	-	-	-	-
Payment of refunded bonds	-	-	-	-
Bond premium	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	25,491	(56,172)	(157,555)	272,353
FUND BALANCES, JANUARY 1	<u>373,926</u>	<u>576,698</u>	<u>154,608</u>	<u>1,033,244</u>
FUND BALANCES, DECEMBER 31	<u>\$ 399,417</u>	<u>\$ 520,526</u>	<u>\$ (2,947)</u>	<u>\$ 1,305,597</u>

534 G.O. Improvement Bonds of 2014A	535 G.O. Improvement Bonds of 2014B	Total
\$ -	\$ -	\$ 1,270,485
-	-	716,372
-	-	110,303
-	-	98
2,054	1,798	36,099
-	-	264,006
<u>2,054</u>	<u>1,798</u>	<u>2,397,363</u>
-	-	1,760,000
-	-	807,099
<u>55,341</u>	<u>63,397</u>	<u>118,738</u>
<u>55,341</u>	<u>63,397</u>	<u>2,685,837</u>
<u>(53,287)</u>	<u>(61,599)</u>	<u>(288,474)</u>
-	-	215,075
66,240	11,260	2,861,240
-	-	(2,750,000)
<u>75,777</u>	<u>59,456</u>	<u>135,233</u>
<u>142,017</u>	<u>70,716</u>	<u>461,548</u>
88,730	9,117	173,074
-	-	4,221,343
<u>\$ 88,730</u>	<u>\$ 9,117</u>	<u>\$ 4,394,417</u>

CITY OF ALEXANDRIA, MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014

	230	232	233	237
	Fire Equipment	Park Equipment	Park Development	RCC Equipment
ASSETS				
Cash and temporary investments	\$ 416,728	\$ 112,394	\$ 68,992	\$ 20,425
Receivables				
Delinquent taxes	-	200	-	100
Accounts	-	-	-	-
Special assessments	-	-	-	-
Intergovernmental	-	-	-	-
Prepaid items	59,854	-	-	-
	<u>59,854</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 476,582</u></u>	<u><u>\$ 112,594</u></u>	<u><u>\$ 68,992</u></u>	<u><u>\$ 20,525</u></u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 4,220
Unearned revenue	-	-	-	-
Due to other governments	23,636	-	-	-
Due to component unit	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>23,636</u>	<u>-</u>	<u>-</u>	<u>4,220</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	-	200	-	100
Unavailable revenue - special assessments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>200</u>	<u>-</u>	<u>100</u>
FUND BALANCES				
Nonspendable for				
Prepaid items	59,854	-	-	-
Restricted for				
Capital outlay	393,092	-	68,992	-
Committed for				
Capital outlay	-	112,394	-	16,205
Assigned for				
Capital outlay	-	-	-	-
Unassigned	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>452,946</u>	<u>112,394</u>	<u>68,992</u>	<u>16,205</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 476,582</u></u>	<u><u>\$ 112,594</u></u>	<u><u>\$ 68,992</u></u>	<u><u>\$ 20,525</u></u>

238	239	240	401	402	406	514	Total Capital Projects
Street Equipment	Police Equipment	IT Equipment	Capital Improvement	Municipal State Aid	Airport Development	Revolving Improvement	
\$ 20,667	\$ 48,257	\$ 11,466	\$ 842,767	\$ (2,141,626)	\$ (282,391)	\$ 6,108,659	\$ 5,226,338
400	200	600	2,000	1,500	-	-	5,000
-	-	-	-	-	33,922	-	33,922
-	-	-	-	-	-	1,500,995	1,500,995
3	1	484	42,216	214,244	75,610	1,549	334,107
-	-	-	-	-	-	-	59,854
<u>\$ 21,070</u>	<u>\$ 48,458</u>	<u>\$ 12,550</u>	<u>\$ 886,983</u>	<u>\$ (1,925,882)</u>	<u>\$ (172,859)</u>	<u>\$ 7,611,203</u>	<u>\$ 7,160,216</u>
\$ -	\$ 17,641	\$ -	\$ 25,386	\$ 534,315	\$ -	\$ 502,553	\$ 1,084,115
-	-	-	-	316,050	1,725	-	317,775
-	-	-	-	9,784	-	-	33,420
-	-	-	-	-	-	867	867
-	17,641	-	25,386	860,149	1,725	503,420	1,436,177
400	200	600	2,000	1,500	-	-	5,000
-	-	-	-	-	-	1,500,995	1,500,995
400	200	600	2,000	1,500	-	1,500,995	1,505,995
-	-	-	-	-	-	-	59,854
-	-	-	-	-	-	2,373,204	2,835,288
20,670	30,617	11,950	859,597	-	-	3,198,668	4,250,101
-	-	-	-	-	-	34,916	34,916
-	-	-	-	(2,787,531)	(174,584)	-	(2,962,115)
20,670	30,617	11,950	859,597	(2,787,531)	(174,584)	5,606,788	4,218,044
<u>\$ 21,070</u>	<u>\$ 48,458</u>	<u>\$ 12,550</u>	<u>\$ 886,983</u>	<u>\$ (1,925,882)</u>	<u>\$ (172,859)</u>	<u>\$ 7,611,203</u>	<u>\$ 7,160,216</u>

CITY OF ALEXANDRIA, MINNESOTA
CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2014

	230	232	233	237
	Fire Equipment	Park Equipment	Park Development	RCC Equipment
REVENUES				
Taxes	\$ 30	\$ 104	\$ -	\$ 42
Special assessments	-	-	-	-
Intergovernmental				
Federal	-	-	-	-
Other state aid	-	-	-	-
Charges for services	106,558	-	-	-
Investment earnings	2,911	982	576	173
Other revenue	-	-	2,323	-
	<u>109,499</u>	<u>1,086</u>	<u>2,899</u>	<u>215</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Public works	-	-	-	-
Culture and recreation	-	-	1,100	-
Other expenses	-	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	12,650	-	-	-
Public works	-	-	-	-
Culture and recreation	-	40,786	-	4,220
Other capital outlay	-	-	-	-
Debt service				
Principal	-	-	-	-
	<u>12,650</u>	<u>40,786</u>	<u>1,100</u>	<u>4,220</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>96,849</u>	<u>(39,700)</u>	<u>1,799</u>	<u>(4,005)</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Debt issued	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	96,849	(39,700)	1,799	(4,005)
FUND BALANCES, JANUARY 1	<u>356,097</u>	<u>152,094</u>	<u>67,193</u>	<u>20,210</u>
FUND BALANCES, DECEMBER 31	<u>\$ 452,946</u>	<u>\$ 112,394</u>	<u>\$ 68,992</u>	<u>\$ 16,205</u>

238	239	240	401	402	406	514	Total Capital Projects
Street Equipment	Police Equipment	IT Equipment	Capital Improvement	Municipal State Aid	Airport Development	Revolving Improvement	
\$ 292	\$ 137	\$ 40,124	\$ 95,596	\$ 2,399	\$ -	\$ -	\$ 138,724
-	-	-	-	-	-	373,736	373,736
-	1,456	4	317,894	-	321,846	-	641,200
-	-	-	10	4,517,041	-	-	4,517,051
-	-	-	-	-	-	-	106,558
174	875	2	-	-	-	34,916	40,609
-	-	-	1,166	1,814	98,363	-	103,666
<u>466</u>	<u>2,468</u>	<u>40,130</u>	<u>414,666</u>	<u>4,521,254</u>	<u>420,209</u>	<u>408,652</u>	<u>5,921,544</u>
-	-	-	-	-	-	9,609	9,609
-	-	-	-	-	-	-	1,100
-	-	-	-	-	6,236	-	6,236
-	-	28,180	-	-	-	-	28,180
-	102,889	-	60,877	-	-	-	176,416
-	-	-	351,426	6,984,089	-	450,947	7,786,462
-	-	-	-	-	-	-	45,006
-	-	-	-	-	422,344	-	422,344
-	-	-	-	-	25,060	-	25,060
<u>-</u>	<u>102,889</u>	<u>28,180</u>	<u>412,303</u>	<u>6,984,089</u>	<u>453,640</u>	<u>460,556</u>	<u>8,500,413</u>
<u>466</u>	<u>(100,421)</u>	<u>11,950</u>	<u>2,363</u>	<u>(2,462,835)</u>	<u>(33,431)</u>	<u>(51,904)</u>	<u>(2,578,869)</u>
-	2,400	-	63,000	-	-	-	65,400
-	-	-	-	986,441	-	-	986,441
-	-	-	-	-	-	2,833,760	2,833,760
-	-	-	(439,810)	-	-	-	(439,810)
<u>-</u>	<u>2,400</u>	<u>-</u>	<u>(376,810)</u>	<u>986,441</u>	<u>-</u>	<u>2,833,760</u>	<u>3,445,791</u>
466	(98,021)	11,950	(374,447)	(1,476,394)	(33,431)	2,781,856	866,922
<u>20,204</u>	<u>128,638</u>	<u>-</u>	<u>1,234,044</u>	<u>(1,311,137)</u>	<u>(141,153)</u>	<u>2,824,932</u>	<u>3,351,122</u>
<u>\$ 20,670</u>	<u>\$ 30,617</u>	<u>\$ 11,950</u>	<u>\$ 859,597</u>	<u>\$ (2,787,531)</u>	<u>\$ (174,584)</u>	<u>\$ 5,606,788</u>	<u>\$ 4,218,044</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2014

	390 EDA Development Fund	388 TIF District #12	391 TIF District #14	392 TIF District #15
ASSETS				
Cash and temporary investments	\$ 14,606	\$ 18,601	\$ -	\$ 535
Receivables				
Accounts	19,849	-	-	-
Notes, net of allowance	-	-	-	-
Intergovernmental	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 34,455</u></u>	<u><u>\$ 18,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 535</u></u>
LIABILITIES				
Accounts payable	\$ 24,133	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	24,133	-	-	-
FUND BALANCES				
Restricted for debt service	<u>10,322</u>	<u>18,601</u>	<u>-</u>	<u>535</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 34,455</u></u>	<u><u>\$ 18,601</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 535</u></u>

393 TIF District #16	394 TIF District #17	395 TIF District #18	396 TIF District #20	397 TIF District #21	398 TIF District #22	399 TIF District #23	295 TIF District #25
\$ 3,737	\$ 36,134	\$ 2,559	\$ -	\$ 1,463	\$ 43,786	\$ 7,410	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	2,432
-	-	-	-	-	-	-	-
<u>\$ 3,737</u>	<u>\$ 36,134</u>	<u>\$ 2,559</u>	<u>\$ -</u>	<u>\$ 1,463</u>	<u>\$ 43,786</u>	<u>\$ 7,410</u>	<u>\$ 2,432</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,085	\$ -	\$ -
-	-	-	-	-	-	-	12,613
-	-	-	-	-	1,085	-	12,613
<u>3,737</u>	<u>36,134</u>	<u>2,559</u>	<u>-</u>	<u>1,463</u>	<u>42,701</u>	<u>7,410</u>	<u>(10,181)</u>
<u>\$ 3,737</u>	<u>\$ 36,134</u>	<u>\$ 2,559</u>	<u>\$ -</u>	<u>\$ 1,463</u>	<u>\$ 43,786</u>	<u>\$ 7,410</u>	<u>\$ 2,432</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2014

	294 TIF District #26	293 TIF District #27	292 TIF District #29	291 TIF District #30
ASSETS				
Cash and temporary investments	\$ 138,188	\$ 388	\$ 547	\$ -
Receivables				
Accounts	-	-	-	-
Notes, net of allowance	119,580	-	-	-
Intergovernmental	-	-	-	-
TOTAL ASSETS	<u>\$ 257,768</u>	<u>\$ 388</u>	<u>\$ 547</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ 646	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
TOTAL LIABILITIES	646	-	-	-
FUND BALANCES				
Restricted for debt service	<u>257,122</u>	<u>388</u>	<u>547</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 257,768</u>	<u>\$ 388</u>	<u>\$ 547</u>	<u>\$ -</u>

290 TIF District #31	289 TIF District #32	288 TIF District #33	287 TIF District #34	286 TIF District #36	285 TIF District #37	284 TIF District #38	283 TIF District #39
\$ -	\$ 1,122	\$ 167	\$ -	\$ 2,376	\$ 8,483	\$ 127	\$ 6,495
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	351
<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 2,376</u>	<u>\$ 8,483</u>	<u>\$ 127</u>	<u>\$ 6,846</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,122	167	-	2,376	8,483	127	6,846
<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 2,376</u>	<u>\$ 8,483</u>	<u>\$ 127</u>	<u>\$ 6,846</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2014

	282 TIF District #40	281 TIF District #41	279 TIF District #42	278 TIF District #43
ASSETS				
Cash and temporary investments	\$ 24	\$ 32	\$ 32,807	\$ 5
Receivables				
Accounts	-	-	-	-
Notes, net of allowance	-	-	-	-
Intergovernmental	-	-	-	-
	<u>24</u>	<u>32</u>	<u>32,807</u>	<u>5</u>
TOTAL ASSETS	<u>\$ 24</u>	<u>\$ 32</u>	<u>\$ 32,807</u>	<u>\$ 5</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	-	-	-	-
FUND BALANCES				
Restricted for debt service	<u>24</u>	<u>32</u>	<u>32,807</u>	<u>5</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 24</u>	<u>\$ 32</u>	<u>\$ 32,807</u>	<u>\$ 5</u>

280 TIF District #44	277 TIF District #45	276 TIF District #46	275 TIF District #47	Total
\$ -	\$ 1,007	\$ 989	\$ 10,064	\$ 331,652
-	-	-	-	19,849
-	-	-	-	122,012
-	-	-	-	351
<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 989</u>	<u>\$ 10,064</u>	<u>\$ 473,864</u>
\$ -	\$ -	\$ -	\$ -	\$ 25,864
-	-	-	-	12,613
-	-	-	-	38,477
-	1,007	989	10,064	435,387
<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 989</u>	<u>\$ 10,064</u>	<u>\$ 473,864</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FINANCING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2014

	390 EDA Development Fund	388 TIF District #12	391 TIF District #14	392 TIF District #15
REVENUES				
Tax increments	\$ -	\$ 12,834	\$ 28,583	\$ 3,749
Charges for services	1,500	-	-	-
Investment earnings	-	89	-	5
	<u>1,500</u>	<u>12,923</u>	<u>28,583</u>	<u>3,754</u>
TOTAL REVENUES				
	<u>1,500</u>	<u>12,923</u>	<u>28,583</u>	<u>3,754</u>
EXPENDITURES				
Current				
Economic development	16,224	1,283	42,832	3,562
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
	<u>16,224</u>	<u>1,283</u>	<u>42,832</u>	<u>3,562</u>
TOTAL EXPENDITURES				
	<u>16,224</u>	<u>1,283</u>	<u>42,832</u>	<u>3,562</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,724)</u>	<u>11,640</u>	<u>(14,249)</u>	<u>192</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,000	-	-	-
Transfers out	-	-	-	-
	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
	<u>12,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(2,724)	11,640	(14,249)	192
FUND BALANCES, JANUARY 1	13,046	6,961	14,249	343
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 10,322</u>	<u>\$ 18,601</u>	<u>\$ -</u>	<u>\$ 535</u>

393 TIF District #16	394 TIF District #17	395 TIF District #18	396 TIF District #20	397 TIF District #21	398 TIF District #22	399 TIF District #23	295 TIF District #25
\$ 11,406	\$ 54,847	\$ 12,193	\$ 27,628	\$ 2,782	\$ 24,916	\$ 56,537	\$ 4,979
-	-	-	-	-	-	-	-
30	266	18	-	11	318	62	-
<u>11,436</u>	<u>55,113</u>	<u>12,211</u>	<u>27,628</u>	<u>2,793</u>	<u>25,234</u>	<u>56,599</u>	<u>4,979</u>
10,141	46,620	10,219	38,368	2,643	15,690	54,710	3,630
-	-	-	-	-	-	-	4,920
-	-	-	-	-	-	-	1,661
<u>10,141</u>	<u>46,620</u>	<u>10,219</u>	<u>38,368</u>	<u>2,643</u>	<u>15,690</u>	<u>54,710</u>	<u>10,211</u>
<u>1,295</u>	<u>8,493</u>	<u>1,992</u>	<u>(10,740)</u>	<u>150</u>	<u>9,544</u>	<u>1,889</u>	<u>(5,232)</u>
-	75	-	-	-	-	-	15,719
-	-	-	-	-	-	-	-
-	75	-	-	-	-	-	15,719
1,295	8,568	1,992	(10,740)	150	9,544	1,889	10,487
2,442	27,566	567	10,740	1,313	33,157	5,521	(26,242)
-	-	-	-	-	-	-	5,574
<u>\$ 3,737</u>	<u>\$ 36,134</u>	<u>\$ 2,559</u>	<u>\$ -</u>	<u>\$ 1,463</u>	<u>\$ 42,701</u>	<u>\$ 7,410</u>	<u>\$ (10,181)</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FINANCING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

	294 TIF District #26	293 TIF District #27	292 TIF District #29	291 TIF District #30
REVENUES				
Tax increments	\$ 64,834	\$ 5,530	\$ 14,204	\$ 10,112
Charges for services	-	-	-	-
Investment earnings	1,226	25	11	-
	<u>66,060</u>	<u>5,555</u>	<u>14,215</u>	<u>10,112</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Economic development	27,474	8,161	14,783	10,833
Debt service				
Principal	15,949	-	-	-
Interest and other	4,888	-	-	-
	<u>48,311</u>	<u>8,161</u>	<u>14,783</u>	<u>10,833</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>17,749</u>	<u>(2,606)</u>	<u>(568)</u>	<u>(721)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(15,794)	-	-	-
	<u>(15,794)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	1,955	(2,606)	(568)	(721)
FUND BALANCES, JANUARY 1	151,448	2,994	1,115	721
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>103,719</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 257,122</u>	<u>\$ 388</u>	<u>\$ 547</u>	<u>\$ -</u>

290 TIF District #31	289 TIF District #32	288 TIF District #33	287 TIF District #34	286 TIF District #36	285 TIF District #37	284 TIF District #38	283 TIF District #39
\$ 58,270	\$ 13,229	\$ 14,131	\$ 9,223	\$ 13,788	\$ 13,775	\$ 63,480	\$ 6,029
-	-	-	-	-	-	-	-
-	10	-	-	34	91	-	57
<u>58,270</u>	<u>13,239</u>	<u>14,131</u>	<u>9,223</u>	<u>13,822</u>	<u>13,866</u>	<u>63,480</u>	<u>6,086</u>
62,681	12,906	14,538	9,222	15,410	16,158	63,480	5,830
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>62,681</u>	<u>12,906</u>	<u>14,538</u>	<u>9,222</u>	<u>15,410</u>	<u>16,158</u>	<u>63,480</u>	<u>5,830</u>
<u>(4,411)</u>	<u>333</u>	<u>(407)</u>	<u>1</u>	<u>(1,588)</u>	<u>(2,292)</u>	<u>-</u>	<u>256</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
(4,411)	333	(407)	1	(1,588)	(2,292)	-	256
4,411	789	574	(1)	3,964	10,775	127	6,590
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ 1,122</u>	<u>\$ 167</u>	<u>\$ -</u>	<u>\$ 2,376</u>	<u>\$ 8,483</u>	<u>\$ 127</u>	<u>\$ 6,846</u>

CITY OF ALEXANDRIA, MINNESOTA
TAX INCREMENT FINANCING FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

	282 TIF District #40	281 TIF District #41	279 TIF District #42	278 TIF District #43
REVENUES				
Tax increments	\$ 13,924	\$ 102,758	\$ 140,959	\$ 31,098
Charges for services	-	-	-	-
Investment earnings	23	19	303	5
	<u>13,947</u>	<u>102,777</u>	<u>141,262</u>	<u>31,103</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
Economic development	13,882	102,759	140,959	31,032
Debt service				
Principal	-	-	-	-
Interest and other	-	-	-	-
	<u>13,882</u>	<u>102,759</u>	<u>140,959</u>	<u>31,032</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>65</u>	<u>18</u>	<u>303</u>	<u>71</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)				
NET CHANGE IN FUND BALANCES	65	18	303	71
FUND BALANCES, JANUARY 1	(41)	14	32,504	(66)
PRIOR PERIOD ADJUSTMENT (NOTE 7)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 24</u>	<u>\$ 32</u>	<u>\$ 32,807</u>	<u>\$ 5</u>

280 TIF District #44	277 TIF District #45	276 TIF District #46	275 TIF District #47	Total
\$ 26,217	\$ 10,789	\$ 9,849	\$ 11,154	\$ 873,807
-	-	-	-	1,500
-	3	4	25	2,635
<u>26,217</u>	<u>10,792</u>	<u>9,853</u>	<u>11,179</u>	<u>877,942</u>
26,168	9,710	8,864	1,115	841,887
-	-	-	-	20,869
-	-	-	-	6,549
<u>26,168</u>	<u>9,710</u>	<u>8,864</u>	<u>1,115</u>	<u>869,305</u>
49	1,082	989	10,064	8,637
-	-	-	-	27,794
-	-	-	-	(15,794)
-	-	-	-	12,000
49	1,082	989	10,064	20,637
(49)	(75)	-	-	305,457
-	-	-	-	109,293
<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ 989</u>	<u>\$ 10,064</u>	<u>\$ 435,387</u>

CITY OF ALEXANDRIA, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Total		Percent Increase (Decrease)	
	2014	2013		
REVENUES				
Taxes	\$ 7,286,057	\$ 7,228,698	0.79	%
Payment in lieu of taxes	1,071,437	1,066,692	0.44	
Special assessments	1,090,580	1,944,190	(43.91)	
Licenses and permits	522,241	487,356	7.16	
Intergovernmental	7,426,837	3,779,481	96.50	
Charges for services	1,636,705	1,728,533	(5.31)	
Fines and forfeits	133,690	109,684	21.89	
Investment earnings (loss)	476,049	(233,099)	N/A	
Miscellaneous	462,632	561,130	(17.55)	
TOTAL REVENUES	<u>\$ 20,106,228</u>	<u>\$ 16,672,665</u>	20.59	%
Per Capita	<u>\$ 1,541</u>	<u>\$ 1,278</u>	20.59	%
EXPENDITURES				
Current				
General government	\$ 2,080,811	\$ 2,156,129	(3.49)	%
Public safety	3,207,894	2,932,131	9.40	
Public works	2,150,038	1,683,874	27.68	
Public transit	-	25,000	(100.00)	
Culture and recreation	1,232,720	1,322,086	(6.76)	
Economic development	1,140,977	-	N/A	
Miscellaneous	103,939	2,790,852	(96.28)	
Capital outlay				
General government	38,031	-	N/A	
Public safety	301,203	104,500	188.23	
Public works	7,869,296	7,801,664	0.87	
Culture and recreation	180,415	183,591	(1.73)	
Miscellaneous	440,724	470,222	(6.27)	
Debt service				
Principal	1,805,929	1,974,872	(8.55)	
Interest and other charges	813,648	668,511	21.71	
Bond issuance costs	118,738	-	N/A	
TOTAL EXPENDITURES	<u>\$ 21,484,363</u>	<u>\$ 22,113,432</u>	(2.84)	%
Per Capita	<u>\$ 1,647</u>	<u>\$ 1,695</u>	(2.85)	%
Total Long-term Indebtedness	\$ 23,218,479	\$ 21,996,248	5.56	%
Per Capita	1,780	1,686	5.56	
General Fund Balance - December 31	\$ 4,751,549	\$ 3,917,736	21.28	%
Per Capita	364	300	21.28	

The purpose of this report is to provide a summary of financial information concerning the City of Alexandria to interested citizens. The complete financial statements may be examined at City Hall, 704 Broadway, Alexandria, MN, 56308. Questions about this report should be directed to the Finance Director at (320) 763-6678.

OTHER REQUIRED REPORTS

CITY OF ALEXANDRIA
ALEXANDRIA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK
INTENTIONALLY

January 1, 2015

INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Alexandria, 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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, (the City) 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 July 17, 2015.

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

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

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

Abdo, Eick & Meyers, LLP

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
July 17, 2015

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

Honorable Mayor and City Council
City of Alexandria, Minnesota

We have audited, in accordance with the 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, the discretely presented component units, each major fund and the aggregate remaining fund information of the City of Alexandria, Minnesota (the City), 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 July 17, 2015.

The City's basic financial statements include the operations of Alexandria Light and Power for the year ended December 31, 2014. Our audit, described below, did not include the operations of Alexandria Light and Power because it engaged for its own separate audit in accordance with *Government Auditing Standards*.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies 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 identified a certain deficiency in internal control, described in the accompanying, Schedule of Findings, Responses and Questioned Costs as item 2014-001 that we consider to be a significant deficiency.

Compliance and Other Matters

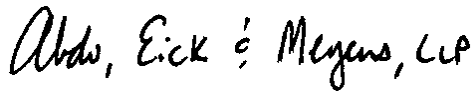
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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*.

The City's Responses to Findings

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings, Responses and Questioned Costs. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
July 17, 2015

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY *OMB CIRCULAR A-133*

Honorable Mayor and City Council
City of Alexandria, Minnesota

Report on Compliance for Each Major Federal Program

We have audited the City of Alexandria's, Minnesota (the City) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2014. The City's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings, Responses and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Report on Internal Control Over Compliance

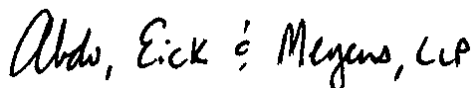
Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying Schedule of Findings and Responses as item 2014-001, that we consider to be a significant deficiency.

The City's response to the internal control over compliance finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
July 17, 2015

CITY OF ALEXANDRIA, MINNESOTA
SCHEDULE OFR EXPENDITURE OF FEDERAL AWARD PROGRAMS
FOR THE YEAR ENDED DECEMBER 31, 2014

Federal Funding Source	Administering Department	Program Name	Catalog of Federal Domestic Assistance Number	Expended Directly
U.S. Department of Housing and Urban Development	Community Planning and Development	Community Development Block Grants - State's Programs	14.228	\$ 264,819
U.S. Department of Justice Direct Programs	Bureau of Justice Assistance	Bulletproof Vest Partnership Program	16.607	721
U.S. Department of Transportation	Federal Aviation Administration	Airport Improvement Program	20.106	321,846
U.S. Department of Transportation	Federal Highway Administration	Highway Planning and Construction	20.205	317,894
U.S. Department of Transportation	National Highway Traffic Safety Administration	State and Community Highway Safety	20.600	17,309
U.S. Department of Transportation	National Highway Traffic Safety Administration	Minimum Penalties for Repeat Offenders for Driving While Intoxicated	20.608	4,892
U.S. Department of Transportation	National Highway Traffic Safety Administration	National Priority Safety Programs	20.616	3,324
U.S. Department of Transportation	Pipeline and Hazardous Materials Safety Administration	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	4,340
U.S. Department of Homeland Security	Minnesota Department of Public Safety	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	<u>17,270</u>
	Total Expended			<u>\$ 952,415</u>

CITY OF ALEXANDRIA, MINNESOTA
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2014

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of the City of Alexandria, Minnesota (the City). The City's reporting entity is defined in Note 1A to the City's financial statements. All federal awards received directly from federal agencies as well as Federal awards passed through other government agencies are included on the schedule.

2. Basis of accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting for the major programs and both the accrual and the modified accrual basis of accounting for the nonmajor programs, which are described in Note 1B to the City's financial statements.

CITY OF ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2014

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of Major Programs/Projects

	<u>CFDA No.</u>
Community Development Block Grants - State's Programs	14.228
Highway Planning and Construction	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	\$300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

None

Section III - Major Federal Award Findings and Questioned Costs

There are no significant deficiencies, material weaknesses, or instances of noncompliance including questioned costs that are required to be reported in accordance with OMB Circular A-133.

Section IV - Schedule of Prior Year Audit Findings

A Corrective Action Plan is not required because there were no findings required to be reported under the Federal Single Audit

CITY OF ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Finding</u>	<u>Description</u>
----------------	--------------------

2014-001	Segregation of duties
-----------------	------------------------------

<i>Condition:</i>	During our audit we reviewed internal control procedures over payroll, disbursements, and cash receipts and found the City to have limited segregation of duties in these areas as noted below.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud.

Internal control over payroll

<i>Cause:</i>	As a result of the small number of staff, the Administrative Assistant sets up and maintains employee records, runs the payroll, prepares the checks, issues check to employees and/or initiate the payroll transfer for direct deposit, prepares payroll tax returns, and maintains payroll records.
<i>Recommendation:</i>	While we recognize the number of staff is not large enough to eliminate this deficiency it is important that the Council is aware of this condition and monitor all financial information. Additional controls might include having someone other than the Administrative Assistant or Finance Director maintain and control checks and issue checks or initiate the payroll transfer for direct deposit.

Management response:

The City has already taken measures to attempt to comply even though the number of Finance staff they employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. Staff procedures include a review of the payroll registers by the Finance Director before issuance of the payroll checks to employees. Posting of the payroll journals to the City's general ledgers is done by the Finance Director.

THIS PAGE IS LEFT BLANK
INTENTIONALLY

CITY OF ALEXANDRIA, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2014

<u>Finding</u>	<u>Description</u>
----------------	--------------------

2014-001	Segregation of duties - Continued
-----------------	--

Internal control over disbursements

Cause: As a result of the small number of staff, the Finance Clerk maintains control of the check stock, sets up and maintains vendors, matches invoices to purchase orders and receiving reports, prepares checks, mails checks to vendors, maintains the accounts payable records, and posts transactions to the general ledger.

Recommendation: While we recognize the number of staff is not large enough to eliminate this deficiency, it is important that the Council is aware of this condition and monitor all financial information. Additional controls might include having someone other than the Finance Clerk or Finance Director maintain and control checks and mail checks to vendors.

Management response:

The City has already taken measures to attempt to comply even though the number of Finance staff they employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. Staff procedures include the Finance Director's daily on-line review of activity in the bank accounts. The Finance Directors also reviews the cancelled checks received with the bank statements for items such as voided checks and inconsistencies in the check number sequence and unusual payees. The City's check stock is kept in the vault which is locked at the end of each business day. Each month the City Council approves and is provided a review of financial information and budget comparisons.

Internal control over cash receipts

Cause: As a result of the small number of staff, the Finance Clerk prepares the deposit and takes the deposit to the bank.

Recommendation: While we recognize the number of staff is not large enough to eliminate this deficiency it is important that the Council is aware of this condition and monitors all financial information. Additional controls might include obtaining and reviewing monthly receipt information and reviewing the bank reconciliation.

Management response:

The City has already taken measures to attempt to comply even though the number of Finance staff they employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. The Council receives a monthly review of financial information and budget comparisons.

Internal control over investment transactions

Cause: As a result of the number of staff, the Finance Director receives investment statements in the mail, initiates investment transactions, maintains investment subledger and spreadsheet, maintains and post activity to the general ledger and reconciles investment accounts.

Recommendation: It is important that the Council is aware of this condition and monitor all financial information.

Management response:

The City has already taken measures to attempt to comply even though the number of Finance staff they employ is limited. The Council has addressed this circumstance by active participation in the City's affairs. Staff procedures include discussions between the City Administrator and the Finance Director before investment transactions occur. Staff adheres to the City's Investment policy, which is a part of the Council-approved Financial Management policies (rev.8-11-14). The Council receives a monthly investment report.