

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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 ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

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CITY OF LE SUEUR, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
FOR THE YEAR ENDED DECEMBER 31, 2013

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Robert Broeder	Mayor	12/31/16
Jeff Kerkow	Council	12/31/16
Tom Tellijohn	Council	12/31/14
Benjamin Rohloff	Council	12/31/16
Joe Spinler	Council	12/31/14
John Schultz	Council	12/31/14
Darvin Wicks	Council	12/31/16

APPOINTED

Richard Almich	Administrator
Linda Endres	Finance Director

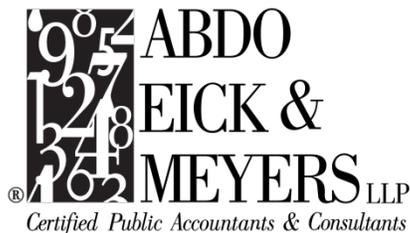
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FINANCIAL SECTION

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Le Sueur, 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 Le Sueur, Minnesota, (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated May 30, 2013, we expressed unmodified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 financial statement presentation.

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, 2013, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General fund and Community Center special revenue fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Emphasis of Matter

As described in Note 8 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34* for the year ended December 31, 2013. Adoption of the provisions of this statement results in changes to the financial statements for including, presenting, and disclosing information about component units and equity interest transactions of a financial reporting entity.

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 86 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 and the accompanying combining and individual fund financial statements and schedules are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2014, 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

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2014

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Management's Discussion and Analysis

As Management's Discussion and Analysis of the City of Le Sueur, 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, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$34,652,629 (net position). Of this amount, \$6,198,570 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$86,623 as compared to an increase of \$1,036,222 in the previous year. The majority of the decrease from the prior year increase can be attributed to the decrease in capital grants and contributions.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,269,984, a decrease of \$362,699 in comparison with the prior year. The major reason for this decrease was due to debt retirement. Approximately 40.3 percent of this total amount, \$2,525,451, is available for spending at the City's discretion, but has been committed or assigned for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$545,568, or 24.4 percent of total General fund expenditures. These funds are not legally restricted, committed by Council, or assigned for future purposes.
- The City's total debt decreased by \$2,639,873 or 7.6 percent during the current fiscal year. Long-term debt of \$1,765,000 was issued and \$4,404,873 was retired during the year.

Overview of the Financial Statements

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

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

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

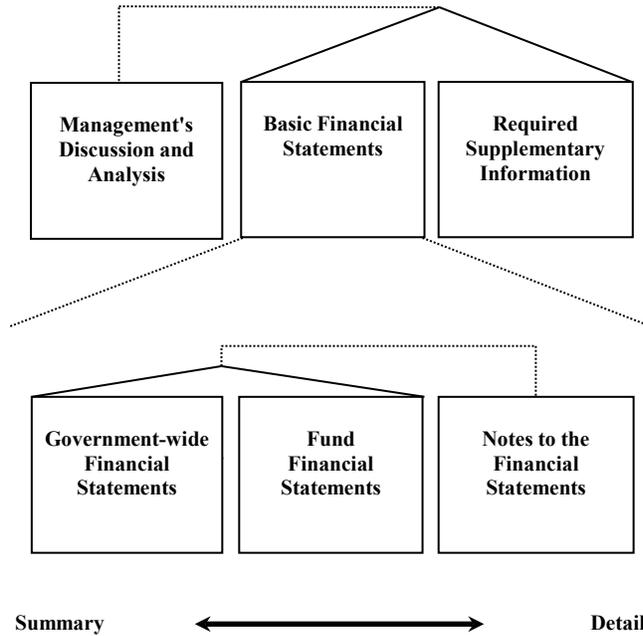


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	<ul style="list-style-type: none"> • Statement of Net 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 in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

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

The *statement of net 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.

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, streets and highway, economic development, culture and recreation and miscellaneous. The business-type activities of the City include water, sewer, electric, and storm utilities.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate Economic Development Authority (the EDA) for which the City is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government itself.

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 three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains 33 individual governmental funds, 19 of which are Debt Service funds, which are reported as one fund for reporting purposes. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, the Economic Development Revolving Loan fund, the Community Center fund and the Debt service funds, 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 and special revenue funds. Budgetary comparison statements have been provided for these funds 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 water, sewer, sewer pre-treatment, electric utility and storm utility operations.

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

The basic proprietary fund financial statements can be found starting on page 44 of this report.

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

The basic fiduciary fund financial statements can be found starting on page 52 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 53 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 88 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 \$34,652,629 at the close of the most recent fiscal year.

The largest portion of the City's net position (69.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that 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 Le Sueur's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2013	(Restated) 2012	Increase (Decrease)	2013	(Restated) 2012	Increase (Decrease)
Current and other assets	\$ 15,578,606	\$ 16,792,171	\$ (1,213,565)	\$ 2,968,805	\$ 3,157,742	\$ (188,937)
Capital assets	14,891,418	15,621,530	(730,112)	34,966,356	35,672,433	(706,077)
Total assets	30,470,024	32,413,701	(1,943,677)	37,935,161	38,830,175	(895,014)
Long-term liabilities outstanding	16,039,672	17,341,781	(1,302,109)	16,607,940	17,989,980	(1,382,040)
Other liabilities	381,948	393,937	(11,989)	722,996	952,172	(229,176)
Total liabilities	16,421,620	17,735,718	(1,314,098)	17,330,936	18,942,152	(1,611,216)
Net investment in capital assets	5,656,573	5,699,870	(43,297)	18,501,762	18,669,839	(168,077)
Restricted	4,295,724	4,927,812	(632,088)	-	-	-
Unrestricted	4,096,107	4,050,301	45,806	2,102,463	1,218,184	884,279
Total net position	\$ 14,048,404	\$ 14,677,983	\$ (629,579)	\$ 20,604,225	\$ 19,888,023	\$ 716,202

An additional portion of the City's net position (12.4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (17.9 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.

The City's net position increased by \$86,623 during the current fiscal year. The majority of this increase can be attributed to the business-type activities overall operations.

Governmental activities. Governmental activities decreased the City's net position by \$629,579. Key elements of this decrease are as follows:

- A negative street capital grants and contributions of \$174,947 due to the write-off of delinquent special assessments.
- Airport and public safety capital grants and contributions dropped significantly as the projects related to the grants in prior year were substantially completed.
- Increases in general government and miscellaneous expenses.

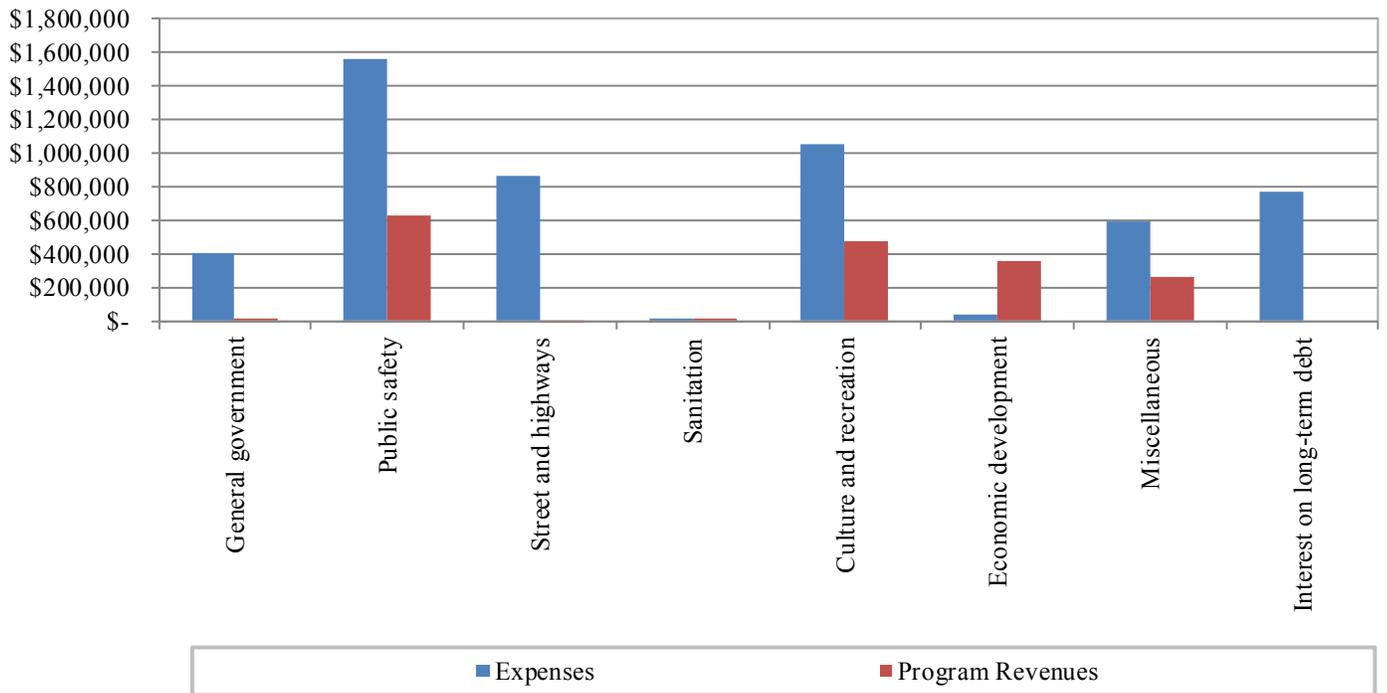
City of Le Sueur's Changes in Net Position

	Governmental Activities			Business-type Activities		
	2013	Restated 2012	Increase (Decrease)	2013	Restated 2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,490,930	\$ 1,480,274	\$ 10,656	\$ 11,403,181	\$ 10,567,978	\$ 835,203
Operating grants and contributions	269,682	1,053,208	(783,526)	-	10,469	(10,469)
Capital grants and contributions	(174,947)	900,771	(1,075,718)	90,559	53,562	36,997
General revenues						
Property taxes/tax increments	1,765,201	1,790,103	(24,902)	-	-	-
Franchise fees	37,556	14,205	23,351	-	-	-
Other taxes	2,044	2,126	(82)	-	-	-
Grants and contributions not restricted to specific programs	777,481	776,680	801	-	-	-
Unrestricted investment earnings	19,585	16,906	2,679	29,981	33,592	(3,611)
Other	135,057	17,771	117,286	-	-	-
Total revenues	4,322,589	6,052,044	(1,729,455)	11,523,721	10,665,601	858,120
Expenses						
General government	409,524	366,714	42,810	-	-	-
Public safety	1,560,277	2,093,994	(533,717)	-	-	-
Streets and highways	862,213	691,679	170,534	-	-	-
Sanitation	2,276	3,507	(1,231)	-	-	-
Culture and recreation	1,054,268	1,122,003	(67,735)	-	-	-
Economic development	45,974	60,854	(14,880)	-	-	-
Miscellaneous	599,408	507,799	91,609	-	-	-
Interest on long-term debt	768,228	826,975	(58,747)	-	-	-
Water utility	-	-	-	766,990	812,649	(45,659)
Sewer utility	-	-	-	1,600,754	1,411,702	189,052
Electric utility	-	-	-	8,089,775	7,783,547	306,228
Total expenses	5,302,168	5,673,525	(371,357)	10,457,519	10,007,898	449,621
Change in net position before transfers	(979,579)	378,519	(1,358,098)	1,066,202	657,703	408,499
Transfers	350,000	(810,506)	1,160,506	(350,000)	810,506	(1,160,506)
Change in net position	(629,579)	(431,987)	(197,592)	716,202	1,468,209	(752,007)
Net position - January 1 as restated	14,677,983	15,109,970	(431,987)	19,888,023	18,419,814	1,468,209
Net position - December 31 as restated	<u>\$ 14,048,404</u>	<u>\$ 14,677,983</u>	<u>\$ (629,579)</u>	<u>\$ 20,604,225</u>	<u>\$ 19,888,023</u>	<u>\$ 716,202</u>

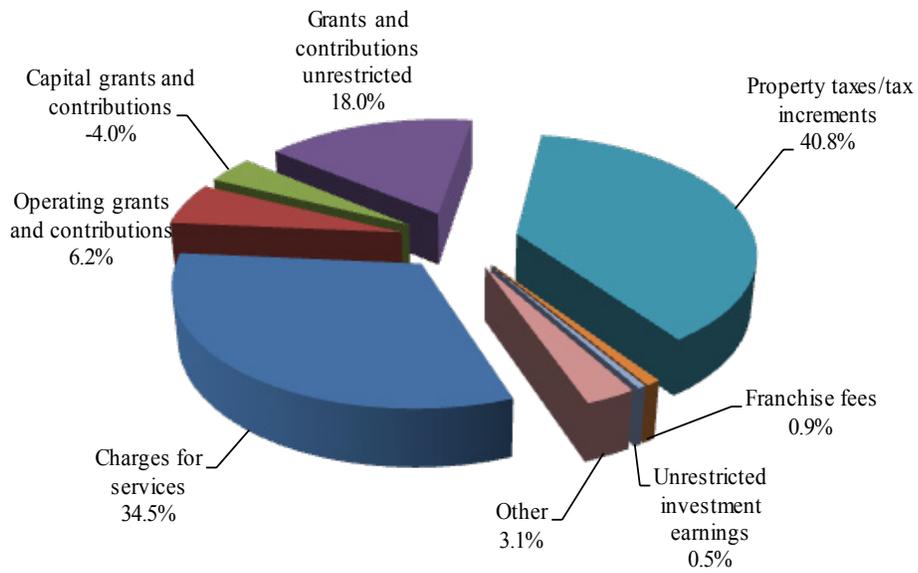
Property tax levies increased by \$6,696 (0.4 percent) during the year.

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

Expenses and Program Revenues - Governmental Activities



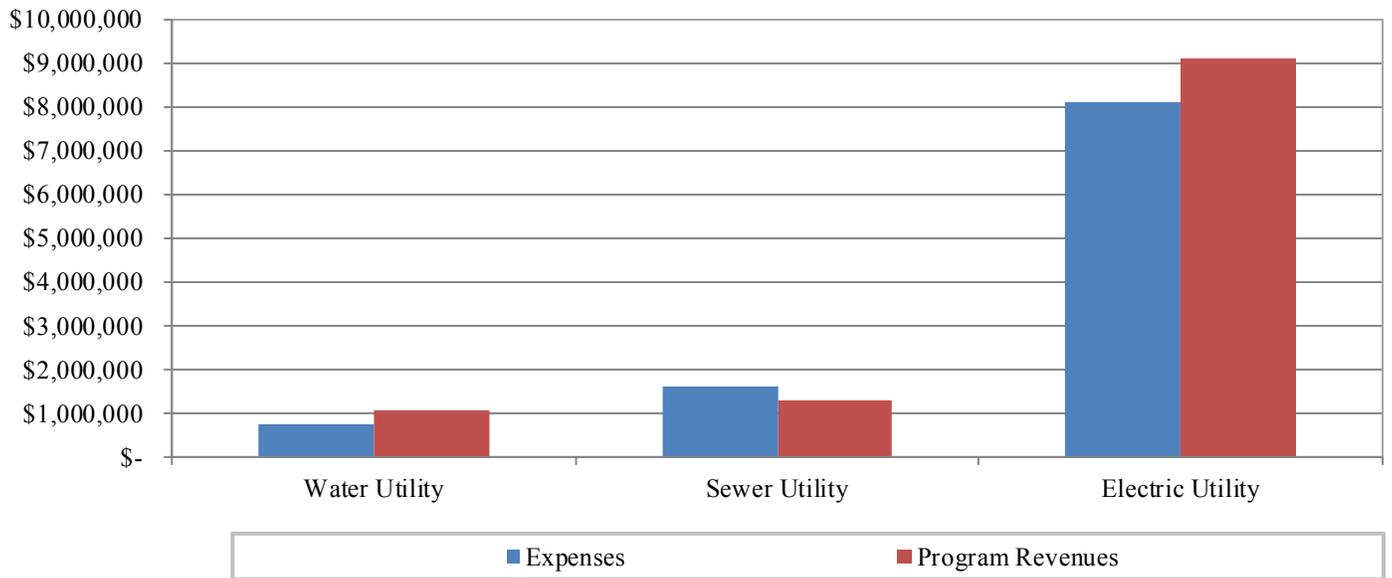
Revenues by Source - Governmental Activities



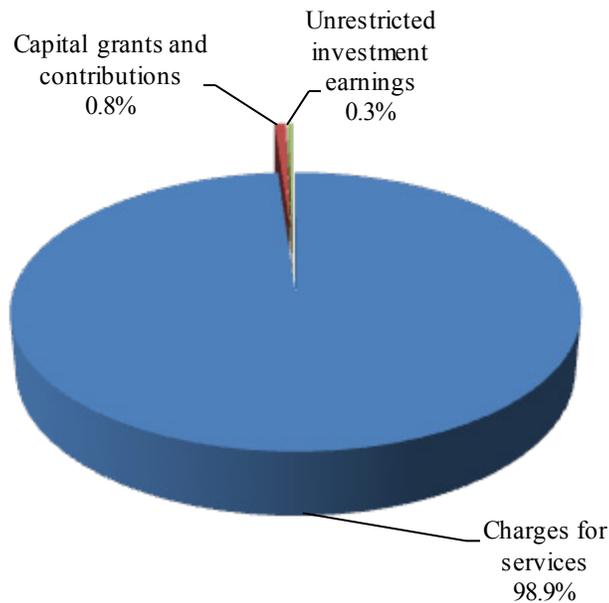
Business-type activities. Business-type activities increased the City’s net position by \$716,202. Key elements of this increase are as follows:

- Water utility expenses and charges decreased compared to the prior year.
- Electric utility charges for services increased and profits related to the biodigester project increased compared to prior year.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - 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 \$6,269,984, a decrease of \$362,699 in comparison with the prior year. The major reason for this decrease was due to regular debt payments made during the year. A balance of \$195,041 constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is not available for new spending because it is nonspendable (\$66,412), restricted (\$3,678,121), committed (\$1,288,212), or assigned (\$1,042,198) for the purposes described in the fund balance section of each balance sheet.

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 \$590,457. 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 24.4 percent of fund expenditures, while total fund balance represents 26.4 percent of that same amount.

The fund balance of the City's General fund increased by \$199,298 during the current fiscal year. This was mostly due to an increase in license and permits revenues, loan payment and refunds and reimbursements revenues as well as a general overall decrease in General fund expenditures.

The *Economic Development Revolving Loan fund* has a total fund balance of \$1,917,592 at year end. The net increase in fund balance during the current year was \$188,838. This increase was mainly the result of loan repayment receipts exceeding new loans made during the year.

The *Community Center fund* has a total deficit fund balance of \$66,829 at year end. The net decrease in fund balance during the current year was \$130,909. The main cause of this decrease was due to transfers to other funds for debt service and the expenditure for the resurfacing of the outdoor pool (\$76,275).

The *Debt Service fund* has a total fund balance of \$3,243,560, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the Debt Service fund was \$539,680. The major reason for this decrease was due to regular debt payments.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$2,102,463. The total growth in net position for the funds was \$716,202. 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

No budget amendments were made in 2013. The budget called for an increase in fund balance of \$16,026. Revenues were over budget by \$203,219 and expenditures were over budget by \$199,415, transfers in were over budget by \$165,311 and transfers out under budget by \$14,157 causing the \$199,298 increase in fund balance in the General fund for 2013.

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, 2013, amounts to \$49,857,774 (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 2.8 percent (a 4.7 percent decrease for governmental activities and a 2.0 percent decrease for business-type activities).

City of Le Sueur's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 860,582	\$ 860,582	\$ -	\$ 513,973	\$ 513,973	\$ -
Buildings	4,401,625	4,573,750	(172,125)	2,904,475	3,085,677	(181,202)
Infrastructure/systems	6,900,424	7,451,261	(550,837)	28,619,395	11,971,277	16,648,118
Machinery and equipment	680,773	792,983	(112,210)	1,458,060	1,377,347	80,713
Vehicles	625,736	717,228	(91,492)	233,121	271,426	(38,305)
Construction in progress	1,422,278	1,225,726	196,552	1,237,332	18,452,733	(17,215,401)
Total	\$ 14,891,418	\$ 15,621,530	\$ (730,112)	\$ 34,966,356	\$ 35,672,433	\$ (706,077)

Additional information on the City's capital assets can be found in Note 3C starting on page 66 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$32,258,853. Of this amount, \$5,335,000 is special assessment debt, \$23,678,853 is revenue debt, and \$3,245,000 is general obligation debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Le Sueur's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
General obligation bonds	\$ 3,245,000	\$ 3,580,000	\$ (335,000)	\$ -	\$ -	\$ -
General obligation improvement bonds	5,335,000	5,890,000	(555,000)	-	-	-
General obligation revenue bonds	225,000	270,000	(45,000)	16,452,000	17,755,000	(1,303,000)
Revenue bonds	7,001,853	7,403,726	(401,873)	-	-	-
Total	\$ 15,806,853	\$ 17,143,726	\$ (1,336,873)	\$ 16,452,000	\$ 17,755,000	\$ (1,303,000)

The City's total debt decreased by \$2,639,873, 7.6 percent, during the current fiscal year. The major reason for the decrease is the retirement of refunded debt. Long-term debt of \$1,765,000 was issued and \$4,404,873 was retired during the year.

The City's current bond rating from S&P is an "AA-" rating for general obligation and revenue debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt margin for the City is \$6,923,667.

Additional information on the City's long-term debt can be found in Note 3E starting on page 71 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Le Sueur County is currently 6.8 percent, which is a decrease from a rate of 7.5 percent a year ago. This is higher than the State's average unemployment rate of 4.6 percent and higher than the national average rate of 6.5 percent.
- Property valuations within the City remain strong and growing.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the City's budget for the 2014 fiscal year.

The property tax levy will increase from \$1,726,192 in 2013 to \$1,822,982 in 2014, or approximately 5.6 percent. The City's share of property taxes is low when compared to similar sized cities throughout the State.

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 City Clerk-Treasurer, City of Le Sueur, 203 S. Second Street, Le Sueur, MN 56058.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF LE SUEUR, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Economic Development Authority
ASSETS				
Cash and temporary investments	\$ 2,755,141	\$ 1,424,921	\$ 4,180,062	\$ 84,583
Escrowed investments	1,171,484	-	1,171,484	-
Receivables				
Interest	102,487	-	102,487	-
Delinquent taxes	82,928	-	82,928	-
Accounts	166,882	1,797,147	1,964,029	39,319
Notes and mortgages	7,347,907	345,805	7,693,712	2,367,702
Special assessments	1,579,418	46,754	1,626,172	-
Intergovernmental	433,165	-	433,165	-
Internal balances	1,035,897	(1,035,897)	-	-
Due from component unit/primary government	823,541	-	823,541	-
Inventories	28,210	379,494	407,704	-
Prepaid items	2,886	10,581	13,467	-
Investment in joint ventures	48,660	-	48,660	-
Land held for resale	-	-	-	188,000
Capital assets				
Nondepreciable	2,282,860	1,751,305	4,034,165	1,457,532
Depreciable, net	12,608,558	33,215,051	45,823,609	-
TOTAL ASSETS	30,470,024	37,935,161	68,405,185	4,137,136
LIABILITIES				
Accounts payable	175,357	513,462	688,819	1,000
Due to component unit/primary government	-	-	-	823,541
Due to other governments	18,928	65,491	84,419	-
Accrued interest payable	132,239	62,341	194,580	141,590
Accrued salaries payable	55,424	37,111	92,535	810
Customer deposits payable	-	25,850	25,850	-
Investment in joint venture deficit	-	18,741	18,741	-
Noncurrent liabilities				
Due within one year	2,602,706	1,720,568	4,323,274	172,336
Due in more than one year	13,436,966	14,887,372	28,324,338	3,167,796
TOTAL LIABILITIES	16,421,620	17,330,936	33,752,556	4,307,073
NET POSITION				
Net investment in capital assets	5,656,573	18,501,762	24,158,335	477,532
Restricted for				
Debt service	3,861,163	-	3,861,163	91,611
Economic development loans	434,561	-	434,561	-
Tax increment financing	-	-	-	76,224
Unrestricted	4,096,107	2,102,463	6,198,570	(815,304)
TOTAL NET POSITION	\$ 14,048,404	\$ 20,604,225	\$ 34,652,629	\$ (169,937)

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

CITY OF LE SUEUR, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 409,524	\$ 17,235	\$ -	\$ -
Public safety	1,560,277	549,253	67,271	10,047
Streets and highways	862,213	4,889	21,282	(205,141)
Sanitation	2,276	13,658	-	-
Culture and recreation	1,054,268	466,304	2,375	3,738
Housing and economic development	45,974	365,138	-	-
Miscellaneous	599,408	74,453	178,754	16,409
Interest on noncurrent debt	768,228	-	-	-
Total governmental activities	<u>5,302,168</u>	<u>1,490,930</u>	<u>269,682</u>	<u>(174,947)</u>
Business-type activities				
Water utility	766,990	1,047,671	-	40,148
Sewer utility	1,600,754	1,233,761	-	50,411
Electric utility	8,089,775	9,121,749	-	-
Total business-type activities	<u>10,457,519</u>	<u>11,403,181</u>	<u>-</u>	<u>90,559</u>
Total primary government	<u>\$ 15,759,687</u>	<u>\$ 12,894,111</u>	<u>\$ 269,682</u>	<u>\$ (84,388)</u>
Component unit				
Economic development	<u>\$ 392,068</u>	<u>\$ 367,334</u>	<u>\$ 37,000</u>	<u>\$ -</u>

General revenues

- Property taxes, levied for general purposes
- Property taxes, levied for debt service
- Tax increments
- Franchise fees
- Payment in lieu of taxes
- Grants and contributions not restricted to specific programs
- Unrestricted investment earnings
- Other revenues

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	Economic Development Authority
\$ (392,289)		\$ (392,289)	
(933,706)		(933,706)	
(1,041,183)		(1,041,183)	
11,382		11,382	
(581,851)		(581,851)	
319,164		319,164	
(329,792)		(329,792)	
(768,228)		(768,228)	
(3,716,503)		(3,716,503)	
	\$ 320,829	320,829	
	(316,582)	(316,582)	
	1,031,974	1,031,974	
	1,036,221	1,036,221	
(3,716,503)	1,036,221	(2,680,282)	
			\$ 12,266
1,048,021	-	1,048,021	-
717,180	-	717,180	-
-	-	-	110,495
37,556	-	37,556	-
2,044	-	2,044	-
777,481	-	777,481	-
19,585	29,981	49,566	209
135,057	-	135,057	-
350,000	(350,000)	-	-
3,086,924	(320,019)	2,766,905	110,704
(629,579)	716,202	86,623	122,970
14,677,983	19,888,023	34,566,006	(292,907)
\$ 14,048,404	\$ 20,604,225	\$ 34,652,629	\$ (169,937)

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FUND FINANCIAL STATEMENTS

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF LE SUEUR, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	101 General	228 Economic Development Revolving Loan	615 Community Center
ASSETS			
Cash and temporary investments	\$ 658,200	\$ 1,144,797	\$ (4,348)
Escrowed investments	-	-	-
Receivables			
Interest	-	102,487	-
Delinquent taxes	82,928	-	-
Accounts	39,787	-	66,242
Notes and mortgages	50,881	1,604,163	-
Special assessments	-	-	-
Intergovernmental	39,642	-	-
Due from other funds	35,316	-	-
Advances to other funds	-	-	-
Advances to component unit	-	670,308	-
Inventories	6,687	-	1,332
Prepaid items	2,886	-	-
	<u>916,327</u>	<u>3,521,755</u>	<u>63,226</u>
TOTAL ASSETS	\$ 916,327	\$ 3,521,755	\$ 63,226
LIABILITIES			
Accounts payable	\$ 88,422	\$ -	\$ 9,535
Due to other funds	45,618	-	3,387
Due to other governments	6,139	-	11,568
Advances from other funds	13,167	-	93,000
Accrued wages payable	38,715	-	12,565
	<u>192,061</u>	<u>-</u>	<u>130,055</u>
TOTAL LIABILITIES	192,061	-	130,055
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	82,928	-	-
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - notes and mortgages	50,881	1,604,163	-
	<u>133,809</u>	<u>1,604,163</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	133,809	1,604,163	-
FUND BALANCES			
Nonspendable for			
Due from other funds	35,316	-	-
Inventories	6,687	-	1,332
Prepaid items	2,886	-	-
Restricted for			
Economic development loans	-	434,561	-
Debt service	-	-	-
Committed for			
Economic development loans	-	1,249,825	-
Fire department operations and maintenance	-	-	-
Assigned for			
Economic development loans	-	233,206	-
Ambulance operations and maintenance	-	-	-
Transit operations and maintenance	-	-	-
Capital projects	-	-	-
Unassigned	545,568	-	(68,161)
	<u>590,457</u>	<u>1,917,592</u>	<u>(66,829)</u>
TOTAL FUND BALANCES	590,457	1,917,592	(66,829)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 916,327	\$ 3,521,755	\$ 63,226

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

300s / 500s		
Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 978,516	\$ (22,024)	\$ 2,755,141
1,171,484	-	1,171,484
-	-	102,487
-	-	82,928
-	60,853	166,882
5,663,055	29,808	7,347,907
1,576,921	2,497	1,579,418
356	393,167	433,165
-	5,042	40,358
1,109,474	57,828	1,167,302
-	153,233	823,541
-	20,191	28,210
-	-	2,886
<u>\$ 10,499,806</u>	<u>\$ 700,595</u>	<u>\$ 15,701,709</u>
\$ 16,270	\$ 59,464	\$ 173,691
-	18,257	67,262
-	1,221	18,928
-	-	106,167
-	4,144	55,424
<u>16,270</u>	<u>83,086</u>	<u>421,472</u>
-	-	82,928
1,576,921	2,497	1,579,418
5,663,055	29,808	7,347,907
<u>7,239,976</u>	<u>32,305</u>	<u>9,010,253</u>
-	-	35,316
-	20,191	28,210
-	-	2,886
-	-	434,561
3,243,560	-	3,243,560
-	-	1,249,825
-	38,387	38,387
-	-	233,206
-	96,111	96,111
-	46,549	46,549
-	666,332	666,332
-	(282,366)	195,041
<u>3,243,560</u>	<u>585,204</u>	<u>6,269,984</u>
<u>\$ 10,499,806</u>	<u>\$ 700,595</u>	<u>\$ 15,701,709</u>

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CITY OF LE SUEUR, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

Total fund balances - governmental funds	\$ 6,269,984
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.	14,891,418
Noncurrent liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Noncurrent liabilities at year-end consist of	
Compensated absences payable	(109,064)
Other postemployment benefits payable	(84,342)
Bonds payable	(15,806,853)
Bond premiums, net of accumulated amortization	(39,413)
Investments in joint ventures are not financial resources and therefore are not reported in the funds	48,660
Noncurrent assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds.	
Delinquent property taxes receivable	82,928
Special assessments receivable	1,579,418
Notes and mortgages receivable	7,347,907
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(132,239)</u>
Total net position - governmental activities	<u><u>\$ 14,048,404</u></u>

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

CITY OF LE SUEUR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	101	228	615
	General	Economic Development Revolving Loan	Community Center
REVENUES			
Taxes	\$ 709,477	\$ -	\$ 301,790
Special assessments	-	-	-
Licenses and permits	197,249	-	-
Intergovernmental	850,780	-	-
Charges for services	22,274	-	428,017
Fines and forfeits	26,768	-	-
Investment earnings	6,638	3,928	-
Miscellaneous	140,579	221,910	38,987
TOTAL REVENUES	1,953,765	225,838	768,794
EXPENDITURES			
Current			
General government	401,602	-	-
Public safety	1,060,782	-	-
Streets and highways	502,482	-	-
Sanitation	2,276	-	-
Culture and recreation	155,678	-	703,502
Housing and economic development	-	37,000	-
Miscellaneous	114,263	-	-
Capital outlay			
Public safety	-	-	-
Streets and highways	-	-	-
Culture and recreation	-	-	77,728
Miscellaneous	-	-	-
Debt service			
Principal	-	-	-
Interest and other	1,111	-	-
Issuance costs	-	-	-
TOTAL EXPENDITURES	2,238,194	37,000	781,230
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(284,429)	188,838	(12,436)
OTHER FINANCING SOURCES (USES)			
Transfers in	515,311	-	-
Bonds issued	-	-	-
Transfers out	(31,584)	-	(118,473)
TOTAL OTHER FINANCING SOURCES (USES)	483,727	-	(118,473)
NET CHANGE IN FUND BALANCES	199,298	188,838	(130,909)
FUND BALANCES, JANUARY 1	391,159	1,728,754	64,080
FUND BALANCES, DECEMBER 31	\$ 590,457	\$ 1,917,592	\$ (66,829)

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

300s / 500s		
Debt Service	Other Governmental Funds	Total Governmental Funds
\$ 667,580	\$ 155,566	\$ 1,834,413
279,230	42,691	321,921
-	-	197,249
-	195,163	1,045,943
-	406,180	856,471
-	-	26,768
32,372	3,530	46,468
525,515	41,466	968,457
<u>1,504,697</u>	<u>844,596</u>	<u>5,297,690</u>
-	-	401,602
-	272,311	1,333,093
-	-	502,482
-	-	2,276
-	-	859,180
127,300	-	164,300
-	245,257	359,520
-	43,247	43,247
-	84,465	84,465
-	13,609	91,337
-	58,320	58,320
2,136,873	-	2,136,873
739,043	-	740,154
33,540	-	33,540
<u>3,036,756</u>	<u>717,209</u>	<u>6,810,389</u>
<u>(1,532,059)</u>	<u>127,387</u>	<u>(1,512,699)</u>
357,690	5,420	878,421
800,000	-	800,000
(165,311)	(213,053)	(528,421)
<u>992,379</u>	<u>(207,633)</u>	<u>1,150,000</u>
(539,680)	(80,246)	(362,699)
<u>3,783,240</u>	<u>665,450</u>	<u>6,632,683</u>
<u>\$ 3,243,560</u>	<u>\$ 585,204</u>	<u>\$ 6,269,984</u>

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CITY OF LE SUEUR, 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, 2013

Net change in fund balance - governmental funds	\$ (362,699)
<p>Amounts reported for governmental activities in the statement of activities are different because</p>	
<p>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.</p>	
Capital outlay	310,540
Depreciation expense	(1,038,417)
<p>The City has an equity interest in joint ventures. The net allocated gain or (loss) and contributions from this investment is not a current financial resource and therefore is not reported in the governmental funds.</p>	
	(26,403)
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to increase or decrease net position.</p>	
Sale of capital assets	(10,235)
Capital assets contributed from donations	8,000
<p>The issuance of noncurrent debt provides current financial resources to governmental funds, while the repayment of principal of noncurrent 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.</p>	
Principal repayments	2,136,873
Debt issued or incurred	(800,000)
Bond premiums, net of amortization expense	2,363
<p>Interest on noncurrent debt in the statement of activities differs from the amount reported in the governmental fund because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	3,103
<p>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.</p>	
Property taxes	(31,656)
Special assessments	(530,747)
Loan principal repayments	(371,500)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	(17,703)
Other postemployment benefits expense	(19,424)
<p>Certain expenditures reported in the governmental funds require the use of current financial resources and, therefore, are reported as expenditures in the funds.</p>	
Loans made	118,326
	118,326
Change in net position - governmental activities	\$ (629,579)

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

CITY OF LE SUEUR, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND AND COMMUNITY CENTER FUND
FOR THE YEAR ENDED DECEMBER 31, 2013

	General Fund			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 696,746	\$ 696,746	\$ 709,477	\$ 12,731
Licenses and permits	111,100	111,100	197,249	86,149
Intergovernmental	847,000	847,000	850,780	3,780
Charges for services	21,000	21,000	22,274	1,274
Fines and forfeits	20,200	20,200	26,768	6,568
Interest earnings	8,000	8,000	6,638	(1,362)
Miscellaneous	46,500	46,500	140,579	94,079
TOTAL REVENUES	1,750,546	1,750,546	1,953,765	203,219
EXPENDITURES				
Current				
General government	388,030	388,030	401,602	(13,572)
Public safety	889,959	889,959	1,060,782	(170,823)
Streets and highways	522,739	522,739	502,482	20,257
Sanitation	3,200	3,200	2,276	924
Culture and recreation	173,490	173,490	155,678	17,812
Miscellaneous	60,250	60,250	114,263	(54,013)
Capital outlay				
Culture and recreation	-	-	-	-
Debt service				
Interest and other	1,111	1,111	1,111	-
TOTAL EXPENDITURES	2,038,779	2,038,779	2,238,194	(199,415)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(288,233)	(288,233)	(284,429)	3,804
OTHER FINANCING SOURCES (USES)				
Transfers in	350,000	350,000	515,311	165,311
Transfers out	(45,741)	(45,741)	(31,584)	14,157
TOTAL OTHER FINANCING SOURCES (USES)	304,259	304,259	483,727	179,468
NET CHANGE IN FUND BALANCES	16,026	16,026	199,298	183,272
FUND BALANCES, JANUARY 1	391,159	391,159	391,159	-
FUND BALANCES, DECEMBER 31	<u>\$ 407,185</u>	<u>\$ 407,185</u>	<u>\$ 590,457</u>	<u>\$ 183,272</u>

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

Community Center

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ 301,790	\$ 301,790	\$ 301,790	\$ -
-	-	-	-
-	-	-	-
378,400	378,400	428,017	49,617
-	-	-	-
-	-	-	-
25,000	25,000	38,987	13,987
<u>705,190</u>	<u>705,190</u>	<u>768,794</u>	<u>63,604</u>
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
645,665	645,665	703,502	(57,837)
-	-	-	-
3,000	3,000	77,728	(74,728)
-	-	-	-
<u>648,665</u>	<u>648,665</u>	<u>781,230</u>	<u>(132,565)</u>
<u>56,525</u>	<u>56,525</u>	<u>(12,436)</u>	<u>(68,961)</u>
-	-	-	-
<u>(193,195)</u>	<u>(193,195)</u>	<u>(118,473)</u>	<u>74,722</u>
<u>(193,195)</u>	<u>(193,195)</u>	<u>(118,473)</u>	<u>74,722</u>
(136,670)	(136,670)	(130,909)	5,761
<u>64,080</u>	<u>64,080</u>	<u>64,080</u>	<u>-</u>
<u>\$ (72,590)</u>	<u>\$ (72,590)</u>	<u>\$ (66,829)</u>	<u>\$ 5,761</u>

CITY OF LE SUEUR, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601		602	
	Water Utility		Sewer Utility	
	2013	2012	2013	Restated 2012
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 718,110	\$ 887,089	\$ (168,110)	\$ (200,365)
Escrowed investments	-	-	-	734,533
Receivables				
Accounts	171,813	148,926	169,828	179,694
Notes and mortgages receivable - current	-	-	-	-
Intergovernmental	-	-	-	35,902
Special assessments	-	-	50	1,206
Due from other funds	35,119	37,602	30,477	29,036
Prepaid items	2,597	2,543	2,597	2,543
Inventories	96,653	115,851	2,765	3,150
TOTAL CURRENT ASSETS	1,024,292	1,192,011	37,607	785,699
NONCURRENT ASSETS				
Notes and mortgages receivable - noncurrent	-	-	-	-
Special assessments receivable - noncurrent	19,006	20,693	27,698	31,153
Advances to other funds	364,711	43,096	-	-
Capital assets				
Land	27,831	27,831	329,899	329,899
Buildings	2,915,803	2,915,803	3,368,487	3,368,487
System and other improvements	4,510,164	4,510,164	24,185,787	6,985,105
Machinery and equipment	1,497,774	1,472,321	502,068	476,614
Vehicles	67,291	67,291	191,619	191,619
Construction in progress	303,863	101,723	789,749	17,999,568
Less accumulated depreciation	(4,535,019)	(4,297,412)	(6,859,859)	(6,289,357)
Total capital assets (net of accumulated depreciation)	4,787,707	4,797,721	22,507,750	23,061,935
TOTAL NONCURRENT ASSETS	5,171,424	4,861,510	22,535,448	23,093,088
TOTAL ASSETS	6,195,716	6,053,521	22,573,055	23,878,787
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	5,675	51,379	3,108	254,291
Due to other funds	5,095	1,858	35	-
Due to other governments	769	-	37,671	-
Accrued interest payable	2,275	4,825	57,089	52,956
Accrued wages payable	9,879	8,761	4,929	5,000
Compensated absences payable -current	11,965	12,489	10,993	9,667
Deposits payable	-	-	-	-
Bonds payable - current	410,000	405,000	1,021,000	1,758,000
TOTAL CURRENT LIABILITIES	445,658	484,312	1,134,825	2,079,914
NONCURRENT LIABILITIES				
Advances from other funds	496,026	233,369	1,035,987	1,154,518
Compensated absences payable	10,709	5,920	7,661	5,691
Other postemployment benefits payable	6,445	4,167	22,710	17,447
Investment in joint venture deficit	-	-	18,741	100,272
Bonds payable - noncurrent portion	715,000	1,125,000	13,398,594	13,349,594
TOTAL NONCURRENT LIABILITIES	1,228,180	1,368,456	14,483,693	14,627,522
TOTAL LIABILITIES	1,673,838	1,852,768	15,618,518	16,707,436
NET POSITION				
Net investment in capital assets	3,662,707	3,267,721	8,088,156	8,719,341
Unrestricted	859,171	933,032	(1,133,619)	(1,547,990)
TOTAL NET POSITION	\$ 4,521,878	\$ 4,200,753	\$ 6,954,537	\$ 7,171,351

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

Business-type Activities - Enterprise Funds

603 Sewer Pre-Treatment		604 Electric Utility		605 Storm Utility		Totals	
2013	2012	2013	2012	2013	2012	2013	Restated 2012
\$ 32,970	\$ 58,628	\$ 854,010	\$ 517,889	\$ (12,059)	\$ (12,059)	\$ 1,424,921	\$ 1,251,182
-	-	-	-	-	-	-	734,533
-	-	1,455,506	1,102,727	-	-	1,797,147	1,431,347
-	-	43,989	42,323	-	-	43,989	42,323
-	-	-	-	-	-	-	35,902
-	-	-	-	-	-	50	1,206
-	-	-	-	-	-	65,596	66,638
-	-	5,387	5,275	-	-	10,581	10,361
-	-	280,076	298,142	-	-	379,494	417,143
32,970	58,628	2,638,968	1,966,356	(12,059)	(12,059)	3,721,778	3,990,635
-	-	301,816	345,082	-	-	301,816	345,082
-	-	-	-	-	-	46,704	51,846
-	-	106,167	142,409	-	-	470,878	185,505
-	-	156,243	156,243	-	-	513,973	513,973
2,192,197	2,192,197	1,040,220	1,040,220	-	-	9,516,707	9,516,707
-	-	10,968,695	10,575,814	-	-	39,664,646	22,071,083
-	-	2,277,009	2,098,888	-	-	4,276,851	4,047,823
-	-	878,967	878,967	-	-	1,137,877	1,137,877
-	-	143,720	351,442	-	-	1,237,332	18,452,733
(1,534,536)	(1,461,463)	(8,451,616)	(8,019,531)	-	-	(21,381,030)	(20,067,763)
657,661	730,734	7,013,238	7,082,043	-	-	34,966,356	35,672,433
657,661	730,734	7,421,221	7,569,534	-	-	35,785,754	36,254,866
690,631	789,362	10,060,189	9,535,890	(12,059)	(12,059)	39,507,532	40,245,501
-	-	504,679	495,122	-	-	513,462	800,792
-	-	35,228	25,581	-	-	40,358	27,439
-	-	27,051	22,147	-	-	65,491	22,147
-	-	2,977	3,631	-	-	62,341	61,412
-	-	22,303	23,229	-	-	37,111	36,990
-	-	41,610	41,247	-	-	64,568	63,403
-	-	25,850	30,831	-	-	25,850	30,831
-	-	225,000	210,000	-	-	1,656,000	2,373,000
-	-	884,698	851,788	-	-	2,465,181	3,416,014
-	-	-	-	-	-	1,532,013	1,387,887
-	-	8,194	8,888	-	-	26,564	20,499
-	-	23,059	16,598	-	-	52,214	38,212
-	-	-	-	-	-	18,741	100,272
-	-	695,000	920,000	-	-	14,808,594	15,394,594
-	-	726,253	945,486	-	-	16,438,126	16,941,464
-	-	1,610,951	1,797,274	-	-	18,903,307	20,357,478
657,661	730,734	6,093,238	5,952,043	-	-	18,501,762	18,669,839
32,970	58,628	2,356,000	1,786,573	(12,059)	(12,059)	2,102,463	1,218,184
\$ 690,631	\$ 789,362	\$ 8,449,238	\$ 7,738,616	\$ (12,059)	\$ (12,059)	\$ 20,604,225	\$ 19,888,023

CITY OF LE SUEUR, MINNESOTA
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601		602	
	Water Utility		Sewer Utility	
	2013	2012	2013	Restated 2012
OPERATING REVENUES				
Charges for services	\$ 985,959	\$ 1,004,597	\$ 1,118,311	\$ 1,309,777
OPERATING EXPENSES				
Source of power	2,220	1,145	-	-
Power and pumping	99,112	85,573	-	-
Purification	73,884	80,728	-	-
Distribution	102,419	89,804	-	-
Administrative and general	197,985	206,306	168,369	188,117
Sanitary sewer cleaning	-	-	63,544	38,368
Sewer lift stations	-	-	27,785	27,041
Sewer treatment plants	-	-	434,611	615,293
Metering	16,553	13,336	11,385	11,786
Purchased power	-	-	-	-
Transmission and distribution	-	-	-	-
Customer collection and meter	-	-	-	-
Depreciation	237,607	271,209	570,502	228,473
TOTAL OPERATING EXPENSES	729,780	748,101	1,276,196	1,109,078
OPERATING INCOME (LOSS)	256,179	256,496	(157,885)	200,699
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	-	-	-	9,057
Income from investment in joint venture	-	-	81,531	51,864
Interest earnings	296	5,525	1,037	2,048
Rental income	6,500	7,450	-	-
Other income	55,212	42,184	33,919	84,066
Interest expense	(37,210)	(64,548)	(193,133)	(191,561)
Issuance costs	-	-	(32,694)	(32,776)
TOTAL NONOPERATING REVENUES (EXPENSES)	24,798	(9,389)	(109,340)	(77,302)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	280,977	247,107	(267,225)	123,397
CAPITAL CONTRIBUTIONS AND TRANSFERS				
Special assessments	2,832	293	6,711	5,553
Connection fees	37,316	19,695	43,700	22,694
Transfers in	-	581,494	-	579,012
Transfers out	-	-	-	-
CHANGE IN NET POSITION	321,125	848,589	(216,814)	730,656
NET POSITION, JANUARY 1 AS RESTATED	4,200,753	3,352,164	7,171,351	6,440,695
NET POSITION, DECEMBER 31 AS RESTATED	\$ 4,521,878	\$ 4,200,753	\$ 6,954,537	\$ 7,171,351

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

Business-type Activities - Enterprise Funds

603		604		605		Totals	
Sewer Pre-Treatment		Electric Utility		Storm Utility			
2013	2012	2013	2012	2013	2012	2013	Restated 2012
\$ -	\$ -	\$ 8,753,374	\$ 7,983,869	\$ -	\$ -	\$ 10,857,644	\$ 10,298,243
-	-	-	-	-	-	2,220	1,145
-	-	-	-	-	-	99,112	85,573
-	-	-	-	-	-	73,884	80,728
-	-	-	-	-	-	102,419	89,804
-	-	922,127	891,930	-	-	1,288,481	1,286,353
-	-	-	-	-	-	63,544	38,368
-	-	-	-	-	-	27,785	27,041
25,658	6,247	-	-	-	-	460,269	621,540
-	-	-	-	-	-	27,938	25,122
-	-	6,207,463	5,945,556	-	-	6,207,463	5,945,556
-	-	444,819	442,292	-	-	444,819	442,292
-	-	38,502	34,322	-	-	38,502	34,322
73,073	73,073	432,085	425,972	-	-	1,313,267	998,727
98,731	79,320	8,044,996	7,740,072	-	-	10,149,703	9,676,571
(98,731)	(79,320)	708,378	243,797	-	-	707,941	621,672
-	-	-	6,474	-	-	-	15,531
-	-	-	-	-	-	81,531	51,864
-	-	28,648	26,019	-	-	29,981	33,592
-	-	-	-	-	-	6,500	7,450
-	-	368,375	85,204	-	-	457,506	211,454
-	-	(44,779)	(43,475)	-	-	(275,122)	(299,584)
-	-	-	-	-	-	(32,694)	(32,776)
-	-	352,244	74,222	-	-	267,702	(12,469)
(98,731)	(79,320)	1,060,622	318,019	-	-	975,643	609,203
-	-	-	265	-	-	9,543	6,111
-	-	-	-	-	-	81,016	42,389
-	-	-	-	-	-	-	1,160,506
-	-	(350,000)	(350,000)	-	-	(350,000)	(350,000)
(98,731)	(79,320)	710,622	(31,716)	-	-	716,202	1,468,209
789,362	868,682	7,738,616	7,770,332	(12,059)	(12,059)	19,888,023	18,419,814
\$ 690,631	\$ 789,362	\$ 8,449,238	\$ 7,738,616	\$ (12,059)	\$ (12,059)	\$ 20,604,225	\$ 19,888,023

CITY OF LE SUEUR, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601		602	
	Water Utility		Sewer Utility	
	2013	2012	2013	Restated 2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 963,072	\$ 1,023,232	\$ 1,128,177	\$ 1,434,716
Payments to suppliers and vendors	(223,293)	(380,895)	(500,558)	(701,303)
Payments to and on behalf of employees	(278,250)	(249,036)	(162,256)	(194,337)
Other receipts	61,712	49,634	33,919	84,066
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	523,241	442,935	499,282	623,142
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Change in due from other funds	(319,132)	(9,427)	(1,441)	(27,556)
Change in due to other funds	3,237	1,858	35	-
Change in advances from other funds	-	-	-	-
Transfers in	-	2,483	-	-
Transfers out	-	-	-	-
Intergovernmental	-	-	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	(315,895)	(5,086)	(1,406)	(27,556)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(236,353)	(95,474)	(227,988)	(496,559)
Proceeds from issuance of bonds, net of issuance costs	-	-	932,306	815,777
Principal paid on revenue bonds payable	(405,000)	(850,000)	(1,653,000)	(919,000)
Interest and fees paid on revenue bonds payable and interfund advances	(39,760)	(68,442)	(189,000)	(193,558)
Payments received on assessments receivable	4,519	1,885	11,322	10,465
Payments received on notes receivable	-	-	-	-
Payments made on issuance of notes receivable	-	-	-	-
Capital grants received	-	-	-	9,057
Connection fees received	37,316	21,309	43,700	24,309
Payments received (paid) on advances from (to) other funds	262,657	(67,668)	(118,531)	(106,408)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(376,621)	(1,058,390)	(1,201,191)	(855,917)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on cash and investments	296	5,525	1,037	2,048
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(168,979)	(615,016)	(702,278)	(258,283)
CASH AND CASH EQUIVALENTS, JANUARY 1	887,089	1,502,105	534,168	792,451
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 718,110	\$ 887,089	\$ (168,110)	\$ 534,168
RECONCILIATION OF CASH AND CASH EQUIVALENTS				
Unrestricted	\$ 718,110	\$ 887,089	\$ (168,110)	\$ (200,365)
Restricted	-	-	-	734,533
TOTAL CASH AND CASH EQUIVALENTS	\$ 718,110	\$ 887,089	\$ (168,110)	\$ 534,168

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

Business-type Activities - Enterprise Funds

603		604		605		Totals	
Sewer Pre-Treatment		Electric Utility		Storm Utility			
2013	2012	2013	2012	2013	2012	2013	Restated 2012
\$ -	\$ -	\$ 8,395,614	\$ 7,961,632	\$ -	\$ -	\$ 10,486,863	\$ 10,419,580
(25,658)	(6,247)	(6,957,065)	(6,593,708)	-	-	(7,706,574)	(7,682,153)
-	-	(618,227)	(654,043)	-	-	(1,058,733)	(1,097,416)
-	-	368,375	85,204	-	-	464,006	218,904
<u>(25,658)</u>	<u>(6,247)</u>	<u>1,188,697</u>	<u>799,085</u>	<u>-</u>	<u>-</u>	<u>2,185,562</u>	<u>1,858,915</u>
-	-	-	-	-	-	(320,573)	(36,983)
-	-	9,647	15,096	-	-	12,919	16,954
-	-	-	(6,370)	-	-	-	(6,370)
-	-	-	-	-	-	-	2,483
-	-	(350,000)	(350,000)	-	-	(350,000)	(350,000)
-	-	-	6,474	-	-	-	6,474
<u>-</u>	<u>-</u>	<u>(340,353)</u>	<u>(334,800)</u>	<u>-</u>	<u>-</u>	<u>(657,654)</u>	<u>(367,442)</u>
-	-	(363,280)	(246,452)	-	-	(827,621)	(838,485)
-	-	-	-	-	-	932,306	815,777
-	-	(210,000)	(210,000)	-	-	(2,268,000)	(1,979,000)
-	-	(45,433)	(44,080)	-	-	(274,193)	(306,080)
-	-	-	265	-	-	15,841	12,615
-	-	43,473	41,739	-	-	43,473	41,739
-	-	(1,873)	(1,048)	-	-	(1,873)	(1,048)
-	-	-	-	-	-	-	9,057
-	-	-	-	-	-	81,016	45,618
-	-	36,242	17,462	-	-	180,368	(156,614)
<u>-</u>	<u>-</u>	<u>(540,871)</u>	<u>(442,114)</u>	<u>-</u>	<u>-</u>	<u>(2,118,683)</u>	<u>(2,356,421)</u>
-	-	28,648	26,019	-	-	29,981	33,592
(25,658)	(6,247)	336,121	48,190	-	-	(560,794)	(831,356)
<u>58,628</u>	<u>64,875</u>	<u>517,889</u>	<u>469,699</u>	<u>(12,059)</u>	<u>(12,059)</u>	<u>1,985,715</u>	<u>2,817,071</u>
<u>\$ 32,970</u>	<u>\$ 58,628</u>	<u>\$ 854,010</u>	<u>\$ 517,889</u>	<u>\$ (12,059)</u>	<u>\$ (12,059)</u>	<u>\$ 1,424,921</u>	<u>\$ 1,985,715</u>
\$ 32,970	\$ 58,628	\$ 854,010	\$ 517,889	\$ (12,059)	\$ (12,059)	\$ 1,424,921	\$ 1,251,182
-	-	-	-	-	-	-	734,533
<u>\$ 32,970</u>	<u>\$ 58,628</u>	<u>\$ 854,010</u>	<u>\$ 517,889</u>	<u>\$ (12,059)</u>	<u>\$ (12,059)</u>	<u>\$ 1,424,921</u>	<u>\$ 1,985,715</u>

CITY OF LE SUEUR, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	601		602	
	Water Utility		Sewer Utility	
	2013	2012	2013	Restated 2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 256,179	\$ 256,496	\$ (157,885)	\$ 200,699
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities				
Other income related to operations	61,712	49,634	33,919	84,066
Depreciation	237,607	271,209	570,502	228,473
(Increase) decrease in assets				
Accounts receivable	(22,887)	18,635	9,866	124,939
Due from other governments	-	-	35,902	40,088
Prepaid items	(54)	(54)	(54)	(54)
Inventories	19,198	(104,548)	385	(2,953)
Increase (decrease) in liabilities				
Accounts payable	(36,944)	(52,268)	(39,512)	(54,188)
Due to other governments	769	-	37,671	-
Accrued wages payable	1,118	1,327	(71)	(1,492)
Compensated absences payable	4,265	2,228	3,296	2,264
Other postemployment benefits payable	2,278	276	5,263	1,300
Customer deposits payable	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 523,241	\$ 442,935	\$ 499,282	\$ 623,142
NONCASH INVESTING CAPITAL AND FINANCING ACTIVITIES				
Amortization of bond discount/premium	\$ -	\$ -	\$ -	\$ 32,776
Capital assets acquired on account	-	8,760	-	211,671
Retainage in payable removed from construction in progress	-	-	64,465	-
Adjustment to prior year accounts receivable for connection fees	-	1,614	-	1,615
Reduction in advance from other funds through transfers in	-	579,011	-	579,012
Income from investment in joint venture	-	-	81,531	51,864

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

Business-type Activities - Enterprise Funds

603		604		605		Totals	
Sewer Pre-Treatment		Electric Utility		Storm Utility			
2013	2012	2013	2012	2013	2012	2013	Restated 2012
\$ (98,731)	\$ (79,320)	\$ 708,378	\$ 243,797	\$ -	\$ -	\$ 707,941	\$ 621,672
-	-	368,375	85,204	-	-	464,006	218,904
73,073	73,073	432,085	425,972	-	-	1,313,267	998,727
-	-	(352,779)	(24,318)	-	-	(365,800)	119,256
-	-	-	-	-	-	35,902	40,088
-	-	(112)	(112)	-	-	(220)	(220)
-	-	18,066	15,676	-	-	37,649	(91,825)
-	-	9,557	41,322	-	-	(66,899)	(65,134)
-	-	4,904	2,736	-	-	43,344	2,736
-	-	(926)	(605)	-	-	121	(770)
-	-	(331)	5,375	-	-	7,230	9,867
-	-	6,461	1,957	-	-	14,002	3,533
-	-	(4,981)	2,081	-	-	(4,981)	2,081
<u>\$ (25,658)</u>	<u>\$ (6,247)</u>	<u>\$ 1,188,697</u>	<u>\$ 799,085</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,185,562</u>	<u>\$ 1,858,915</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,776
-	-	-	-	-	-	-	220,431
-	-	-	-	-	-	64,465	-
-	-	-	-	-	-	-	3,229
-	-	-	-	-	-	-	1,158,023
-	-	-	-	-	-	81,531	51,864

CITY OF LE SUEUR, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2013

	Agency
ASSETS	
Cash and temporary investments	\$ (220,815)
Accounts receivable	35,120
Due from other governments	192,256
TOTAL ASSETS	\$ 6,561
LIABILITIES	
Accounts payable	\$ 4,770
Other postemployment benefits payable	1,791
TOTAL LIABILITIES	\$ 6,561

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

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Le Sueur (the City) operates under its own Home Rule Charter. The City is governed by an elected Mayor and a six-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 has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Each discretely presented component unit is reported in a separate column in the combined financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a December 31 year end.

Discretely presented component unit. The Le Sueur Economic Development Authority (the EDA) was created pursuant to Minnesota statutes, 469.090 through 469.108, to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the City Council. The five-member board consists of two Council members and three other Council approved members. The EDA may not exercise any of the powers enumerated by the authorizing statutes without prior approval of the City Council thus is presented as discretely presented component unit. Activities of the EDA are accounted for in various funds including General, special revenue and debt service.

Complete financial statements for the individual component unit may be obtained at the entity's administrative offices, Le Sueur Economic Development Authority, 203 South Second Street, Le Sueur, MN 56058.

Joint venture and joint powers agreement. In April of 2005 the City of Le Sueur and the City of Henderson entered into a joint powers agreement for the planning, construction, operation and maintenance of facilities for collection and treatment of any wastewater generated within the boundaries of the Cities of Le Sueur and Henderson. The public agency created under this joint powers agreement to manage this activity is known as the Minnesota River Valley Public Utilities Commission (MRVPUC). Under this agreement the City of Henderson transports its wastewater through a force main to a new mechanical treatment facility located in the City of Le Sueur. Wastewater from the facility is discharged into the Minnesota River. Both cities are billed an appropriate amount based upon the amount of wastewater loading generated by each city to cover the costs of its operation based on a budget prepared by the MRVPUC. Property ownership of the facilities is based on location and proportion of contributions of the respective jurisdictions. The City of Le Sueur was the fiscal agent until June 30, 2012 and these activities are accounted for in an agency fund.

The City and the City of Henderson formed a joint venture, the Le Sueur-Henderson Cable Communications Commission (the Commission). The purpose of the Commission is to monitor the operation and activities of cable communications, and in particular, the Cable Communications (System) of Le Sueur and Henderson (the participants); to provide coordination of administration and enforcement of the franchises of the participants for their respective System; and to conduct such other activities as may be necessary to provide equitable and reasonable rates and service levels for the citizens of the participants. These activities are accounted for in an agency fund.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 primary government and its component units. *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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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

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

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

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.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

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 *Economic Development Revolving Loan fund* accounts for grants received by the City which are loaned to local businesses for economic development. The fund's grant revenues are committed for economic development.

The *Community Center fund* accounts for the operation of the community center, outdoor swimming pool, and recreation activities offered by the City. The fund's charges for services are committed for recreation, operations, maintenance, and improvements.

The *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The City reports the following major proprietary funds:

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

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

The *Sewer Pre-Treatment fund* accounts for the costs associated with the City's sewer pre-treatment system and ensures that user charges are sufficient to pay for those costs.

The *Electric Utility fund* accounts for the costs associated with the City's electric system and ensures that user charges are sufficient to pay for those costs.

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

Additionally, the City reports the following fund type:

Fiduciary funds account for assets held by the government in a trustee capacity or as an agent on behalf of others.

The *Agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity. Agency funds account for Cable TV, HRA, LSH Healthy Communities and the Minnesota River Valley PUC activities.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, liabilities, deferred inflows of resources, and net position/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.

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments for the City are reported at fair value. The 4M Fund and broker money market accounts operate in accordance with appropriate state laws and regulations. The reported value of the pools is the same as the fair value of the pool shares.

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

The Minnesota Municipal Money Market Fund and broker money market investment pools operate in accordance with appropriate State laws and regulations. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. Financial statements of the 4M Fund can be obtained by contracting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

Investment policy

The funds of the City shall be deposited or invested in accordance with Minnesota statutes, chapter 118A and any other applicable law or written administrative procedures. In accordance with the City's investment policy, the primary criteria for the investment of funds of the City, in priority of order are as follows.

1. Safety - Regardless of any other considerations, the protection of the taxpayer's money must be assured. Speculation with the principal amount is never justified.
2. Timing of Maturities - When funds are needed, they must be available.
3. Liquidity - A proper investment must be sufficiently liquid so that the City is able to obtain cash if an emergency arises.
4. Yield - If the Safety, Timing of Maturities, and Liquidity factors have received proper consideration, the investment or deposit providing the maximum earnings may be made since the object of investing idle funds is to put the taxpayer's money to a use that will yield the greatest return consistent with safety and the City's later need for the money.

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 settlements are made to the City during January, June and November 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.

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2013. Since the City is generally able to certify delinquent amounts to the County for collection as special assessments, no allowance for uncollectible accounts has been provided on current receivables.

CITY OF LE SUEUR, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

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. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Land and land improvements	\$ 10,000
Other improvements	25,000
Buildings	25,000
Building improvements	25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other assets	5,000

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

<u>Assets</u>	<u>Years</u>
Land improvements	15 - 20
Buildings and improvements	10 - 40
System improvements/infrastructure	15 - 50
Machinery and equipment	5 - 15
Vehicles	5 - 15
Other assets	5 - 15

Compensated absences

It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide, proprietary, and fiduciary fund 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.

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 determined using the alternative valuation method, in accordance with GASB Statement 45, at January 1, 2012.

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 LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

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 three sources: taxes, special assessments, and notes and mortgages. 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 Finance Director.

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

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 20 percent of budgeted operating expenditures for cash-flow timing needs.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net position

Net position represents the difference between assets and liabilities. 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 following funds:

- General fund
- Special revenue funds
 - Fire Service
 - Ambulance Service
 - Para Transit
 - Airport
 - Community Center

In August of each year, all departments of the City submit requests for appropriations to the Administrator so that a budget may be prepared. Before September 15, the proposed budget is presented to the Council for review. The Council holds public hearings and a final budget is prepared and adopted in early December. The City does not use encumbrance accounting.

The appropriated budget is prepared by fund, function and department. The City’s department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Administrator. The legal level of budgetary control is the department level. Budgeted amounts are as originally adopted or as amended by the Council. No budget amendments were made during the year.

CITY OF LE SUEUR, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of expenditures over appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in the following fund:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Excess of Expenditures Over Appropriations</u>
General	\$ 2,038,779	\$ 2,238,194	\$ 199,415
Special revenue			
Community Center	648,665	781,230	132,565

The General fund excess expenditures were funded by excess revenues over budget. The Community Center excess expenditures created a deficit fund balance at year end.

C. Deficit fund equity

The following funds had fund equity deficits at December 31, 2013:

<u>Fund</u>	<u>Amount</u>
Special revenue	
Community Center	\$ 66,829
Airport	74,192
Debt Service	
LS Powerhouse Abatement	6,705
Capital projects	
Capital Improvements	134,583
Community Center Roof Project 2011	69,687
Enterprise	
Storm Utility	12,059

The above deficits will be eliminated through transfers from other funds, future tax and assessment collections, loan repayments, grants and charges for services.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

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.

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.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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 and the City's investment policy 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 investment policy does not address custodial credit risk 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.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the maturity of its investment portfolio to less than five years.

At year end, the City's carrying amount of deposits was \$3,291,600 (including EDA deposits of \$84,583 and fiduciary funds of (\$220,815) and the bank balance was \$3,578,258. Of the bank balance, \$720,423 was covered by federal depository insurance. The remaining balance of \$2,857,835 was collateralized with securities held by the pledging financial institution's trust department in the City's name.

Investments

As of December 31, 2013, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Non-pooled investments			
State and Local Government Series Securities	N/A	1 to 3 years	<u>\$ 1,171,484</u>
Pooled investments			
Minnesota Municipal Money Market			
4M Fund	N/A	less than 6 months	92,694
4M Plus Fund	N/A	less than 6 months	<u>658,956</u>
Total pooled investments			<u>751,650</u>
Total investments			<u>\$ 1,923,134</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 no rating applicable or available.

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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 \$580.

Cash and investments summary

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

	Primary Government	Component Unit - EDA	Fiduciary Funds	Total
Carrying amount of deposits	\$ 3,427,832	\$ 84,583	\$ (220,815)	\$ 3,291,600
Investments	1,923,134	-	-	1,923,134
Cash on hand	580	-	-	580
Total	\$ 5,351,546	\$ 84,583	\$ (220,815)	\$ 5,215,314
Cash and temporary investments	\$ 4,180,062	\$ 84,583	\$ (220,815)	\$ 4,043,830
Escrowed investments	1,171,484	-	-	1,171,484
Total	\$ 5,351,546	\$ 84,583	\$ (220,815)	\$ 5,215,314

B. Notes and mortgages receivable

The City has loaned funds to various local businesses. These notes will be paid back with monthly payments at 3.25 to 6.75 percent per annum. The balance on these notes at December 31, 2013 is \$7,693,712. These loans are secured by property and equipment.

The EDA has mortgage receivables on lot sales. These mortgages will be repaid as the lots are sold. The balance on these mortgages at December 31, 2013 is \$26,500.

The EDA has a note receivable from the ISJ/Mayo Health Systems, Inc. Medical Clinic for \$2,341,202, for which they issued debt for in the amount of \$2,466,000.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Capital assets

Capital asset activity for the primary government for the year ended December 31, 2013 was as follows:

Primary government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 860,582	\$ -	\$ -	\$ 860,582
Construction in progress	1,225,726	196,552	-	1,422,278
Total capital assets not being depreciated	2,086,308	196,552	-	2,282,860
Capital assets being depreciated				
Buildings	6,396,697	76,275	-	6,472,972
Infrastructure	11,897,122	-	-	11,897,122
Machinery and equipment	2,083,233	37,713	-	2,120,946
Vehicles	1,811,082	8,000	(155,545)	1,663,537
Total capital assets being depreciated	22,188,134	121,988	(155,545)	22,154,577
Less accumulated depreciation for				
Buildings	(1,822,947)	(248,400)	-	(2,071,347)
Infrastructure	(4,445,861)	(550,837)	-	(4,996,698)
Machinery and equipment	(1,290,250)	(149,923)	-	(1,440,173)
Vehicles	(1,093,854)	(89,257)	145,310	(1,037,801)
Total accumulated depreciation	(8,652,912)	(1,038,417)	145,310	(9,546,019)
Total capital assets being depreciated, net	13,535,222	(916,429)	(10,235)	12,608,558
Governmental activities capital assets, net	\$ 15,621,530	\$ (719,877)	\$ (10,235)	\$ 14,891,418

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 513,973	\$ -	\$ -	\$ 513,973
Construction in progress	18,452,733	442,629	(17,658,030)	1,237,332
Total capital assets not being depreciated	<u>18,966,706</u>	<u>442,629</u>	<u>(17,658,030)</u>	<u>1,751,305</u>
Capital assets being depreciated				
Buildings	9,516,707	-	-	9,516,707
Infrastructure and systems	22,071,083	17,593,563	-	39,664,646
Machinery and equipment	4,047,823	229,028	-	4,276,851
Vehicles	1,137,877	-	-	1,137,877
Total capital assets being depreciated	<u>36,773,490</u>	<u>17,822,591</u>	<u>-</u>	<u>54,596,081</u>
Less accumulated depreciation for				
Buildings	(6,431,030)	(181,203)	-	(6,612,233)
Infrastructure	(10,099,806)	(945,446)	-	(11,045,252)
Machinery and equipment	(2,670,476)	(148,314)	-	(2,818,790)
Vehicles	(866,451)	(38,304)	-	(904,755)
Total accumulated depreciation	<u>(20,067,763)</u>	<u>(1,313,267)</u>	<u>-</u>	<u>(21,381,030)</u>
Total capital assets being depreciated, net	<u>16,705,727</u>	<u>16,509,324</u>	<u>-</u>	<u>33,215,051</u>
Business-type activities capital assets, net	<u>\$ 35,672,433</u>	<u>\$ 16,951,953</u>	<u>\$ (17,658,030)</u>	<u>\$ 34,966,356</u>

CITY OF LE SUEUR, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

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	\$ 18,751
Public safety	200,454
Streets and highways	344,970
Culture and recreation	230,774
Miscellaneous	243,468
	<u>243,468</u>

Total depreciation expense - governmental activities	\$ 1,038,417
	<u>1,038,417</u>

Business-type activities

Water utility	\$ 237,607
Sewer utility	570,502
Sewer pre-treatment	73,073
Electric utility	432,085
	<u>432,085</u>

Total depreciation expense - business-type activities	\$ 1,313,267
	<u>1,313,267</u>

Discretely presented component unit

Capital assets activity for the EDA for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,457,532	\$ -	\$ -	\$ 1,457,532

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Interfund receivables, payables, and transfers

Primary government

The composition of interfund balances at December 31, 2013 is as follows:

Due to/from other fund

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Electric Utility	\$ 34,992
Nonmajor governmental	Water Utility	5,095
	Sewer Utility	35
	Electric Utility	236
Water Utility	Community Center	1,721
	Nonmajor governmental	12,089
Sewer Utility	Nonmajor governmental	<u>6,168</u>
Total		<u>\$ 60,336</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Advances from/to other funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Nonmajor governmental	Water Utility	\$ 496,026
	Sewer Utility	671,276
Water Utility	Sewer Utility	28,731
Sewer Utility	Water Utility	335,980
Electric Utility	General	13,167
	Community Center	<u>93,000</u>
Total		<u>\$ 1,638,180</u>

The above advances were primarily capital related and amortization schedules have been established for pay back of the loans. The one exception to that is a \$124,000 interfund advance from the Electric fund to the Community Center fund, which will be repaid when the bonds have been paid in full.

Advances from/to primary government/component unit

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary government	Component unit	
Economic Development Revolving Loan	Economic Development Authority	\$ 670,308
North Highway 169 Frontage Road Improvements	Economic Development Authority	<u>153,233</u>
Total		<u>\$ 823,541</u>

The EDA owes the City \$823,541 relating to the Le Sueur Hilltop Transportation Project Abatement. The EDA paid off debt early with a loan from the City. This will be paid off as the land from this project is sold.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Interfund transfers

The following transfers were made for the year ended December 31, 2013:

Fund	Transfer in			Total
	General	Debt Service	Nonmajor Governmental	
Transfer out				
General	\$ -	\$ 31,584	\$ -	\$ 31,584
Community Center	-	118,473	-	118,473
Debt Service	165,311	-	-	165,311
Nonmajor governmental	-	207,633	5,420	213,053
Electric Utility enterprise	350,000	-	-	350,000
Total transfers out	<u>\$ 515,311</u>	<u>\$ 357,690</u>	<u>\$ 5,420</u>	<u>\$ 878,421</u>

In the year ended December 31, 2013, the City made the following transfers:

A transfer of \$350,000 was made from the Electric Utility fund to the General fund representing a franchise fee of approximately 5 percent of gross revenue of said utility fund.

A transfer of \$118,473 was made out of the Community Center fund to the Debt Service funds for debt service payments.

A transfer of \$5,000 was made out of the Ambulance Service fund into the Equipment Acquisition fund for the purchase of a new ambulance.

A transfer of \$190,302 was made from nonmajor special revenue funds to the Debt Service fund for debt service payments.

A one-time transfer of \$4,352 was made from the General fund to the Debt Service fund to eliminate deficit balance.

A one-time transfer of \$165,311 was made from the Debt Service fund to the General fund to close funds and transfer excess fund balance.

A one-time transfer of \$17,331 was made from a nonmajor capital project fund to the Debt Service fund to eliminate deficit balance.

A transfer of \$420 made from a nonmajor special revenue fund to a nonmajor capital project fund to fund capital projects.

A transfer of \$27,232 was made out of the General fund to the Debt Service fund for debt service.

Transfers were used to 1) move revenues from the fund with collection authorization to the Debt Service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the Debt Service fund to establish mandatory reserve accounts, and 3) move unrestricted General fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Long-term Debt

General obligation bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Certificates of Participation Advance Refunding	\$ 605,000	1.25 - 4.40 %	07/01/03	12/01/16	\$ 155,000
Equipment Lease Purchase Certificates of 2004	355,000	3.25 - 4.50	11/01/04	12/01/15	85,000
G.O. Crossover Refunding Bonds of 2005A-Fire	1,250,000	3.30 - 4.50	02/01/05	12/01/32	1,105,000
G.O. Crossover Refunding Bonds of 2005A-Library	680,000	3.30 - 4.40	02/01/05	12/01/22	505,000
G.O. Certificates of Indebtedness of 2010A	380,000	2.25 - 3.45	03/11/10	02/01/15	160,000
G.O. Police Capital Improvement Plan Bonds of 2010D	540,000	1.20 - 4.10	12/21/10	12/01/23	435,000
G.O. Street Reconstruction Refunding Bonds of 2013B (2011A)	800,000	.90-3.20	10/01/13	12/01/26	<u>800,000</u>
Total General Obligation Bonds					<u><u>\$ 3,245,000</u></u>

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

Year Ending December 31,	General Obligation Bonds Governmental Activities		
	Principal	Interest	Total
2014	\$ 355,000	\$ 119,073	\$ 474,073
2015	360,000	105,200	465,200
2016	240,000	93,650	333,650
2017	190,000	85,720	275,720
2018	200,000	79,878	279,878
2019 - 2023	1,050,000	290,405	1,340,405
2024 - 2028	530,000	128,560	658,560
2029 - 2032	320,000	36,674	356,674
Total	<u><u>\$ 3,245,000</u></u>	<u><u>\$ 939,160</u></u>	<u><u>\$ 4,184,160</u></u>

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

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. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Crossover Refunding					
Bonds of 2005A	\$ 370,000	3.30 - 3.80 %	02/01/05	12/01/16	\$ 170,000
G.O. Improvement					
Bonds of 2006A	2,410,000	3.70 - 4.30	07/01/06	12/01/14	1,495,000
G.O. Improvement Refunding					
Bonds of 2009A	625,000	1.20 - 3.00	10/01/09	12/01/17	330,000
G.O. Refunding Bonds of 2011B	2,410,000	2.00 - 3.15	09/07/11	12/01/23	2,125,000
G.O. Refunding Bonds of 2012A	1,215,000	2.00 - 2.35	01/19/12	12/01/21	<u>1,215,000</u>
Total General Obligation Improvement Bonds					<u>\$ 5,335,000</u>

The annual debt service requirements to maturity for special assessment (improvement) bonds are as follows:

Year Ending December 31,	G.O. Improvement Bonds Governmental Activities		
	Principal	Interest	Total
2014	\$ 1,725,000	\$ 150,934	\$ 1,875,934
2015	610,000	134,809	744,809
2016	620,000	69,515	689,515
2017	565,000	55,185	620,185
2018	490,000	43,035	533,035
2019 - 2023	<u>1,325,000</u>	<u>65,157</u>	<u>1,390,157</u>
Total	<u>\$ 5,335,000</u>	<u>\$ 518,635</u>	<u>\$ 5,853,635</u>

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G.O. revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Business - type activities					
Electric Utility					
Revenue Bonds of 2004	\$ 1,200,000	2.25 - 4.65 %	06/01/04	12/01/14	\$ 140,000
G.O. Sewer					
Revenue Bonds of 2005D	1,535,000	3.10 - 4.25	09/01/05	12/01/13	105,000
G.O. Water					
Crossover Refunding Bonds					
of 2005A	815,000	3.30 - 3.65	01/01/05	12/01/15	255,000
G.O. Revenue Bonds of 2007 (PFA)	16,353,395	1.00	09/26/07	08/20/27	12,572,000
Electric Utility					
Revenue Bonds of 2010B	940,000	2.00 - 4.20	07/13/10	12/01/21	780,000
G.O. Refunding Bonds of 2010C	1,555,000	2.00 - 2.60	09/30/10	12/01/19	870,000
G.O. Refunding Bonds of 2012A	765,000	2.00 - 2.35	01/19/12	12/01/21	765,000
G.O. Revenue Bonds of 2013A	965,000	1.10 - 4.20	10/01/13	12/01/25	965,000
Total business-type activities					<u>16,452,000</u>
Governmental activities					
G.O. Tax Abatement Bonds					
of 2008A	470,000	2.75 - 3.70	02/21/08	12/01/18	225,000
Total G.O. Revenue Bonds					<u>\$ 16,677,000</u>

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

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities			G.O. Revenue Bonds Governmental Activities		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 1,656,000	\$ 243,044	\$ 1,899,044	\$ 45,000	\$ 8,010	\$ 53,010
2015	1,554,000	177,835	1,731,835	45,000	6,503	51,503
2016	1,213,000	184,743	1,397,743	50,000	4,995	54,995
2017	1,232,000	168,313	1,400,313	50,000	3,145	53,145
2018	1,250,000	151,248	1,401,248	35,000	1,295	36,295
2019 - 2023	5,580,000	486,140	6,066,140	-	-	-
2024 - 2027	3,967,000	107,160	4,074,160	-	-	-
Total	<u>\$ 16,452,000</u>	<u>\$ 1,518,483</u>	<u>\$ 17,970,483</u>	<u>\$ 225,000</u>	<u>\$ 23,948</u>	<u>\$ 248,948</u>

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Revenue bonds

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Gross Revenue Recreational Facility Bonds of 1999	\$ 760,000	4.35 - 5.70 %	06/01/99	12/01/14	\$ 75,000
Johnson Controls Lease Revenue Bond of 2006	2,700,000	4.25	03/30/06	03/31/21	1,634,013
Johnson Controls Lease Revenue Bond of 2007	220,000	4.30	08/03/07	03/31/14	17,706
Health Care Facility Revenue Bond of 2010	5,500,000	2.90	09/17/10	09/17/35	<u>5,275,134</u>
Total Revenue Bonds					<u><u>\$ 7,001,853</u></u>

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

Year Ending December 31,	Revenue Bonds Governmental Activities		
	Principal	Interest	Total
2014	\$ 404,939	\$ 377,827	\$ 782,766
2015	327,636	357,769	685,405
2016	342,992	342,413	685,405
2017	360,771	324,634	685,405
2018	378,632	306,773	685,405
2019 - 2023	1,524,009	1,261,214	2,785,223
2024 - 2028	1,227,458	915,964	2,143,422
2029 - 2033	1,636,967	506,455	2,143,422
2034 - 2035	<u>798,449</u>	<u>58,918</u>	<u>857,367</u>
Total	<u>\$ 7,001,853</u>	<u>\$ 4,451,967</u>	<u>\$ 11,453,820</u>

Advance Refunding. On January 16, 2012 the City issued General Obligation Crossover Refunding Bonds, Series 2012A for \$1,980,000. The Refunding Bonds were issued with a net interest cost of 2.1117350 percent to refund the 2012 through the 2021 maturities of the City's General Obligation Water and Sewer Revenue Bonds, Series 2005D and the General Obligation Improvement Bonds, Series 2006A. The refunded bonds carried an average coupons rate of 2.0959546 percent. It is estimated that the City will reduce its aggregate debt service payments by approximately \$66,262 over the 10 years and obtain an economic gain (difference between the present values of the old and net debt service payments) of \$59,914.

On October 1, 2013 the City issued General Obligation Reconstruction Refunding Bonds, Series 2013B for \$800,000. The Refunding Bonds were issued with a net interest cost of 2.8806536 percent to refund the 2013 maturities of the City's General Obligation Temporary Street Reconstruction, Series 2011A. The refunded bonds carried an average coupon rate of 2.0000002 percent. These bonds were issued to replace the 2011A temporary bonds.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 3,580,000	\$ 800,000	\$ (1,135,000)	\$ 3,245,000	\$ 355,000
General obligation improvement bonds	5,890,000	-	(555,000)	5,335,000	1,725,000
General obligation revenue bonds	270,000	-	(45,000)	225,000	45,000
Revenue bonds	7,403,726	-	(401,873)	7,001,853	404,939
Bond premium	41,776	-	(2,363)	39,413	-
Total bonds payable	17,185,502	800,000	(2,139,236)	15,846,266	2,529,939
Compensated absences payable	91,361	100,200	(82,497)	109,064	72,767
Other postemployment benefits payable	64,918	24,662	(5,238)	84,342	-
Governmental activity long-term liabilities	<u>\$ 17,341,781</u>	<u>\$ 924,862</u>	<u>\$ (2,226,971)</u>	<u>\$ 16,039,672</u>	<u>\$ 2,602,706</u>
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 17,755,000	\$ 965,000	\$ (2,268,000)	\$ 16,452,000	\$ 1,656,000
Bond premium	12,594	-	-	12,594	-
Total bonds payable	17,767,594	965,000	(2,268,000)	16,464,594	1,656,000
Compensated absences payable	83,902	92,764	(85,534)	91,132	64,568
Other postemployment benefits payable	38,212	14,517	(515)	52,214	-
Business-type activity long-term liabilities	<u>\$ 17,889,708</u>	<u>\$ 1,072,281</u>	<u>\$ (2,354,049)</u>	<u>\$ 16,607,940</u>	<u>\$ 1,720,568</u>

CITY OF LE SUEUR, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Component unit debt

Revenue bonds

The following bonds were issued to finance capital improvements in the EDA. They will be retired by transfers from the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Public Project Revenue Bonds of 2010 (EDA)	\$ 2,466,000	5.72 %	09/17/10	09/17/32	<u>\$ 2,360,132</u>

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

Year Ending December 31,	Revenue Bonds Component Unit Activities		
	Principal	Interest	Total
2014	\$ 57,609	\$ 134,891	\$ 192,500
2015	60,969	131,531	192,500
2016	64,525	127,975	192,500
2017	68,289	124,211	192,500
2018	72,272	120,228	192,500
2019 - 2023	429,726	532,774	962,500
2024 - 2028	570,545	391,955	962,500
2029 - 2032	<u>1,036,197</u>	<u>181,638</u>	<u>1,217,835</u>
Total	<u>\$ 2,360,132</u>	<u>\$ 1,745,203</u>	<u>\$ 4,105,335</u>

Special assessments payable

These special assessments are payable to the City for the Knollview East Subdivision.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Special Assessment Payable (EDA)	\$ 645,000	6.25 %	11/30/01	11/30/16	<u>\$ 170,000</u>

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

Year Ending December 31,	Special Assessments Component Unit Activities		
	Principal	Interest	Total
2014	\$ 55,000	\$ 8,985	\$ 63,985
2015	55,000	6,125	61,125
2016	<u>60,000</u>	<u>3,210</u>	<u>63,210</u>
Total	<u>\$ 170,000</u>	<u>\$ 18,320</u>	<u>\$ 188,320</u>

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Notes payable

This note is payable to the City's Revolving Loan fund for land purchases in the Highway 169 Industrial Park.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Loan payable	\$ 810,000	3.25 %	02/08/10	02/08/20	<u>\$ 810,000</u>

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

Year Ending December 31,	Notes Component Unit Activities		
	Principal	Interest	Total
2014	\$ 59,727	\$ 25,370	\$ 85,097
2015	31,327	24,384	55,711
2016	32,345	23,366	55,711
2017	33,396	22,315	55,711
2018	34,482	21,229	55,711
2018 - 2020	<u>618,723</u>	<u>39,059</u>	<u>657,782</u>
Total	<u>\$ 810,000</u>	<u>\$ 155,723</u>	<u>\$ 965,723</u>

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2013, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component unit activities					
Bonds payable					
Revenue bonds payable	\$ 2,414,566	\$ -	\$ (54,434)	\$ 2,360,132	\$ 57,609
Notes payable	810,000	-	-	810,000	59,727
Special assessments payable	<u>220,000</u>	<u>-</u>	<u>(50,000)</u>	<u>170,000</u>	<u>55,000</u>
Component unit long-term liabilities	<u>\$ 3,444,566</u>	<u>\$ -</u>	<u>\$ (104,434)</u>	<u>\$ 3,340,132</u>	<u>\$ 172,336</u>

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City of Le Sueur 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 three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and for GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF 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. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

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

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. GERF 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 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members, and 14.40 percent for PEPFF members. The City's contributions to the GERF for the years ending December 31, 2013, 2012 and 2011 were \$151,757, \$145,362, and \$125,228, respectively. The City's contributions to the PEPFF for the years ending December 31, 2013, 2012 and 2011 were \$65,299, \$62,828, and \$61,133, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan description

The City administers a single-employer defined benefit healthcare plan (“the Retiree Health Plan”). The plan provides healthcare insurance for eligible retirees and their spouses through the City’s group health insurance plan until Medicare age, which covers both active and retired members. There are twenty active participants and four retired participants. Benefit provisions are established through negotiations between the City and the unions representing the City employees and are renegotiated each bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

B. Funding policy

The City has historically funded these liabilities on a pay-as-you-go basis. Contribution requirements are negotiated between the City and union representatives. Retired employees receive no retiree benefits except the allowance to continue health insurance that is mandated by Minnesota Law. The City does not contribute any of the cost of current-year premiums for eligible retired plan members or their spouses. For fiscal year 2013, the City contributed \$5,369 to the plan. Plan members receiving benefits contribute 100 percent of their premium costs.

C. Annual other postemployment benefit cost

The City’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC). The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement No. 45 for employers in plans with fewer than one hundred total plan members. 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:

Annual required contribution	\$ 40,192
Interest on net OPEB obligation	3,125
Adjustment to annual required contribution	(3,750)
Annual OPEB cost (expense)	39,567
Contributions made	(5,369)
Increase in net OPEB obligation	34,198
Net OPEB obligation - beginning of year	104,150
NET OPEB obligation - end of year	\$ 138,348

The City’s annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2013 and preceding two years follows:

Year Ending	Three Year Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/13	\$ 39,567	13.6 %	\$ 138,348
12/31/12	39,626	75.2	104,150
12/31/11	64,297	53.5	94,341

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 6: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

D. Funded status and funding progress

As of January 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$387,972 all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,111,104, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 34.9 percent.

The projection of future benefit payments for an ongoing plan involves 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.

E. Methods and assumptions

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 National Center for Health Statistics. The 2008 United States Life Tables for Males and for Females were used.

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 expected rate of increase in healthcare insurance premiums was based on actual rate changes for 2012 along with projections of the Office of the Actuary at the Centers for Medicare & Medicaid Services. A rate increase of 9.0 percent initially in 2012, followed by a 4.1 percent increase in 2013, to an ultimate average rate increase of 6.4 percent after six years, was used.

Health insurance premiums - 2011 and 2012 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 of 2.48 percent was based on average changes over the past ten years in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in *The 2011 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds* for an intermediate growth scenario.

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 3.0 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, 2013 was 30 years.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7: 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

Grants

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.

Claims and litigation

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City. No liability or provision for loss has been recorded in the December 31, 2013 financial statements in relation to any of these matters.

C. Commitments

On August 22, 2005, the City signed a project development agreement with Johnson Controls for a fifteen year Infrastructure Improvement Program which will generate approximate energy savings of \$57,875 and operational savings of \$44,245 annually. An all-encompassing project described in the agreement will cost approximately \$2,900,000. The projects in the proposal will be funded by savings created through the use of new equipment and technology, as well as future budgeted dollars identified by the City.

D. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA) and Market Value Homestead Credit (MVHC) programs. The amount received in 2013 was \$767,922 and \$437 for LGA and MVHC, respectively. This accounted for 39 percent of General fund revenues.

E. Legal debt margin

The City's statutory debt limit is three percent of estimated taxable market value of real and personal property located in the City. The taxable market value was \$230,836,900 at December 31, 2013, for a limit of \$6,925,107. The City currently has \$3,245,000 of general obligation debt outstanding subject to this limit and restricted debt service funds of \$3,243,560. This leaves a legal debt margin of \$6,923,667. Debt financed partially or entirely by special assessments or by operations of enterprise funds is excluded from this computation by statute.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 7: OTHER INFORMATION - CONTINUED

F. Joint powers agreements

In April of 1993, the City of Le Sueur and the City of Henderson entered into a joint powers agreement for operating and monitoring the activities of cable commissions for the purpose of establishing a cable communications system in the two Cities. The public agency created under this joint powers agreement to manage this activity is known as the Le Sueur-Henderson Cable Communications Commissions (CATV). CATV consists of seven directors, five of whom are appointed by Le Sueur and two of whom are appointed by Henderson. Property ownership of the facilities is based on the makeup of the directors of the Commission.

The City's equity interest and its share of the net income (loss) of the Commission are added to the value of the investment in joint ventures in the government-wide financial statements under governmental activities. As of December 31, 2013 the amount reported as the equity interest in the joint venture was \$48,660. The Commission's financial information for the period ending December 31, 2013 is available at the Commission office located at 821 East Ferry Street, Le Sueur, MN 56058.

In April of 2005, The City of Le Sueur and the City of Henderson entered into a joint powers agreement for the planning, construction operation and maintenance of facilities for collection and treatment of any wastewater generated within the boundaries of the cities of Le Sueur and Henderson. The public agency created under this joint powers agreement to manage this activity is known as the Minnesota River Valley Public Utilities Commission (MRVPUC). Under this agreement the City of Henderson transports its wastewater through a force main to a new mechanical treatment facility located in the City of Le Sueur. Wastewater from the facility is discharged into the Minnesota River. Both cities are billed an appropriate amount based on upon the amount of wastewater loading generated by each city to cover the cost of its operation based on a budget prepared by MRVPUC. Property ownership of the facilities is based on the location and proportion of contribution of the respective jurisdictions.

As of December 31, 2013 MRVPUC reported a deficit net position balance of \$25,672. The City of Le Sueur's share of this deficit was \$18,741. It has been determined that this deficit will be repaid to the City (fiscal agent) through future profits of MRVPUC.

Note 8: CHANGE IN ACCOUNTING STANDARD

During fiscal year 2013, the City implemented accounting pronouncement Statement No. 61, "*The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*" issued by the Government Accounting Standards Board (GASB). This standard required a retroactive implementation which resulted in the restatement of beginning balances in the December 31, 2013 financial statements. Changes related to these standards are reflected in the financial statements and schedules and related note disclosures.

CITY OF LE SUEUR, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013

Note 9: PRIOR PERIOD RESTATEMENTS

The following prior period restatements were recorded to correct an error relating to the City's portion of the equity interest in CATV and MRVPUC as described in note 7.

As a result of the prior period restatement to beginning balances, the following schedule reconciled the previously reported December 31, 2012 balances to the December 31, 2013 financial statements.

Fund	December 31, 2013		
	Net Position December 31, 2012 as Previously Reported	(2) Restatement	Net Position January 1, 2013 as Restated
Governmental activities	\$ 14,602,920	\$ 75,063	\$ 14,677,983
Business-type activities Sewer Utility	\$ 7,271,623	\$ (100,272)	\$ 7,171,351

(2) Recognizing equity interest in joint ventures.

As a result of prior period restatement to beginning balances, the following schedule reconciled the previously reported December 31, 2011 balances to the December 31, 2012 financial statements.

Activities/Fund	December 31, 2012		
	Net Position December 31, 2011 as Previously Reported	(1) Restatement	Net Position January 1, 2012 as Restated
Governmental activities	\$ 15,027,720	\$ 82,250	\$ 15,109,970
Business-type activities Sewer Utility	\$ 6,592,831	\$ (152,136)	\$ 6,440,695

(1) Recognizing equity interest in joint ventures.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF LE SUEUR, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule of funding progress for the postemployment benefit plan

Actuarial Valuation Date	Required Supplementary Information					
	Actuarial Value of Assets (a)	Actuarial Accrued Liability - Simplified Entry Age (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)
1/1/12	\$ -	\$ 387,972	\$ 387,972	- %	\$ 1,111,104	34.9 %
1/1/09	-	394,163	394,163	-	2,035,004	19.4

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

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF LE SUEUR, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	<u>Nonmajor Special Revenue</u>	<u>Nonmajor Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
ASSETS			
Cash and temporary investments	\$ 27,977	\$ (50,001)	\$ (22,024)
Receivables			
Accounts	60,853	-	60,853
Notes and mortgages	-	29,808	29,808
Special assessments	-	2,497	2,497
Intergovernmental	27,173	365,994	393,167
Due from other funds	-	5,042	5,042
Advances to other funds	-	57,828	57,828
Advances to component unit	-	153,233	153,233
Inventories	20,191	-	20,191
	<u>20,191</u>	<u>-</u>	<u>20,191</u>
TOTAL ASSETS	<u>\$ 136,194</u>	<u>\$ 564,401</u>	<u>\$ 700,595</u>
LIABILITIES			
Accounts payable	\$ 7,687	\$ 51,777	\$ 59,464
Due to other funds	-	18,257	18,257
Due to other governments	1,221	-	1,221
Accrued wages payable	4,144	-	4,144
	<u>4,144</u>	<u>-</u>	<u>4,144</u>
TOTAL LIABILITIES	<u>13,052</u>	<u>70,034</u>	<u>83,086</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	2,497	2,497
Unavailable revenue - notes and mortgages	-	29,808	29,808
	<u>-</u>	<u>29,808</u>	<u>29,808</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>32,305</u>	<u>32,305</u>
FUND BALANCES			
Nonspendable for			
Inventories	20,191	-	20,191
Committed for			
Fire department operations and maintenance	38,387	-	38,387
Assigned for			
Ambulance operations and maintenance	96,111	-	96,111
Transit operations and maintenance	46,549	-	46,549
Capital projects	-	666,332	666,332
Unassigned	(78,096)	(204,270)	(282,366)
	<u>(78,096)</u>	<u>(204,270)</u>	<u>(282,366)</u>
TOTAL FUND BALANCES	<u>123,142</u>	<u>462,062</u>	<u>585,204</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 136,194</u>	<u>\$ 564,401</u>	<u>\$ 700,595</u>

CITY OF LE SUEUR, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	Nonmajor Special Revenue	Nonmajor Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 105,966	\$ 49,600	\$ 155,566
Special assessments	-	42,691	42,691
Intergovernmental	190,174	4,989	195,163
Charges for services	397,333	8,847	406,180
Interest earnings	-	3,530	3,530
Miscellaneous	27,109	14,357	41,466
TOTAL REVENUES	720,582	124,014	844,596
EXPENDITURES			
Current			
Public safety	272,311	-	272,311
Miscellaneous	245,257	-	245,257
Capital outlay			
Public safety	2,868	40,379	43,247
Streets and highways	-	84,465	84,465
Culture and recreation	-	13,609	13,609
Miscellaneous	-	58,320	58,320
TOTAL EXPENDITURES	520,436	196,773	717,209
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	200,146	(72,759)	127,387
OTHER FINANCING SOURCES (USES)			
Transfers in	-	5,420	5,420
Transfers out	(195,722)	(17,331)	(213,053)
TOTAL OTHER FINANCING SOURCES (USES)	(195,722)	(11,911)	(207,633)
NET CHANGE IN FUND BALANCES	4,424	(84,670)	(80,246)
FUND BALANCES, JANUARY 1	118,718	546,732	665,450
FUND BALANCES, DECEMBER 31	\$ 123,142	\$ 462,062	\$ 585,204

CITY OF LE SUEUR, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	<u>225</u> Fire Service	<u>226</u> Ambulance Service	<u>227</u> Para- Transit
ASSETS			
Cash and temporary investments	\$ 22,857	\$ 67,962	\$ 21,306
Receivables			
Accounts	17,724	33,076	3,389
Intergovernmental	-	-	27,173
Inventories	<u>-</u>	<u>16,287</u>	<u>-</u>
 TOTAL ASSETS	 <u>\$ 40,581</u>	 <u>\$ 117,325</u>	 <u>\$ 51,868</u>
LIABILITIES			
Accounts payable	\$ 1,441	\$ 4,791	\$ 1,113
Due to other governments	753	92	106
Accrued wages payable	<u>-</u>	<u>44</u>	<u>4,100</u>
 TOTAL LIABILITIES	 <u>2,194</u>	 <u>4,927</u>	 <u>5,319</u>
FUND BALANCES			
Nonspendable for			
Inventories	-	16,287	-
Committed for			
Fire department operations and maintenance	38,387	-	-
Assigned for			
Ambulance operations and maintenance	-	96,111	-
Transit operations and maintenance	-	-	46,549
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>
 TOTAL FUND BALANCES	 <u>38,387</u>	 <u>112,398</u>	 <u>46,549</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 40,581</u>	 <u>\$ 117,325</u>	 <u>\$ 51,868</u>

235	Total Nonmajor Special Revenue
<u>Airport</u>	
\$ (84,148)	\$ 27,977
6,664	60,853
-	27,173
<u>3,904</u>	<u>20,191</u>
<u>\$ (73,580)</u>	<u>\$ 136,194</u>
\$ 342	\$ 7,687
270	1,221
<u>-</u>	<u>4,144</u>
<u>612</u>	<u>13,052</u>
3,904	20,191
-	38,387
-	96,111
-	46,549
<u>(78,096)</u>	<u>(78,096)</u>
<u>(74,192)</u>	<u>123,142</u>
<u>\$ (73,580)</u>	<u>\$ 136,194</u>

CITY OF LE SUEUR, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>225</u>	<u>226</u>	<u>227</u>
	Fire Service	Ambulance Service	Para- Transit
REVENUES			
Taxes			
Property taxes	\$ 105,966	\$ -	\$ -
Intergovernmental			
Federal	-	-	54,900
State	-	-	121,037
Charges for services	146,852	181,543	44,654
Miscellaneous	-	21,594	-
	<u>252,818</u>	<u>203,137</u>	<u>220,591</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Public safety	125,082	147,229	-
Miscellaneous	-	-	195,574
Capital outlay			
Public safety	2,868	-	-
	<u>127,950</u>	<u>147,229</u>	<u>195,574</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	124,868	55,908	25,017
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(148,842)</u>	<u>(24,270)</u>	<u>(22,190)</u>
NET CHANGE IN FUND BALANCES	(23,974)	31,638	2,827
FUND BALANCES, JANUARY 1	<u>62,361</u>	<u>80,760</u>	<u>43,722</u>
FUND BALANCES, DECEMBER 31	<u>\$ 38,387</u>	<u>\$ 112,398</u>	<u>\$ 46,549</u>

<u>235</u> <u>Airport</u>	<u>Total</u> <u>Nonmajor</u> <u>Special</u> <u>Revenue</u>
\$ -	\$ 105,966
-	54,900
14,237	135,274
24,284	397,333
<u>5,515</u>	<u>27,109</u>
<u>44,036</u>	<u>720,582</u>
-	272,311
49,683	245,257
-	<u>2,868</u>
<u>49,683</u>	<u>520,436</u>
(5,647)	200,146
<u>(420)</u>	<u>(195,722)</u>
(6,067)	4,424
<u>(68,125)</u>	<u>118,718</u>
<u>\$ (74,192)</u>	<u>\$ 123,142</u>

CITY OF LE SUEUR, MINNESOTA
 FIRE SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Property taxes	\$ 105,966	\$ 105,966	\$ 105,966	\$ -	\$ 100,381
Intergovernmental					
State aid	-	-	-	-	3,700
Federal aid	-	-	-	-	1,977
State fire aid	25,500	25,500	-	(25,500)	26,115
Charges for services					
Public safety	164,076	164,076	146,852	(17,224)	167,965
Miscellaneous					
Contributions and donations	-	-	-	-	50
TOTAL REVENUES	295,542	295,542	252,818	(42,724)	300,188
EXPENDITURES					
Current					
Public safety					
Administration					
Personal services	56,500	56,500	31,410	25,090	38,586
Supplies	1,250	1,250	1,640	(390)	4,098
Other services and charges	16,900	16,900	14,017	2,883	14,400
Total administration	<u>74,650</u>	<u>74,650</u>	<u>47,067</u>	<u>27,583</u>	<u>57,084</u>
Fire fighting					
Personal services	31,000	31,000	31,700	(700)	31,450
Supplies	5,000	5,000	5,500	(500)	4,003
Total fire fighting	<u>36,000</u>	<u>36,000</u>	<u>37,200</u>	<u>(1,200)</u>	<u>35,453</u>
Prevention					
Other services and charges	5,000	5,000	2,813	2,187	4,563
Training					
Supplies	4,500	4,500	2,709	1,791	1,430
Other services and charges	3,000	3,000	3,865	(865)	2,496
Total training	<u>7,500</u>	<u>7,500</u>	<u>6,574</u>	<u>926</u>	<u>3,926</u>
Communications					
Other services and charges	1,750	1,750	1,204	546	1,419
Repair services					
Supplies	5,000	5,000	16,031	(11,031)	8,254
Other services and charges	1,000	1,000	624	376	1,236
Total repair services	<u>6,000</u>	<u>6,000</u>	<u>16,655</u>	<u>(10,655)</u>	<u>9,490</u>

CITY OF LE SUEUR, MINNESOTA
 FIRE SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - CONTINUED
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Public safety					
Stations and buildings					
Other services and charges	\$ 11,800	\$ 11,800	\$ 13,569	\$ (1,769)	\$ 11,703
Total current	142,700	142,700	125,082	17,618	123,638
Capital outlay					
Public safety					
Fire fighting	4,000	4,000	2,868	1,132	589
TOTAL EXPENDITURES	146,700	146,700	127,950	18,750	124,227
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	148,842	148,842	124,868	(23,974)	175,961
OTHER FINANCING SOURCES (USES)					
Transfers out	(148,842)	(148,842)	(148,842)	-	(167,003)
NET CHANGE IN FUND BALANCES	-	-	(23,974)	(23,974)	8,958
FUND BALANCES, JANUARY 1	62,361	62,361	62,361	-	53,403
FUND BALANCES, DECEMBER 31	\$ 62,361	\$ 62,361	\$ 38,387	\$ (23,974)	\$ 62,361

CITY OF LE SUEUR, MINNESOTA
 AMBULANCE SERVICE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State aid	\$ -	\$ -	\$ -	\$ -	\$ 600
Charges for services					
Public safety	176,555	176,555	181,543	4,988	201,960
Miscellaneous					
Contributions and donations	1,000	1,000	14,210	13,210	-
Refunds and reimbursements	-	-	7,384	7,384	277
TOTAL REVENUES	<u>177,555</u>	<u>177,555</u>	<u>203,137</u>	<u>25,582</u>	<u>202,837</u>
EXPENDITURES					
Current					
Public safety					
Ambulance services					
Personal services	90,075	90,075	90,239	(164)	88,151
Supplies	36,000	36,000	30,443	5,557	13,239
Other services and charges	27,210	27,210	26,547	663	23,017
TOTAL EXPENDITURES	<u>153,285</u>	<u>153,285</u>	<u>147,229</u>	<u>6,056</u>	<u>124,407</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	24,270	24,270	55,908	31,638	78,430
OTHER FINANCING SOURCES (USES)					
Transfers out	<u>(24,270)</u>	<u>(24,270)</u>	<u>(24,270)</u>	<u>-</u>	<u>(23,078)</u>
NET CHANGE IN FUND BALANCES	-	-	31,638	31,638	55,352
FUND BALANCES, JANUARY 1	<u>80,760</u>	<u>80,760</u>	<u>80,760</u>	<u>-</u>	<u>25,408</u>
FUND BALANCES, DECEMBER 31	<u>\$ 80,760</u>	<u>\$ 80,760</u>	<u>\$ 112,398</u>	<u>\$ 31,638</u>	<u>\$ 80,760</u>

CITY OF LE SUEUR, MINNESOTA
 PARA - TRANSIT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal transit aid	\$ 60,584	\$ 60,584	\$ 54,900	\$ (5,684)	\$ 53,745
State transit aid	112,513	112,513	121,037	8,524	107,434
Charges for services					
Other	41,000	41,000	44,654	3,654	41,387
Miscellaneous					
Contributions and donations	-	-	-	-	750
TOTAL REVENUES	214,097	214,097	220,591	6,494	203,316
EXPENDITURES					
Current					
Miscellaneous					
Transportation					
Personal services	148,142	148,142	145,408	2,734	143,877
Supplies	26,500	26,500	27,941	(1,441)	20,413
Total transportation	174,642	174,642	173,349	1,293	164,290
Traffic and advertising					
Other services	700	700	450	250	968
Insurance and safety					
Personal services	3,500	3,500	2,854	646	1,938
Other services and charges	2,300	2,300	5,931	(3,631)	2,172
Total insurance and safety	5,800	5,800	8,785	(2,985)	4,110
Administration and general					
Supplies	1,800	1,800	897	903	2,429
Other services and charges	13,300	13,300	12,093	1,207	13,373
Total administration and general	15,100	15,100	12,990	2,110	15,802
TOTAL EXPENDITURES	196,242	196,242	195,574	668	185,170
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,855	17,855	25,017	7,162	18,146
OTHER FINANCING SOURCES (USES)					
Transfers out	(22,190)	(22,190)	(22,190)	-	(20,818)
NET CHANGE IN FUND BALANCES	(4,335)	(4,335)	2,827	7,162	(2,672)
FUND BALANCES, JANUARY 1	43,722	43,722	43,722	-	46,394
FUND BALANCES, DECEMBER 31	\$ 39,387	\$ 39,387	\$ 46,549	\$ 7,162	\$ 43,722

CITY OF LE SUEUR, MINNESOTA
 AIRPORT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2013
 (With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State					
Airport operating grant	\$ 14,300	\$ 14,300	\$ 14,237	\$ (63)	\$ 14,237
Charges for services					
Miscellaneous	58,800	58,800	24,284	(34,516)	29,572
Miscellaneous					
Rents	6,250	6,250	5,515	(735)	6,848
TOTAL REVENUES	79,350	79,350	44,036	(35,314)	50,657
EXPENDITURES					
Current					
Miscellaneous					
Fields, runways and ramps					
Personal services	9,515	9,515	5,223	4,292	7,549
Other services and charges	5,150	5,150	6,140	(990)	4,291
Total fields, runways and ramps	14,665	14,665	11,363	3,302	11,840
Terminal buildings and public areas					
Supplies	52,850	52,850	26,230	26,620	34,933
Other services and charges	11,415	11,415	12,090	(675)	14,652
Total terminal buildings and public areas	64,265	64,265	38,320	25,945	49,585
TOTAL EXPENDITURES	78,930	78,930	49,683	29,247	61,425
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	420	420	(5,647)	(6,067)	(10,768)
OTHER FINANCING SOURCES (USES)					
Transfers out	(420)	(420)	(420)	-	-
NET CHANGE IN FUND BALANCES	-	-	(6,067)	(6,067)	(10,768)
FUND BALANCES, JANUARY 1	(68,125)	(68,125)	(68,125)	-	(57,357)
FUND BALANCES, DECEMBER 31	\$ (68,125)	\$ (68,125)	\$ (74,192)	\$ (6,067)	\$ (68,125)

CITY OF LE SUEUR, MINNESOTA
COMMUNITY CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 301,790	\$ 301,790	\$ 301,790	\$ -	\$ 313,290
Intergovernmental					
Federal	-	-	-	-	3,029
State	-	-	-	-	909
Charges for services					
Culture and recreation	378,400	378,400	428,017	49,617	388,840
Miscellaneous					
Other	25,000	25,000	38,987	13,987	35,185
TOTAL REVENUES	705,190	705,190	768,794	63,604	741,253
EXPENDITURES					
Current					
Culture and recreation					
Swimming pool					
Personal services	38,825	38,825	43,582	(4,757)	43,546
Supplies	7,000	7,000	6,191	809	10,360
Other services and charges	21,650	21,650	27,059	(5,409)	19,090
Total swimming pool	67,475	67,475	76,832	(9,357)	72,996
Personal services					
Personal services	324,760	324,760	321,260	3,500	310,153
Repairs and maintenance					
Supplies	21,300	21,300	21,704	(404)	18,829
Other services and charges	31,500	31,500	42,732	(11,232)	45,733
Total repairs and maintenance	52,800	52,800	64,436	(11,636)	64,562
Administration and general					
Supplies	43,600	43,600	73,076	(29,476)	54,492
Other services and charges	157,030	157,030	167,898	(10,868)	159,639
Total administration and general	200,630	200,630	240,974	(40,344)	214,131
Total current	645,665	645,665	703,502	(57,837)	661,842
Capital outlay					
Culture and recreation	3,000	3,000	77,728	(74,728)	3,163
TOTAL EXPENDITURES	648,665	648,665	781,230	(132,565)	665,005
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	56,525	56,525	(12,436)	(68,961)	76,248
OTHER FINANCING SOURCES (USES)					
Transfers out	(193,195)	(193,195)	(118,473)	74,722	(239,066)
NET CHANGE IN FUND BALANCES	(136,670)	(136,670)	(130,909)	5,761	(162,818)
FUND BALANCES, JANUARY 1	64,080	64,080	64,080	-	226,898
FUND BALANCES, DECEMBER 31	\$ (72,590)	\$ (72,590)	\$ (66,829)	\$ 5,761	\$ 64,080

CITY OF LE SUEUR, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	410	420	435
	Equipment Acquisition	Capital Improvements	Community Center Roof Project 2011
ASSETS			
Cash and temporary investments	\$ 224,189	\$ (492,572)	\$ (59,687)
Receivables			
Notes and mortgages	-	-	-
Special assessments			
Noncurrent	-	-	-
Intergovernmental	-	365,994	-
Due from other funds	-	-	-
Advances to other funds	-	-	-
Advances to component unit	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 224,189</u></u>	<u><u>\$ (126,578)</u></u>	<u><u>\$ (59,687)</u></u>
LIABILITIES			
Accounts payable	\$ 27,762	\$ 8,005	\$ 10,000
Due to other funds	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>27,762</u>	<u>8,005</u>	<u>10,000</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - notes and mortgages	-	-	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Assigned for			
Capital projects	196,427	-	-
Unassigned	-	(134,583)	(69,687)
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>196,427</u>	<u>(134,583)</u>	<u>(69,687)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 224,189</u></u>	<u><u>\$ (126,578)</u></u>	<u><u>\$ (59,687)</u></u>

477	501	478	479	Total Nonmajor Capital Projects
North Highway 169 Frontage Road Improvements	Special Assessments/ Improvements	Le Sueur Hill Improvements	2008 N. 2nd Street Reconstruction	
\$ 12,608	\$ 93,600	\$ 45,084	\$ 126,777	\$ (50,001)
-	29,808	-	-	29,808
-	2,497	-	-	2,497
-	-	-	-	365,994
-	5,042	-	-	5,042
-	-	57,828	-	57,828
153,233	-	-	-	153,233
<u>\$ 165,841</u>	<u>\$ 130,947</u>	<u>\$ 102,912</u>	<u>\$ 126,777</u>	<u>\$ 564,401</u>
\$ 520	\$ -	\$ -	\$ 5,490	\$ 51,777
-	18,257	-	-	18,257
520	18,257	-	5,490	70,034
-	2,497	-	-	2,497
-	29,808	-	-	29,808
-	32,305	-	-	32,305
165,321	80,385	102,912	121,287	666,332
-	-	-	-	(204,270)
165,321	80,385	102,912	121,287	462,062
<u>\$ 165,841</u>	<u>\$ 130,947</u>	<u>\$ 102,912</u>	<u>\$ 126,777</u>	<u>\$ 564,401</u>

CITY OF LE SUEUR, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	410	420	435
	Equipment Acquisition	Capital Improvements	Community Center Roof Project 2011
REVENUES			
Taxes			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Intergovernmental			
Federal			
Other Federal grants	-	4,989	-
Charges for services	-	3,738	-
Interest earnings	-	-	-
Miscellaneous			
Loan repayments	-	-	-
Rents	-	4,800	-
Contributions and donations	2,547	1,044	-
Refunds and reimbursements	-	-	-
Other	-	-	-
	<u>2,547</u>	<u>14,571</u>	<u>-</u>
TOTAL REVENUES	<u>2,547</u>	<u>14,571</u>	<u>-</u>
EXPENDITURES			
Capital outlay			
Public safety	40,379	-	-
Streets and highways	-	-	-
Culture and recreation	-	1,609	12,000
Miscellaneous	-	58,320	-
	<u>40,379</u>	<u>59,929</u>	<u>12,000</u>
TOTAL EXPENDITURES	<u>40,379</u>	<u>59,929</u>	<u>12,000</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(37,832)</u>	<u>(45,358)</u>	<u>(12,000)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	5,000	420	-
Transfers (out)	-	-	-
	<u>5,000</u>	<u>420</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>5,000</u>	<u>420</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(32,832)	(44,938)	(12,000)
FUND BALANCES, JANUARY 1	<u>229,259</u>	<u>(89,645)</u>	<u>(57,687)</u>
FUND BALANCES, DECEMBER 31	<u>\$ 196,427</u>	<u>\$ (134,583)</u>	<u>\$ (69,687)</u>

477	501	478	479	Total Nonmajor Capital Projects
North Highway 169 Frontage Road Improvements	Special Assessments/ Improvements	Le Sueur Hill Improvements	2008 N. 2nd Street Reconstruction	
\$ 49,600	\$ -	\$ -	\$ -	\$ 49,600
-	42,691	-	-	42,691
-	-	-	-	4,989
5,109	-	-	-	8,847
-	-	3,530	-	3,530
-	3,185	-	-	3,185
-	-	-	-	4,800
-	-	-	-	3,591
-	-	-	392	392
-	2,389	-	-	2,389
<u>54,709</u>	<u>48,265</u>	<u>3,530</u>	<u>392</u>	<u>124,014</u>
-	-	-	-	40,379
10,085	-	-	74,380	84,465
-	-	-	-	13,609
-	-	-	-	58,320
<u>10,085</u>	<u>-</u>	<u>-</u>	<u>74,380</u>	<u>196,773</u>
<u>44,624</u>	<u>48,265</u>	<u>3,530</u>	<u>(73,988)</u>	<u>(72,759)</u>
-	-	-	-	5,420
-	-	-	(17,331)	(17,331)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,331)</u>	<u>(11,911)</u>
44,624	48,265	3,530	(91,319)	(84,670)
<u>120,697</u>	<u>32,120</u>	<u>99,382</u>	<u>212,606</u>	<u>546,732</u>
<u>\$ 165,321</u>	<u>\$ 80,385</u>	<u>\$ 102,912</u>	<u>\$ 121,287</u>	<u>\$ 462,062</u>

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CITY OF LE SUEUR, MINNESOTA
GENERAL FUND
COMPARATIVE BALANCE SHEETS
DECEMBER 31, 2013 AND 2012

	2013	2012
ASSETS		
Cash and temporary investments	\$ 658,200	\$ 371,164
Receivables		
Delinquent taxes	82,928	114,584
Accounts	39,787	127,598
Intergovernmental	39,642	58,315
Notes and mortgages	50,881	-
Due from other funds	35,316	24,254
Inventories	6,687	5,795
Prepaid items	2,886	2,826
	\$ 916,327	\$ 704,536
TOTAL ASSETS		
LIABILITIES		
Accounts payable	\$ 88,422	\$ 94,625
Due to other funds	45,618	45,618
Due to other governments	6,139	-
Advances from other funds	13,167	18,409
Accrued wages payable	38,715	40,141
	192,061	198,793
TOTAL LIABILITIES		
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue - taxes	82,928	114,584
Unavailable revenue - notes and mortgages	50,881	-
	133,809	114,584
TOTAL DEFERRED INFLOWS OF RESOURCES		
FUND BALANCES		
Nonspendable for		
Due from other funds	35,316	24,254
Inventories	6,687	5,795
Prepaid items	2,886	2,826
Unassigned	545,568	358,284
	590,457	391,159
TOTAL FUND BALANCES		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
	\$ 916,327	\$ 704,536

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CITY OF LE SUEUR, 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, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
Property taxes	\$ 671,746	\$ 671,746	\$ 671,921	\$ 175	\$ 562,120
Franchise fees	25,000	25,000	37,556	12,556	14,205
Total taxes	<u>696,746</u>	<u>696,746</u>	<u>709,477</u>	<u>12,731</u>	<u>576,325</u>
Licenses and permits					
Business	7,400	7,400	7,630	230	5,757
Nonbusiness	103,700	103,700	189,619	85,919	109,401
Total licenses and permits	<u>111,100</u>	<u>111,100</u>	<u>197,249</u>	<u>86,149</u>	<u>115,158</u>
Intergovernmental					
Federal	-	-	-	-	(397)
State					
Local government aid	767,922	767,922	767,922	-	767,922
Property tax credits and aids	-	-	437	437	560
Police aid	45,000	45,000	50,669	5,669	44,229
Other state aids	8,078	8,078	10,470	2,392	13,026
Total state	<u>821,000</u>	<u>821,000</u>	<u>829,498</u>	<u>8,498</u>	<u>825,737</u>
County					
Highway aid	26,000	26,000	21,282	(4,718)	26,133
Total intergovernmental	<u>847,000</u>	<u>847,000</u>	<u>850,780</u>	<u>3,780</u>	<u>851,473</u>
Charges for services					
General government	4,000	4,000	5,194	1,194	4,466
Public safety	1,000	1,000	922	(78)	705
Streets and highways	2,500	2,500	2,500	-	1,280
Culture and recreation	500	500	-	(500)	35
Miscellaneous	13,000	13,000	13,658	658	13,768
Total charges for services	<u>21,000</u>	<u>21,000</u>	<u>22,274</u>	<u>1,274</u>	<u>20,254</u>
Fines and forfeits	20,200	20,200	26,768	6,568	18,010
Interest earnings	8,000	8,000	6,638	(1,362)	2,726
Miscellaneous					
Other	2,500	2,500	4,295	1,795	9,491
Loan payments	-	-	47,925	47,925	-
Refunds and reimbursements	15,000	15,000	59,359	44,359	25,695
Reimbursements from other funds	29,000	29,000	29,000	-	29,000
Total miscellaneous	<u>46,500</u>	<u>46,500</u>	<u>140,579</u>	<u>94,079</u>	<u>64,186</u>
TOTAL REVENUES	<u>1,750,546</u>	<u>1,750,546</u>	<u>1,953,765</u>	<u>203,219</u>	<u>1,648,132</u>

CITY OF LE SUEUR, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013			Variance with Final Budget	2012
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
EXPENDITURES					
Current					
General government					
Mayor and council					
Personal services	\$ 22,620	\$ 22,620	\$ 22,519	\$ 101	\$ 23,260
Other services and charges	1,700	1,700	5,714	(4,014)	1,320
Total mayor and council	<u>24,320</u>	<u>24,320</u>	<u>28,233</u>	<u>(3,913)</u>	<u>24,580</u>
City administrator					
Personal services	100,640	100,640	93,275	7,365	88,142
Other services and charges	6,000	6,000	8,042	(2,042)	7,180
Total city administrator	<u>106,640</u>	<u>106,640</u>	<u>101,317</u>	<u>5,323</u>	<u>95,322</u>
Elections					
Personal services	-	-	-	-	3,016
Supplies	-	-	-	-	313
Total elections	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,329</u>
City clerk					
Personal services	34,090	34,090	34,909	(819)	38,542
Supplies	7,200	7,200	6,783	417	5,276
Other services and charges	30,000	30,000	29,003	997	30,526
Total city clerk	<u>71,290</u>	<u>71,290</u>	<u>70,695</u>	<u>595</u>	<u>74,344</u>
Accounting					
Personal services	52,080	52,080	57,465	(5,385)	53,616
Supplies	500	500	360	140	213
Other services and charges	15,800	15,800	14,092	1,708	15,946
Total accounting	<u>68,380</u>	<u>68,380</u>	<u>71,917</u>	<u>(3,537)</u>	<u>69,775</u>
City attorney					
Other services and charges	29,000	29,000	43,204	(14,204)	29,003
Planning and zoning					
Personal services	1,500	1,500	175	1,325	875
Other services and charges	200	200	6,311	(6,111)	6,219
Total planning and zoning	<u>1,700</u>	<u>1,700</u>	<u>6,486</u>	<u>(4,786)</u>	<u>7,094</u>
General government buildings					
Supplies	500	500	292	208	567
Other services and charges	28,200	28,200	27,955	245	26,295
Total general government buildings	<u>28,700</u>	<u>28,700</u>	<u>28,247</u>	<u>453</u>	<u>26,862</u>
Insurance					
Workers' compensation	25,000	25,000	25,247	(247)	16,727
Property and liability	33,000	33,000	26,256	6,744	28,386
Total insurance	<u>58,000</u>	<u>58,000</u>	<u>51,503</u>	<u>6,497</u>	<u>45,113</u>
Total general government	<u>388,030</u>	<u>388,030</u>	<u>401,602</u>	<u>(13,572)</u>	<u>375,422</u>

CITY OF LE SUEUR, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Public safety					
Crime control and investigations					
Personal services	\$ 722,375	\$ 722,375	\$ 712,563	\$ 9,812	\$ 681,593
Supplies	8,800	8,800	8,255	545	8,120
Other services and charges	33,800	33,800	41,604	(7,804)	36,126
Total crime control and investigations	<u>764,975</u>	<u>764,975</u>	<u>762,422</u>	<u>2,553</u>	<u>725,839</u>
Police training					
Supplies	2,500	2,500	4,043	(1,543)	3,487
Other services and charges	1,000	1,000	1,507	(507)	2,272
Total police training	<u>3,500</u>	<u>3,500</u>	<u>5,550</u>	<u>(2,050)</u>	<u>5,759</u>
Communication services					
Other services and charges	6,000	6,000	3,467	2,533	4,130
Automotive services					
Supplies	20,000	20,000	22,592	(2,592)	24,526
Other services and charges	21,399	21,399	21,708	(309)	11,752
Total automotive services	<u>41,399</u>	<u>41,399</u>	<u>44,300</u>	<u>(2,901)</u>	<u>36,278</u>
Building inspection					
Supplies	100	100	3,825	(3,725)	559
Other services and charges	50,000	50,000	217,998	(167,998)	52,321
Total building inspection	<u>50,100</u>	<u>50,100</u>	<u>221,823</u>	<u>(171,723)</u>	<u>52,880</u>
Civil defense					
Personal services	3,935	3,935	3,379	556	3,190
Supplies	450	450	42	408	94
Other services and charges	3,700	3,700	3,570	130	5,303
Total civil defense	<u>8,085</u>	<u>8,085</u>	<u>6,991</u>	<u>1,094</u>	<u>8,587</u>
Animal disposal					
Other services and charges	12,000	12,000	11,736	264	11,780
Other protection					
Other services and charges	3,900	3,900	4,493	(593)	4,254
Total public safety	<u>889,959</u>	<u>889,959</u>	<u>1,060,782</u>	<u>(170,823)</u>	<u>849,507</u>

CITY OF LE SUEUR, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Streets and highways					
Streets and alleys					
Personal services	\$ 327,845	\$ 327,845	\$ 314,505	\$ 13,340	\$ 289,964
Supplies	95,850	95,850	89,523	6,327	89,190
Other services and charges	84,044	84,044	79,741	4,303	61,686
Total streets and alleys	<u>507,739</u>	<u>507,739</u>	<u>483,769</u>	<u>23,970</u>	<u>440,840</u>
Ice and snow removal					
Supplies	15,000	15,000	18,713	(3,713)	8,681
Storm drainage					
Other services and charges	-	-	-	-	2,285
Total streets and highways	<u>522,739</u>	<u>522,739</u>	<u>502,482</u>	<u>20,257</u>	<u>451,806</u>
Sanitation					
Other services and charges	3,200	3,200	2,276	924	3,507
Culture and recreation					
Supervision					
Personal services	82,015	82,015	60,777	21,238	80,253
Park areas					
Supplies	19,700	19,700	25,720	(6,020)	19,434
Other services and charges	21,800	21,800	22,994	(1,194)	23,721
Total park areas	<u>41,500</u>	<u>41,500</u>	<u>48,714</u>	<u>(7,214)</u>	<u>43,155</u>
Forestry and nursery					
Personal services	19,400	19,400	14,692	4,708	25,898
Supplies	3,075	3,075	3,485	(410)	2,170
Other services and charges	1,000	1,000	928	72	1,766
Total forestry and nursery	<u>23,475</u>	<u>23,475</u>	<u>19,105</u>	<u>4,370</u>	<u>29,834</u>
Library maintenance					
Other services and charges	26,500	26,500	27,082	(582)	26,523
Total culture and recreation	<u>173,490</u>	<u>173,490</u>	<u>155,678</u>	<u>17,812</u>	<u>179,765</u>

CITY OF LE SUEUR, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With Comparative Actual Amounts for the Year Ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - Continued					
Miscellaneous					
Unallocated					
Other charges	\$ 43,250	\$ 43,250	\$ 22,416	\$ 20,834	\$ 13,452
Safety and wellness program	7,000	7,000	6,225	775	6,314
Projects	10,000	10,000	85,622	(75,622)	3,260
Total miscellaneous	<u>60,250</u>	<u>60,250</u>	<u>114,263</u>	<u>(54,013)</u>	<u>23,026</u>
Total current	<u>2,037,668</u>	<u>2,037,668</u>	<u>2,237,083</u>	<u>(199,415)</u>	<u>1,883,033</u>
Capital outlay					
Public safety	-	-	-	-	111
Debt service					
Interest	1,111	1,111	1,111	-	2,158
TOTAL EXPENDITURES	<u>2,038,779</u>	<u>2,038,779</u>	<u>2,238,194</u>	<u>(199,415)</u>	<u>1,885,302</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(288,233)</u>	<u>(288,233)</u>	<u>(284,429)</u>	<u>3,804</u>	<u>(237,170)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	350,000	350,000	515,311	165,311	350,000
Transfers out	<u>(45,741)</u>	<u>(45,741)</u>	<u>(31,584)</u>	<u>14,157</u>	<u>(26,184)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>304,259</u>	<u>304,259</u>	<u>483,727</u>	<u>179,468</u>	<u>323,816</u>
NET CHANGE IN FUND BALANCES	16,026	16,026	199,298	183,272	86,646
FUND BALANCES, JANUARY 1	<u>391,159</u>	<u>391,159</u>	<u>391,159</u>	<u>-</u>	<u>304,513</u>
FUND BALANCES, DECEMBER 31	<u>\$ 407,185</u>	<u>\$ 407,185</u>	<u>\$ 590,457</u>	<u>\$ 183,272</u>	<u>\$ 391,159</u>

CITY OF LE SUEUR, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2013

	305 1993 Installment Contract With EDA	306 1995 Lease Purchase	307 1999 Recreational Revenue Bond
ASSETS			
Cash and temporary investments	\$ -	\$ 63,666	\$ 139
Escrowed investments	-	-	-
Receivables			
Notes and mortgages	-	-	-
Special assessments			
Delinquent	-	-	-
Noncurrent	-	-	-
Intergovernmental	-	-	-
Advances to other funds	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 63,666</u>	<u>\$ 139</u>
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	-	-	-
Unavailable revenue - notes and mortgages	-	-	-
	<hr/>	<hr/>	<hr/>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted for			
Debt service	-	63,666	139
	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 63,666</u>	<u>\$ 139</u>

502 2005 GO Crossover Refunding Bonds	309 2002 G.O. Library Bonds	310 2002 G.O. Fire Station Bonds	312 2004 Equipment Lease Purchase	316 Johnson Control Facility Improvements	317 2007 G.O. Certificates of Indebtedness	318 2008 G.O. Tax Abatement Bonds
\$ 3,623	\$ 14,332	\$ 62,654	\$ 51,539	\$ 100,517	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	573,372	-	-
-	-	-	-	-	-	-
170,000	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 173,623</u>	<u>\$ 14,332</u>	<u>\$ 62,654</u>	<u>\$ 51,539</u>	<u>\$ 673,889</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
170,000	-	-	-	-	-	-
-	-	-	-	573,372	-	-
<u>170,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>573,372</u>	<u>-</u>	<u>-</u>
3,623	14,332	62,654	51,539	100,517	-	-
<u>\$ 173,623</u>	<u>\$ 14,332</u>	<u>\$ 62,654</u>	<u>\$ 51,539</u>	<u>\$ 673,889</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LE SUEUR, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2013

	319 2010 G.O. Certificates of Indebtedness	320 2010 Police CIP Bonds	321 Medical Facility Bonds 2010	322 EDA Lease Revenue 2010
ASSETS				
Cash and temporary investments	\$ 28,451	\$ -	\$ 223,349	\$ 16,270
Escrowed investments	-	-	-	-
Receivables				
Notes and mortgages	-	-	5,089,683	-
Special assessments				
Delinquent	-	-	-	-
Noncurrent	-	-	-	-
Intergovernmental	-	-	-	-
Advances to other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 28,451</u>	<u>\$ -</u>	<u>\$ 5,313,032</u>	<u>\$ 16,270</u>
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 16,270
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	-	-	-	-
Unavailable revenue - notes and mortgages	-	-	5,089,683	-
	<u>-</u>	<u>-</u>	<u>5,089,683</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>5,089,683</u>	<u>-</u>
FUND BALANCES				
Restricted for				
Debt service	28,451	-	223,349	-
	<u>28,451</u>	<u>-</u>	<u>223,349</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 28,451</u>	<u>\$ -</u>	<u>\$ 5,313,032</u>	<u>\$ 16,270</u>

323	505	507	508	510	
LS	2002	2011B	2006A G.O.	2013B (2011A)	
Powerhouse	G.O.	G.O.	Improvement/	G.O. Street	
Abatement	Improvement	Refunding	2012A Refunding	Reconstruction	Totals
	Bonds	Bonds	Bonds	Refunding Bonds	
\$ (6,705)	\$ 86,861	\$ 255,015	\$ 56,660	\$ 22,145	\$ 978,516
-	-	-	1,171,484	-	1,171,484
-	-	-	-	-	5,663,055
-	1,341	31,047	2,334	-	34,722
-	52,863	1,050,463	268,873	-	1,542,199
-	-	31	325	-	356
-	97,212	489,000	523,262	-	1,109,474
<u>\$ (6,705)</u>	<u>\$ 238,277</u>	<u>\$ 1,825,556</u>	<u>\$ 2,022,938</u>	<u>\$ 22,145</u>	<u>\$ 10,499,806</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,270
-	54,204	1,081,510	271,207	-	1,576,921
-	-	-	-	-	5,663,055
-	54,204	1,081,510	271,207	-	7,239,976
(6,705)	184,073	744,046	1,751,731	22,145	3,243,560
<u>\$ (6,705)</u>	<u>\$ 238,277</u>	<u>\$ 1,825,556</u>	<u>\$ 2,022,938</u>	<u>\$ 22,145</u>	<u>\$ 10,499,806</u>

CITY OF LE SUEUR, 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, 2013

	305 1993 Installment Contract With EDA	306 1995 Lease Purchase	307 1999 Recreational Revenue Bond
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Special assessments	-	-	-
Interest earnings	-	219	-
Miscellaneous			
Loan repayments	-	-	-
Refunds and reimbursements	-	-	-
TOTAL REVENUES	-	219	-
EXPENDITURES			
Current			
Economic development	-	-	-
Debt service			
Principal	-	50,000	70,000
Interest and other	-	8,595	8,195
Issuance costs	-	-	-
TOTAL EXPENDITURES	-	58,595	78,195
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(58,376)	(78,195)
OTHER FINANCING SOURCES (USES)			
Transfer in	-	58,395	78,473
Bonds issued	-	-	-
Transfers out	(102,509)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(102,509)	58,395	78,473
NET CHANGE IN FUND BALANCES	(102,509)	19	278
FUND BALANCES, JANUARY 1	102,509	63,647	(139)
FUND BALANCES, DECEMBER 31	<u>\$ -</u>	<u>\$ 63,666</u>	<u>\$ 139</u>

502 2005 GO Crossover Refunding Bonds	309 2002 G.O. Library Bonds	310 2002 G.O. Fire Station Bonds	312 2004 Equipment Lease Purchase	316 2006C G.O. Johnson Control	317 2007 G.O. Certificates of Indebtedness	318 2008 G.O. Tax Abatement Bonds
\$ -	\$ 66,840	\$ -	\$ -	\$ 154,168	\$ 114,290	\$ 81,960
61,535	-	-	-	-	-	-
-	-	-	-	26,883	-	-
-	-	-	-	59,161	-	-
-	-	-	-	-	-	-
<u>61,535</u>	<u>66,840</u>	<u>-</u>	<u>-</u>	<u>240,212</u>	<u>114,290</u>	<u>81,960</u>
-	-	-	-	-	-	-
50,000	45,000	35,000	40,000	215,771	110,000	45,000
7,912	21,840	48,585	5,565	77,123	4,290	49,460
-	-	-	-	-	-	-
<u>57,912</u>	<u>66,840</u>	<u>83,585</u>	<u>45,565</u>	<u>292,894</u>	<u>114,290</u>	<u>94,460</u>
<u>3,623</u>	<u>-</u>	<u>(83,585)</u>	<u>(45,565)</u>	<u>(52,682)</u>	<u>-</u>	<u>(12,500)</u>
-	-	83,585	45,565	50,297	-	-
-	-	-	-	-	-	-
<u>(49,915)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(12,887)</u>	<u>-</u>
<u>(49,915)</u>	<u>-</u>	<u>83,585</u>	<u>45,565</u>	<u>50,297</u>	<u>(12,887)</u>	<u>-</u>
(46,292)	-	-	-	(2,385)	(12,887)	(12,500)
<u>49,915</u>	<u>14,332</u>	<u>62,654</u>	<u>51,539</u>	<u>102,902</u>	<u>12,887</u>	<u>12,500</u>
<u>\$ 3,623</u>	<u>\$ 14,332</u>	<u>\$ 62,654</u>	<u>\$ 51,539</u>	<u>\$ 100,517</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF LE SUEUR, MINNESOTA
DEBT SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

	319 2010 G.O. Certificates of Indebtedness	320 2010 Police CIP Bonds	321 Medical Facility Bonds 2010	322 EDA Lease Revenue 2010
REVENUES				
Property taxes	\$ 62,356	\$ 50,798	\$ -	\$ -
Special assessments	-	-	-	-
Interest earnings	-	-	83	-
Miscellaneous				
Loan repayments	-	-	428,684	-
Refunds and reimbursements	-	-	37,670	-
TOTAL REVENUES	<u>62,356</u>	<u>50,798</u>	<u>466,437</u>	<u>-</u>
EXPENDITURES				
Current				
Economic development	-	-	118,327	-
Debt service				
Principal	75,000	35,000	116,102	-
Interest and other	7,048	15,798	312,583	-
Issuance costs	-	-	-	-
TOTAL EXPENDITURES	<u>82,048</u>	<u>50,798</u>	<u>547,012</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(19,692)</u>	<u>-</u>	<u>(80,575)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	19,692	4,352	-	-
Bonds issued	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>19,692</u>	<u>4,352</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	-	4,352	(80,575)	-
FUND BALANCES, JANUARY 1	<u>28,451</u>	<u>(4,352)</u>	<u>303,924</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 28,451</u>	<u>\$ -</u>	<u>\$ 223,349</u>	<u>\$ -</u>

323	505	507	508	510	
LS Powerhouse Abatement	2002 G.O. Improvement Bonds	2005C G.O. Improvement/ 2011B Refunding Bonds	2006A G.O. Improvement/ 2012A Refunding Bonds	2013B (2011A) G.O. Street Reconstruction Refunding Bonds	Totals
\$ 2,268	\$ 40,000	\$ 15,000	\$ 65,000	\$ 14,900	\$ 667,580
-	17,657	138,503	61,535	-	279,230
-	-	-	4,502	685	32,372
-	-	-	-	-	487,845
-	-	-	-	-	37,670
<u>2,268</u>	<u>57,657</u>	<u>153,503</u>	<u>131,037</u>	<u>15,585</u>	<u>1,504,697</u>
8,973	-	-	-	-	127,300
-	75,000	265,000	165,000	745,000	2,136,873
-	10,488	53,884	92,777	14,900	739,043
-	-	-	-	33,540	33,540
<u>8,973</u>	<u>85,488</u>	<u>318,884</u>	<u>257,777</u>	<u>793,440</u>	<u>3,036,756</u>
<u>(6,705)</u>	<u>(27,831)</u>	<u>(165,381)</u>	<u>(126,740)</u>	<u>(777,855)</u>	<u>(1,532,059)</u>
-	-	-	-	17,331	357,690
-	-	-	-	800,000	800,000
-	-	-	-	-	(165,311)
-	-	-	-	817,331	992,379
(6,705)	(27,831)	(165,381)	(126,740)	39,476	(539,680)
-	211,904	909,427	1,878,471	(17,331)	3,783,240
<u>\$ (6,705)</u>	<u>\$ 184,073</u>	<u>\$ 744,046</u>	<u>\$ 1,751,731</u>	<u>\$ 22,145</u>	<u>\$ 3,243,560</u>

CITY OF LE SUEUR, MINNESOTA
 AGENCY FUNDS
 COMBINING STATEMENT OF FIDUCIARY NET POSITION
 DECEMBER 31, 2013
 (With Comparative Totals for December 31, 2012)

	Agency			
	229	240	250	606
	Cable TV	HRA	LSH Healthy Communities	Minnesota River Valley PUC
ASSETS				
Cash and temporary investments	\$ 984	\$ (5,808)	\$ (3,698)	\$ (212,293)
Accounts receivable	-	7,599	3,698	23,823
Due from other governments	-	-	-	192,256
	<u>\$ 984</u>	<u>\$ 1,791</u>	<u>\$ -</u>	<u>\$ 3,786</u>
TOTAL ASSETS	<u>\$ 984</u>	<u>\$ 1,791</u>	<u>\$ -</u>	<u>\$ 3,786</u>
LIABILITIES				
Accounts payable	\$ 984	\$ -	\$ -	\$ 3,786
Other postemployment benefits payable	-	1,791	-	-
	<u>\$ 984</u>	<u>\$ 1,791</u>	<u>\$ -</u>	<u>\$ 3,786</u>
TOTAL LIABILITIES	<u>\$ 984</u>	<u>\$ 1,791</u>	<u>\$ -</u>	<u>\$ 3,786</u>

Totals

<u>2013</u>	<u>2012</u>
\$ (220,815)	\$ (275,203)
35,120	27,394
<u>192,256</u>	<u>249,293</u>
<u><u>\$ 6,561</u></u>	<u><u>\$ 1,484</u></u>
\$ 4,770	\$ 464
<u>1,791</u>	<u>1,020</u>
<u><u>\$ 6,561</u></u>	<u><u>\$ 1,484</u></u>

CITY OF LE SUEUR, MINNESOTA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2013

CABLE TV (229)

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Cash and temporary investments	\$ (4,954)	\$ 29,191	\$ 23,253	\$ 984
Accounts receivable	4,954	-	4,954	-
TOTAL ASSETS	\$ -	\$ 29,191	\$ 28,207	\$ 984
LIABILITIES				
Accounts payable	\$ -	\$ 5,939	\$ 4,955	\$ 984
Accrued wages payable	-	23,252	23,252	-
TOTAL LIABILITIES	\$ -	\$ 29,191	\$ 28,207	\$ 984

HRA (240)

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Cash and temporary investments	\$ (4,435)	\$ 84,884	\$ 86,257	\$ (5,808)
Accounts receivable	5,919	7,599	5,919	7,599
TOTAL ASSETS	\$ 1,484	\$ 92,483	\$ 92,176	\$ 1,791
LIABILITIES				
Accounts payable	\$ 464	\$ -	\$ 464	\$ -
Accrued wages payable	-	91,712	91,712	-
Other postemployment benefits liability	1,020	771	-	1,791
TOTAL LIABILITIES	\$ 1,484	\$ 92,483	\$ 92,176	\$ 1,791

LSH HEALTHY COMMUNITIES (250)

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Cash and temporary investments	\$ (4,033)	\$ 20,446	\$ 20,111	\$ (3,698)
Accounts receivable	4,033	3,698	4,033	3,698
TOTAL ASSETS	\$ -	\$ 24,144	\$ 24,144	\$ -
LIABILITIES				
Accrued wages payable	\$ -	\$ 24,144	\$ 24,144	\$ -
TOTAL LIABILITIES	\$ -	\$ 24,144	\$ 24,144	\$ -

CITY OF LE SUEUR, MINNESOTA
 AGENCY FUNDS
 COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2013

MINNESOTA RIVER VALLEY PUC (606)

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Cash and temporary investments	\$ (261,781)	\$ 257,519	\$ 208,031	\$ (212,293)
Accounts receivable	12,488	23,888	12,553	23,823
Due from other governments	249,293	192,256	249,293	192,256
TOTAL ASSETS	\$ -	\$ 473,663	\$ 469,877	\$ 3,786
LIABILITIES				
Accounts payable	\$ -	\$ 3,786	\$ -	\$ 3,786
Accrued wages payable	-	469,877	469,877	-
TOTAL LIABILITIES	\$ -	\$ 473,663	\$ 469,877	\$ 3,786

TOTAL

	Balance January 1, 2013	Additions	Deletions	Balance December 31, 2013
ASSETS				
Cash and temporary investments	\$ (275,203)	\$ 392,040	\$ 337,652	\$ (220,815)
Accounts receivable	27,394	35,185	27,459	35,120
Due from other governments	249,293	192,256	249,293	192,256
TOTAL ASSETS	\$ 1,484	\$ 619,481	\$ 614,404	\$ 6,561
LIABILITIES				
Accounts payable	\$ 464	\$ 9,725	\$ 5,419	\$ 4,770
Accrued wages payable	-	608,985	608,985	-
Other postemployment benefits payable	1,020	771	-	1,791
TOTAL LIABILITIES	\$ 1,484	\$ 619,481	\$ 614,404	\$ 6,561

CITY OF LE SUEUR, MINNESOTA
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Total		Percent Increase (Decrease)
	2013	2012	
REVENUES			
Taxes	\$ 1,834,413	\$ 1,796,838	2.09 %
Special assessments	321,921	328,168	(1.90)
Licenses and permits	197,249	115,158	71.29
Intergovernmental	1,045,943	2,451,637	(57.34)
Charges for services	856,471	851,828	0.55
Fines and forfeits	26,768	18,010	48.63
Investment earnings	46,468	53,609	(13.32)
Miscellaneous	968,457	1,142,331	(15.22)
Payment from component unit	-	37,184	(100.00)
	<u> </u>	<u> </u>	
TOTAL REVENUES	<u>\$ 5,297,690</u>	<u>\$ 6,794,763</u>	(22.03) %
Per Capita	\$ 1,308	\$ 1,680	(22.11) %
EXPENDITURES			
Current			
General government	\$ 401,602	\$ 375,422	6.97 %
Public safety	1,333,093	1,097,552	21.46
Streets and highways	502,482	451,806	11.22
Sanitation	2,276	3,507	(35.10)
Culture and recreation	859,180	844,770	1.71
Economic development	164,300	1,153,544	(85.76)
Miscellaneous	359,520	269,621	33.34
Capital outlay			
General government	-	7,463	(100.00)
Public safety	43,247	1,045,674	(95.86)
Streets and highways	84,465	273,364	(69.10)
Culture and recreation	91,337	99,888	(8.56)
Miscellaneous	58,320	501,431	(88.37)
Debt service			
Principal	2,136,873	1,105,633	93.27
Interest and other charges	740,154	837,933	(11.67)
Issuance costs	33,540	16,937	98.03
	<u> </u>	<u> </u>	
TOTAL EXPENDITURES	<u>\$ 6,810,389</u>	<u>\$ 8,084,545</u>	(15.76) %
Per Capita	\$ 1,682	\$ 1,999	(15.84) %
Total Long-term Indebtedness	\$ 15,806,853	\$ 17,143,726	(7.80) %
Per Capita	3,904	4,238	(7.89)
General Fund Balance - December 31	\$ 590,457	\$ 391,159	50.95 %
Per Capita	146	97	50.81

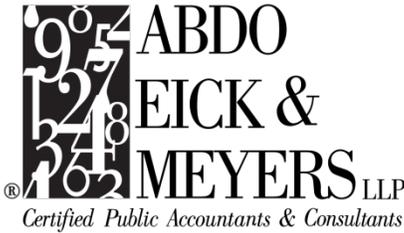
The purpose of this report is to provide a summary of financial information concerning the City of Le Sueur to interested citizens. The complete financial statements may be examined at 203 S. Second Street, P.O. Box 176, Le Sueur, MN 56058-0176. Questions about this report should be directed to Linda Endres, Finance Director at 507-665-6401.

OTHER REQUIRED REPORTS

CITY OF LE SUEUR
LE SUEUR, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON
MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Le Sueur, 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 unit, each major fund and the aggregate remaining fund information of the City of Le Sueur, Minnesota (the City) as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 9, 2014.

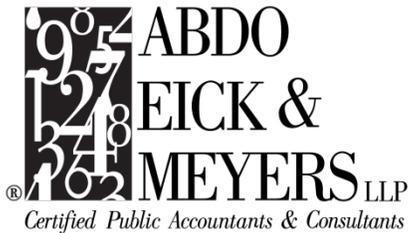
The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and 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
June 9, 2014



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 Le Sueur, 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 unit, each major fund and the aggregate remaining fund information of City of Le Sueur, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2014.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Findings and Responses, we identified a certain deficiency in internal control that we consider to be a material weakness and a deficiency we consider to be a significant deficiency.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-002 to be a material weakness.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 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 responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the 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

ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
June 9, 2014

CITY OF LE SUEUR, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

Finding Description

2013-001 Financial report preparation

Condition: As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

Criteria: Internal controls should be in place to ensure adequate internal control over safeguarding of assets and the reliability of financial records and reporting.

Cause: From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.

Effect: The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosures in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation: Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost and other considerations. Regarding the specific situation listed above, we would offer the following specific recommendation: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your CMS financial information to the amount reported in the audited financial statements.

Management response:

The City is aware of the control deficiency, which is an unavoidable consequence of the financial restrictions of small cities. Each year the City thoroughly reviews a draft of the financial statements and has a presentation from our auditor to the Council after the audit is performed. Management recognizes that it is not economically feasible to fully correct this finding; it is aware of the deficiency and is relying on oversight by management and the Council to monitor the deficiency.

Updated progress since prior year:

The City continues to accept this deficiency.

CITY OF LE SUEUR, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

2013-002 Material audit and accounting adjustments

Condition: During our audit, adjustments were needed to record numerous accounting and audit adjustments. Some adjustments were individually material, including four adjustments that were needed:

- To adjust interfunds, transfers and related payables.
- To adjust loans receivable and related interest and principal payments.
- To record a CD purchase.
- To record equity interest in joint ventures and related activity.

Criteria: Such adjustments should be detected and made by the City's personnel.

Cause: City staff has not prepared a year end trial balance reflecting all necessary accruals and year-end adjustments without auditor assistance.

Effect: This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control for this deficiency.

Recommendation: We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management response:

The City will review all adjusting entries posted this year and make all such necessary adjustments in the future. The Finance Director will continue to monitor all financial activity and adjust account balances as needed throughout the year and at year end to prevent material misstatements from occurring.

Updated progress since prior year:

The City will review the audit journal entries and will be seeking training in order to record more of these entries in the future.