

**CITY OF HALSTAD
HALSTAD, MINNESOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

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CITY OF HALSTAD
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2014

CITY COUNCIL

| | | |
|------------------|--------------------|----------|
| Steve Sortland | Mayor | 12/31/14 |
| Shane Carlson | Vice Mayor/Trustee | 12/31/14 |
| Ronald Gotteberg | Clerk-Treasurer | 12/31/14 |
| Tom Maroney | Trustee | 12/31/16 |
| Renaë Horning | Trustee | 12/31/16 |

UTILITIES COMMISSION

| | | |
|---------------|--------------------------|-----------|
| Tom Maroney | President | 12/31/15 |
| Steve Rude | Secretary | 12/31/16 |
| Darin Johnson | Commission Member | 12/31/14 |
| Lucas Spaeth | Utilities Superintendent | Appointed |



CERTIFIED PUBLIC ACCOUNTANTS
AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor,
City Council and Clerk-Treasurer
City of Halstad
Halstad, Minnesota

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's response 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.

The City of Halstad has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Halstad's basic financial statements. The schedule of operating revenues and expenses – public utility departments and statistical section are presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule of operating revenues and expenses – public utility departments is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 financial statements as a whole.

The statistical 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.

Brady Martz

**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

February 18, 2015

CITY OF HALSTAD
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2014

| | Governmental Activities | Business-Type Activities | Total |
|--|----------------------------|-----------------------------|---------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | \$ 407,293 | \$ 308,852 | \$ 716,145 |
| Accounts receivable | - | 320,085 | 320,085 |
| Internal balances | (50,231) | 50,231 | - |
| Taxes receivable | 20,417 | - | 20,417 |
| Inventories | - | 38,529 | 38,529 |
| Total current assets | <u>377,479</u> | <u>717,697</u> | <u>1,095,176</u> |
| Non-current assets: | | | |
| Capital assets: | | | |
| Nondepreciable: | | | |
| Land | 17,322 | 11,168 | 28,490 |
| Construction in Progress | 124,403 | - | 124,403 |
| Depreciable: | | | |
| Infrastructure | 725,000 | - | 725,000 |
| Building, improvements, and equipment | 1,029,254 | 4,445,215 | 5,474,469 |
| Less accumulated depreciation | <u>(788,355)</u> | <u>(1,983,217)</u> | <u>(2,771,572)</u> |
| Total capital assets (net of accumulated depreciation) | <u>1,107,624</u> | <u>2,473,166</u> | <u>3,580,790</u> |
| Total assets | <u>\$ 1,485,103</u> | <u>\$ 3,190,863</u> | <u>\$ 4,675,966</u> |
| Liabilities and net position | | | |
| Current liabilities | | | |
| Accounts payable | \$ 50,000 | \$ 96,487 | \$ 146,487 |
| Accrued employee benefits - current portion | - | 2,000 | 2,000 |
| Customer deposits | - | 17,425 | 17,425 |
| Total current liabilities | <u>50,000</u> | <u>115,912</u> | <u>165,912</u> |
| Long-term liabilities | | | |
| Accrued employee benefits (net of current) | - | 16,849 | 16,849 |
| Total liabilities | <u>50,000</u> | <u>132,761</u> | <u>182,761</u> |
| Net position | | | |
| Net investment in capital assets | 1,107,624 | 2,473,166 | 3,580,790 |
| Unrestricted | <u>327,479</u> | <u>584,936</u> | <u>912,415</u> |
| Total net position | <u>1,435,103</u> | <u>3,058,102</u> | <u>4,493,205</u> |
| Total liabilities and net position | <u>\$ 1,485,103</u> | <u>\$ 3,190,863</u> | <u>\$ 4,675,966</u> |

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

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

| Functions/Programs | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position | | |
|--------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | Total |
| | | | | | Governmental Activities | Business-Type Activities | |
| Primary government | | | | | | | |
| Governmental activities: | | | | | | | |
| General government | \$ 42,401 | \$ 15,182 | \$ 21,477 | \$ - | \$ (5,742) | \$ - | \$ (5,742) |
| Public safety | 196,980 | 15,240 | 1,259 | 32,253 | (148,228) | - | (148,228) |
| Highways and streets | 107,967 | - | - | - | (107,967) | - | (107,967) |
| Culture and recreation | 61,302 | - | - | - | (61,302) | - | (61,302) |
| Total governmental activities | 408,650 | 30,422 | 22,736 | 32,253 | (323,239) | - | (323,239) |
| Business-type activities: | | | | | | | |
| Public service utilities | 1,587,745 | 1,344,150 | - | 3,005 | - | (240,590) | (240,590) |
| John Wimmer homes | 24,893 | 33,910 | - | - | - | 9,017 | 9,017 |
| Sunrise apartments | 50,838 | 49,493 | - | - | - | (1,345) | (1,345) |
| Total business-type activities | 1,663,476 | 1,427,553 | - | 3,005 | - | (232,918) | (232,918) |
| Total primary government | <u>\$ 2,072,126</u> | <u>\$ 1,457,975</u> | <u>\$ 22,736</u> | <u>\$ 35,258</u> | <u>(323,239)</u> | <u>(232,918)</u> | <u>(556,157)</u> |
| | | | General revenues: | | | | |
| | | | Property taxes | | 175,994 | - | 175,994 |
| | | | Intergovernmental | | 195,657 | - | 195,657 |
| | | | Interest | | 816 | 3,298 | 4,114 |
| | | | Insurance Proceeds | | - | 125,311 | 125,311 |
| | | | Miscellaneous | | 16,376 | - | 16,376 |
| | | | Total general revenues | | <u>388,843</u> | <u>128,609</u> | <u>517,452</u> |
| | | | Changes in net position | | 65,604 | (104,309) | (38,705) |
| | | | Net position - beginning | | <u>1,369,499</u> | <u>3,162,411</u> | <u>4,531,910</u> |
| | | | Net position - ending | | <u>\$ 1,435,103</u> | <u>\$ 3,058,102</u> | <u>\$ 4,493,205</u> |

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

CITY OF HALSTAD
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2014

| | General | Tax Increment District | Total Governmental Funds |
|--|------------|------------------------------|--------------------------------|
| Assets | | | |
| Cash and cash equivalents | \$ 392,625 | \$ 14,668 | \$ 407,293 |
| Due from other funds | 105,910 | - | 105,910 |
| Taxes receivable | 20,417 | - | 20,417 |
| Total assets | \$ 518,952 | \$ 14,668 | \$ 533,620 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | |
| Liabilities | | | |
| Accounts payable | \$ 50,000 | \$ - | \$ 50,000 |
| Due to other funds | - | 156,141 | 156,141 |
| Total liabilities | 50,000 | 156,141 | 206,141 |
| Deferred inflows of resources | | | |
| Unavailable revenue - property taxes | 20,416 | - | 20,416 |
| Fund balance | | | |
| Assigned for housing rehab program | 14,299 | - | 14,299 |
| Unassigned | 434,237 | (141,473) | 292,764 |
| Total fund balance | 448,536 | (141,473) | 307,063 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 518,952 | \$ 14,668 | \$ 533,620 |

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

CITY OF HALSTAD
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
AS OF DECEMBER 31, 2014

| | | |
|----------------------------------|----|---------|
| Total governmental funds balance | \$ | 307,063 |
|----------------------------------|----|---------|

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 not reported in the governmental fund.

| | | |
|--------------------------|------------------|-----------|
| Capital assets | \$ 1,895,979 | |
| Accumulated depreciation | <u>(788,355)</u> | 1,107,624 |

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the governmental funds.

| | | |
|----------------|--|---------------|
| Property taxes | | <u>20,417</u> |
|----------------|--|---------------|

| | | |
|---|----|-------------------------|
| Net position of governmental activities | \$ | <u><u>1,435,103</u></u> |
|---|----|-------------------------|

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

CITY OF HALSTAD
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>General</u> | <u>Tax Increment District</u> | <u>Total Governmental Funds</u> |
|--|-------------------|---------------------------------------|---|
| Revenues | | | |
| Property taxes | \$ 170,954 | \$ 9,394 | \$ 180,348 |
| Special assessments | 1,259 | - | 1,259 |
| Licenses and permits | 1,320 | - | 1,320 |
| Intergovernmental | 227,910 | - | 227,910 |
| Charges for services | 15,240 | - | 15,240 |
| Fines and penalties | 1,710 | - | 1,710 |
| Interest | 803 | 14 | 817 |
| Contributions and donations | 21,477 | - | 21,477 |
| Rents | 4,350 | - | 4,350 |
| Reimbursements and refunds | 7,802 | - | 7,802 |
| Miscellaneous | <u>16,373</u> | <u>-</u> | <u>16,373</u> |
| Total receipts | <u>469,198</u> | <u>9,408</u> | <u>478,606</u> |
| Expenditures | | | |
| Current: | | | |
| General government | 37,815 | - | 37,815 |
| Public safety | 134,276 | - | 134,276 |
| Highways and streets | 75,911 | - | 75,911 |
| Culture and recreation | 40,232 | 1,015 | 41,247 |
| Capital outlay | 183,597 | - | 183,597 |
| Debt service: | | | |
| Principal | 55,000 | 2,000 | 57,000 |
| Interest and other charges | <u>1,375</u> | <u>4,300</u> | <u>5,675</u> |
| Total disbursements | <u>528,206</u> | <u>7,315</u> | <u>535,521</u> |
| Excess (deficiency) of revenues over expenditures | (59,008) | 2,093 | (56,915) |
| Fund balance - beginning | <u>507,544</u> | <u>(143,566)</u> | <u>363,978</u> |
| Fund balance - ending | <u>\$ 448,536</u> | <u>\$ (141,473)</u> | <u>\$ 307,063</u> |

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

CITY OF HALSTAD

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

Net change in fund balance - total governmental funds \$ (56,915)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense.

| | |
|---------------------------|-----------|
| Capital outlay | 181,679 |
| Current year depreciation | (109,807) |

Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment is shown as a reduction in long-term liabilities in the statement of net position. 55,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

| | |
|------------------|----------------|
| Taxes receivable | <u>(4,353)</u> |
|------------------|----------------|

Changes in net position \$ 65,604

CITY OF HALSTAD
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AS OF DECEMBER 31, 2014

| | <u>Major Fund</u> | <u>Nonmajor Funds</u> | | <u>Totals</u> |
|---|-------------------------------------|-------------------------|-----------------------|---------------------|
| | Public Service Utilities Fund | John Wimmer Homes | Sunrise Apartments | |
| Assets | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 237,815 | \$ 52,871 | \$ 18,166 | \$ 308,852 |
| Accounts receivable | 316,183 | 2,452 | 1,450 | 320,085 |
| Due from other funds | 52,083 | 5,000 | - | 57,083 |
| Inventories | <u>38,529</u> | <u>-</u> | <u>-</u> | <u>38,529</u> |
| Total current assets | <u>644,610</u> | <u>60,323</u> | <u>19,616</u> | <u>724,549</u> |
| Capital assets | | | | |
| Land | 2,646 | 3,522 | 5,000 | 11,168 |
| Building, improvements, and equipment | 4,187,757 | 142,458 | 115,000 | 4,445,215 |
| Less accumulated depreciation | <u>(1,788,493)</u> | <u>(128,407)</u> | <u>(66,317)</u> | <u>(1,983,217)</u> |
| Total capital assets | <u>2,401,910</u> | <u>17,573</u> | <u>53,683</u> | <u>2,473,166</u> |
| Total assets | <u>\$ 3,046,520</u> | <u>\$ 77,896</u> | <u>\$ 73,299</u> | <u>\$ 3,197,715</u> |
| Liabilities and net position | | | | |
| Current liabilities | | | | |
| Accounts payable | \$ 93,872 | \$ 604 | \$ 2,011 | \$ 96,487 |
| Accrued employee benefits - current portion | 18,849 | - | - | 18,849 |
| Due to other funds | - | 712 | 6,140 | 6,852 |
| Customer deposits | <u>8,825</u> | <u>4,600</u> | <u>4,000</u> | <u>17,425</u> |
| Total current liabilities | <u>121,546</u> | <u>5,916</u> | <u>12,151</u> | <u>139,613</u> |
| Net position | | | | |
| Net investment in capital assets | 2,401,910 | 17,573 | 53,683 | 2,473,166 |
| Unrestricted | <u>523,064</u> | <u>54,407</u> | <u>7,465</u> | <u>584,936</u> |
| Total net position | <u>2,924,974</u> | <u>71,980</u> | <u>61,148</u> | <u>3,058,102</u> |
| Total liabilities and net position | <u>\$ 3,046,520</u> | <u>\$ 77,896</u> | <u>\$ 73,299</u> | <u>\$ 3,197,715</u> |

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

CITY OF HALSTAD

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014**

| | <u>Major Fund</u> | <u>Nonmajor Funds</u> | | |
|---------------------------------------|----------------------------------|-----------------------|-----------------------|---------------------|
| | Public Service Utilities Fund | John Wimmer Homes | Sunrise Apartments | Totals |
| Operating revenue | | | | |
| Charges for services | \$ 1,216,534 | \$ - | \$ - | \$ 1,216,534 |
| City departments - energy | 14,101 | - | - | 14,101 |
| City departments - administration fee | 13,413 | - | - | 13,413 |
| Penalties | 11,436 | - | - | 11,436 |
| Rentals | - | 32,445 | 47,228 | 79,673 |
| Generator Revenue | 79,217 | - | - | 79,217 |
| Other | 9,449 | 1,465 | 2,265 | 13,179 |
| Total operating revenue | <u>1,344,150</u> | <u>33,910</u> | <u>49,493</u> | <u>1,427,553</u> |
| Operating expenses | | | | |
| Electric energy purchased | 705,358 | - | - | 705,358 |
| Sewer waste disposal | 12,770 | - | - | 12,770 |
| Salaries and wages | 178,065 | 7,426 | 8,352 | 193,843 |
| Heat, light and power | - | 5,255 | 15,018 | 20,273 |
| Repairs, maintenance and supplies | 50,320 | 3,821 | 4,773 | 58,914 |
| Professional services | 5,475 | - | - | 5,475 |
| Insurance | 19,264 | 2,385 | 8,346 | 29,995 |
| Payroll taxes and employee benefits | 58,316 | - | - | 58,316 |
| Depreciation | 113,345 | 2,399 | 4,600 | 120,344 |
| Dumpster rent and pickup | 49,937 | - | - | 49,937 |
| Generator expense | 306,906 | - | - | 306,906 |
| Other | 87,989 | 3,607 | 9,749 | 101,345 |
| Total operating expenses | <u>1,587,745</u> | <u>24,893</u> | <u>50,838</u> | <u>1,663,476</u> |
| Operating Income (Loss) | <u>(243,595)</u> | <u>9,017</u> | <u>(1,345)</u> | <u>(235,923)</u> |
| Non-operating revenues | | | | |
| Grant proceeds | 3,005 | - | - | 3,005 |
| Interest income | 3,246 | 52 | - | 3,298 |
| Insurance proceeds | 123,592 | - | 1,719 | 125,311 |
| Total non-operating revenues | <u>129,843</u> | <u>52</u> | <u>1,719</u> | <u>131,614</u> |
| Change in net position | (113,752) | 9,069 | 374 | (104,309) |
| Net position, beginning | <u>3,038,726</u> | <u>62,911</u> | <u>60,774</u> | <u>3,162,411</u> |
| Net position, ending | <u>\$ 2,924,974</u> | <u>\$ 71,980</u> | <u>\$ 61,148</u> | <u>\$ 3,058,102</u> |

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

CITY OF HALSTAD
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Major Fund</u> | <u>Nonmajor Funds</u> | | <u>Totals</u> |
|---|--|------------------------------|-------------------------------|---------------------|
| | <u>Public Service Utilities Fund</u> | <u>John Wimmer Homes</u> | <u>Sunrise Apartments</u> | |
| Cash flows from operating activities: | | | | |
| Receipts from customers and users | \$ 1,213,376 | \$ 31,868 | \$ 49,923 | \$ 1,295,167 |
| Payments to suppliers | (1,330,059) | (28,332) | (36,180) | (1,394,571) |
| Payments to employees | (178,065) | (7,426) | (8,352) | (193,843) |
| Net cash provided (used) by operating activities | <u>(294,748)</u> | <u>(3,890)</u> | <u>5,391</u> | <u>(293,247)</u> |
| Cash flows from capital and related financing activities: | | | | |
| Purchases of capital assets | (109,272) | (2,195) | - | (111,467) |
| Grant proceeds for capital asset | 3,005 | - | - | 3,005 |
| Insurance proceeds for capital asset | 123,592 | - | 1,719 | 125,311 |
| Net cash provided (used) by capital and related financing activities | <u>17,325</u> | <u>(2,195)</u> | <u>1,719</u> | <u>16,849</u> |
| Cash flows from noncapital financing activities | | | | |
| Change in due to/from other funds | 2,996 | (2,218) | 755 | 1,533 |
| Net cash provided (used) by noncapital financing activities | <u>2,996</u> | <u>(2,218)</u> | <u>755</u> | <u>1,533</u> |
| Cash flows from investing activities | | | | |
| Interest income | 3,246 | 52 | - | 3,298 |
| Net cash provided by investing activities | <u>3,246</u> | <u>52</u> | <u>-</u> | <u>3,298</u> |
| Net increase (decrease) in cash and cash equivalents | (271,181) | (8,251) | 7,865 | (271,567) |
| Cash and cash equivalents, January 1 | 508,996 | 61,122 | 10,301 | 580,419 |
| Cash and cash equivalents, December 31 | <u>\$ 237,815</u> | <u>\$ 52,871</u> | <u>\$ 18,166</u> | <u>\$ 308,852</u> |
| Reconciliation of net operating income to | | | | |
| Net cash provided (used) by operating activities: | | | | |
| Operating income (loss) | \$ (243,595) | \$ 9,017 | \$ (1,345) | \$ (235,923) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities: | | | | |
| Depreciation expense | 113,345 | 2,399 | 4,600 | 120,344 |
| Change in assets and liabilities: | | | | |
| Accounts receivable | (131,974) | (2,042) | (370) | (134,386) |
| Inventories | (2,167) | - | - | (2,167) |
| Accounts payable | (30,694) | (13,264) | 1,706 | (42,252) |
| Accrued expenses | (863) | - | - | (863) |
| Customer deposits | 1,200 | - | 800 | 2,000 |
| Total adjustments | <u>(51,153)</u> | <u>(12,907)</u> | <u>6,736</u> | <u>(57,324)</u> |
| Net cash provided (used) by operating activities | <u>\$ (294,748)</u> | <u>\$ (3,890)</u> | <u>\$ 5,391</u> | <u>\$ (293,247)</u> |

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

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Halstad operates under a City Council form of government. The financial statements of the City of Halstad have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

The financial statements of the City include those of independently administered organizations of which guardianship responsibility falls on the City. Guardianship responsibility is determined on the basis of taxing powers, budget authority, appointment of governing Board members, designation of management, and fiscal accountability including a guaranteed or moral responsibility for debt.

Based on the preceding criteria, there are no component units to be reported.

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 non-fiduciary activities of the City. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported as general revenues.

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

C. Fund Accounting

The accounts of the City are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which comprise its assets, liabilities, deferred inflows/outflows of resources, net position, revenues, and expenditures or expenses, as appropriate. The City has the following funds:

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

1) Governmental Fund Types

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance". The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprise the City's major governmental funds:

- a) General Fund – The General Fund is the general operating fund of the City. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. Many of the more important activities of the City, including operation of the City's general service departments such as public safety are accounted for in this fund.
- b) Tax Increment District – The Tax Increment Financing District No. 2 was established to acquire, demolish and develop two downtown lots into a dental office and parking lot. The financing cost of this project will be paid by future tax collections.

2) Proprietary Fund Types

Proprietary fund types are used to account for a government's ongoing organizations and activities, which are similar to those often found in the private sector. The measurement focus is upon income determination, financial position, and cash flows.

Enterprise Fund Types are used to finance and account for the acquisition, operation, and maintenance of the City's facilities and services, which are supported primarily by user charges. The following is the City's major enterprise fund:

- a) Utilities Fund – To account for the operation and maintenance of the City's water, electric, sewage and refuse disposal departments.

The City reports the following non-major Enterprise funds:

- a) John Wimmer Homes – This fund is used to account for the operations of the John Wimmer Homes Fund.
- b) Sunrise Apartments – This fund is used to account for the operations of the Sunrise Apartment Fund.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*, as are the Proprietary Fund financial statements.

Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

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.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the City; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Licenses and permits, fines and forfeitures, charges for sales and services (other than utility), and miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received. In the category of use of money and property, property rentals are recorded as revenue when received in cash, but investment earnings are recorded as earned, since they are measurable and available.

Property taxes are recognized as a receivable at the time an enforceable legal claim is established. Property taxes are considered available if received within 60 days of year-end.

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

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

E. Budgets

The City submits a proposed budget and levy to the County Auditor's office by September 15. Truth in Taxation public hearings are held in December. The City must prepare a final budget and certify the levy to the County by December 31. A copy of the final budget and prior year revenue and expenditures must be submitted to the State Auditor's office.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

F. Cash and Cash Equivalents

Cash balances from all funds are combined and invested to the extent available in authorized investments. Earnings from such investments are allocated to respective funds on the basis of applicable cash balance participation by each fund. Investments for the City are reported at fair value.

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with original maturities of three months or less.

G. Capital Assets

Capital assets, including land, construction in process, buildings, improvements, infrastructure, and equipment assets, are reported in the applicable governmental or business- type activities columns in the government-wide financial statements. Capital assets are defined by the City of Halstad as assets with an initial, individual cost of more than \$1,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Buildings, improvements, infrastructure and equipment assets are depreciated using the straight-line method of depreciation over the following estimated useful lives:

| | |
|-----------------------|-------------|
| Buildings | 20-40 Years |
| Building Improvements | 25 Years |
| Plant and Equipment | 7-50 Years |
| Office Equipment | 7 Years |
| Infrastructure | 25 Years |

H. Inventories

Inventories are stated at the lower of cost or market and consist of consumable supplies. The cost of these supplies is recorded as an expense at the time they are relieved from inventory for use. Inventories are determined by actual count and priced on the first-in, first-out basis.

I. Inter-fund Transactions

Transactions among City funds that would be treated as revenues and expenditures or expenses if they involved organizations external to City government are accounted for as revenues and expenditures or expenses in the funds involved.

Transactions, which constitute reimbursements to a fund for expenditures initially made from it, which are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the reimbursed fund.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Transactions, which constitute the transfer of resources from a fund receiving revenues to a fund through which the revenues are to be expended, are separately reported in the respective funds' operating statements.

Activity between funds that are representative of lending/borrowing arrangements at the end of the fiscal year are referred to as "due to/from other funds" or "advances 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".

Non-current portions of long-term inter-fund loan receivables are reported as advances within the Governmental Funds, and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources, and therefore, are not available for appropriation.

J. Compensated Absences

City employee's having less than 10 years of consecutive full-time service shall earn vacation leave at the rate of 1 working day for each calendar month of full-time service. Each permanent employee with at least 10 consecutive years of full-time service shall earn vacation leave at the rate of 1 and ½ working days for each calendar month of full-time service.

An employee may accrue vacation leave to a maximum of 30 days. Any days over 30 will be paid at the employee's hourly wage providing one week's worth of vacation was taken during the calendar year. At no time shall an employee be permitted to cash out vacation time to collect money if they have less than 30 days accrued.

Any employee leaving the municipal service in good standing after giving proper notice of such termination of employment shall be compensated for vacation leave accrued and unused to the date of separation.

Every probationary and permanent employee is entitled to sick leave with pay at the rate of 1 day for each calendar month of full-time service or major fraction thereof. Sick leave may be accumulated to a maximum of 200 days. Each employee has the option of after 60 days of accrued sick leave to take \$5/day in exchange for the additional sick leave days.

For Proprietary Fund types, these accumulations are recorded as expenses and liabilities of the appropriate fund in the fiscal year earned.

K. 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 resource (expense/ expenditure) until then. The City does not have any items that qualify for reporting in this category.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

In addition to liabilities, the statement of financial position 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 City has one of which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and special assessments. These amounts are unavailable and recognized as an inflow of resources in the period that the amounts become available.

L. Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in the City's financial statements. Net investment in capital asset, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Sometimes the government will fund outlays for particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

M. Fund Balance

The City follows GASB Statement No.54 "*Fund Balance Reporting and Governmental Fund Type Definitions*". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints and the purposes for which resources can be used:

Nonspendable – consists of amounts that are not in spendable form (such as inventory and prepaid items) or are required to be maintained intact.

Restricted – consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

Committed – consists of amounts constrained to specific purposes by the government itself, using its highest level of decision making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

Assigned – consists of amounts a government intends to use for a specific purpose. These constraints are established by the Council and/or management. The Council delegates the power to assign fund balances to the City Clerk.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Unassigned – consists of amounts that are available for any purpose; positive amounts are reporting only in the general fund.

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

When committed, assigned or unassigned resources are available for use, it is the City's policy to use resources in the following order; 1) committed, 2) assigned and 3) unassigned.

NOTE 2 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Expenditures Over Budgeted Amounts

Expenditures were more than budgeted in the general fund by \$128,631 in 2014.

NOTE 3 DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at the depository banks designated by the governing board. All depositories are members of the Federal Reserve System.

Minnesota laws require all public 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 includes bills, notes, or bonds issued by the United States government, its agencies or instrumentalities, all bonds and notes guaranteed by the United States government, federal land bank bonds, bonds, notes, warrants, certificates of indebtedness, insured certificates of deposit, shares of investment companies registered under the Investment Companies Act of 1940, and all other forms of securities issued by the State of Minnesota, its boards, agencies or instrumentalities or by any county, city, township, school district, park district, or other political subdivision of the State of Minnesota, whether payable from special revenues or supported by the full faith and credit of the issuing body and bonds issued by another state of the United States or such other securities approved by the banking Board.

At year end December 31, 2014, the City's carrying amount of deposits was \$716,145 and the bank balance was \$734,341. Of the bank balances, \$380,875 was covered by Federal Depository Insurance and \$353,466 was covered by pledged collateral.

NOTE 4 TAXES RECEIVABLE

Property tax levies are set by the City Council in October each year and are certified to the county for collection the following year. In Minnesota, counties act as collection agents for all property taxes.

The County spreads the levies over all taxable property in the City. Such taxes become receivables of the City as of January 1. Property taxes are payable in equal installments by property owners to the county as follows: Personal Property - February 28 and June 30; and Real Property - May 15 and October 15.

The County remits the collections to the City and other taxing districts three times a year, in January, July and December. Unpaid taxes at December 31 become liens on the respective

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

property and are classified in the financial statements as taxes receivable. The receivable is fully offset by deferred revenue as it is not available to finance current expenditures.

Special assessments are levied against the benefited properties for the assessable costs of special assessment improvement projects in accordance with Minnesota Statutes. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years of the related bond issue.

Collection of annual installments (including interest) is handled by the County in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

Special assessments receivable includes the following components:

Unremitted – Amounts collected by Norman County and not remitted to the City.

Delinquent – Amounts billed to property owners but not paid.

Deferred – Assessment installments which will be billed to property owners in future years.

NOTE 5 ACCOUNTS RECEIVABLE

Utility billings receivables are carried at the original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Utility billings receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. A utility billing receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 30 days. Resident accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis.

Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Management determines the allowance for doubtful accounts by regularly evaluating individual resident receivables and considering a resident's financial condition, credit history, and current economic conditions. Resident receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Management currently considers all patient accounts receivable to be collectable, thus no allowance for doubtful accounts has been provided.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 6 CAPITAL ASSETS

The following is a summary of governmental and business type capital assets for the year ended December 31, 2014:

| <u>Governmental Type Activities</u> | <u>Balance 1/1/14</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance 12/31/14</u> |
|---|---------------------------|------------------|------------------|-----------------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 17,322 | \$ - | \$ - | \$ 17,322 |
| Construction In Progress | <u>-</u> | <u>124,403</u> | <u>-</u> | <u>124,403</u> |
| Total capital assets not being depreciated | <u>17,322</u> | <u>124,403</u> | <u>-</u> | <u>141,725</u> |
| Capital assets, being depreciated | | | | |
| Infrastructure | 725,000 | - | - | 725,000 |
| Building | 175,011 | 18,773 | - | 193,784 |
| Equipment | <u>796,967</u> | <u>38,503</u> | <u>-</u> | <u>835,470</u> |
| Total capital assets being depreciated | 1,696,978 | 57,276 | - | 1,754,254 |
| Less accumulated depreciation | <u>(678,548)</u> | <u>(109,807)</u> | <u>-</u> | <u>(788,355)</u> |
| Governmental activities capital assets, being depreciated, net | <u>1,018,430</u> | <u>(52,531)</u> | <u>-</u> | <u>965,899</u> |
| Total capital assets, net | <u>\$ 1,035,752</u> | <u>\$ 71,872</u> | <u>\$ -</u> | <u>\$ 1,107,624</u> |

Depreciation expense was charged to government functions as follows:

| | |
|------------------------|-------------------|
| General Government | \$ 4,586 |
| Highways and Streets | 30,681 |
| Culture and Recreation | 13,754 |
| Public Safety | <u>60,786</u> |
| | <u>\$ 109,807</u> |

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

| Business Type Activities | Balance 1/1/14 | Increases | Decreases | Balance 12/31/14 |
|---|-------------------|------------|-----------|---------------------|
| Capital assets, not being depreciated | | | | |
| Land | \$ 11,168 | \$ - | \$ - | \$ 11,168 |
| Total capital assets not being depreciated | 11,168 | - | - | 11,168 |
| Capital assets, being depreciated | | | | |
| Water | 1,220,262 | 9,188 | - | 1,229,450 |
| Sewer | 912,861 | - | - | 912,861 |
| Electric | 1,788,016 | 100,084 | - | 1,888,100 |
| General utilities | 157,346 | - | - | 157,346 |
| Sunrise Apartments | 115,000 | - | - | 115,000 |
| Wimmer Homes | 140,263 | 2,195 | - | 142,458 |
| Total capital assets being depreciated | 4,333,748 | 111,467 | - | 4,445,215 |
| Less accumulated depreciation | (1,862,873) | (120,344) | - | (1,983,217) |
| Total capital assets, being depreciated, net | 2,470,875 | (8,877) | - | 2,461,998 |
| Total capital assets net | \$ 2,482,043 | \$ (8,877) | \$ - | \$ 2,473,166 |

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

| | |
|--------------------|------------|
| Water | \$ 30,232 |
| Sewer | 18,104 |
| Electric | 63,478 |
| General utilities | 1,531 |
| Sunrise Apartments | 4,600 |
| Wimmer Homes | 2,399 |
| | \$ 120,344 |

NOTE 7 LONG-TERM DEBT

In 1998, the City issued its G.O. Improvement Bonds, Series 1998. The proceeds from this issue were used for various street, water and sewer projects within the City. The bonds are general obligations of the City for which the City will levy a direct annual ad valorem tax in addition to its pledge of special assessments levied against benefit properties to be collected over a 15 year period. The bonds carried an interest rate of 5% and were due February 1, 2014.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

Long-term debt transactions during the year were as follows:

| | Balance | New | | Balance | Due |
|----------------------|------------------|-----------------|------------------|------------------|-----------------|
| | 01/01/14 | Issues | Retired | 12/31/14 | Within |
| | | | | | One Year |
| Compensated Absences | \$ 19,712 | \$ 1,642 | \$ (2,505) | \$ 18,849 | \$ 2,000 |
| Long-Term Debt | 55,000 | - | 55,000 | - | - |
| Total long-term debt | <u>\$ 74,712</u> | <u>\$ 1,642</u> | <u>\$ 52,495</u> | <u>\$ 18,849</u> | <u>\$ 2,000</u> |

Principal payments on the long term debt are liquidated through the general fund. The city paid off the long term debt in 2014.

NOTE 8 DEFINED BENEFIT PENSION PLANS – STATEWIDE

A. Plan Description

All full-time and certain part-time employees of the City of Halstad, Minnesota are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. This plan is 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.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For all 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 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 the death of the retiree – no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERS. That report may be obtained on the internet at www.mnpera.org, by writing to PERA at 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 state statutes. GERS Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. In 2014, the City of Halstad was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members and 7.25% for Coordinated Plan members. The City's contributions to the Public Employees Retirement Fund for the years ended December 31, 2014, 2013 and 2012 were \$15,396, \$15,222, and \$14,510, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers).

C. Halstad Firefighters' Relief Association

Plan Description

The City remits a state aid payment to the Halstad Firefighters' Relief Association (Association), a single-employer public retirement system that acts as an administrator for volunteer firefighters. All volunteer firefighters of the City are members of the Halstad Fire Department Relief Association. Retiring individuals receive a lump sum distribution in an amount equal to their respective account. The minimum retirement age is 50 and members are fully vested after 20 years. These benefit provisions and all other requirements are consistent with state statutes.

Funding Policy

The City passes through state aids allocated to the plan in accordance with state statutes. The state aid was \$13,578 for 2014.

Ten-Year Historical Trend Information

Ten-year historical trend information is available in the association's financial reports.

Related Party Investments

As of December 31, 2014, and for the fiscal year then ended, the association held no securities issued by the City or other related parties.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 9 DEFINED CONTRIBUTION PLAN

One council member of the City of Halstad is covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

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

Total contributions made by the City during fiscal year 2014 were:

| Contribution Amount | | Percentage of Covered Payroll | | Required |
|---------------------|----------|-------------------------------|----------|----------|
| Employee | Employer | Employee | Employer | Rates |
| \$270 | \$270 | 5.0% | 5.0% | 5.0% |

NOTE 10 COMMITTED CONTRACTS

The City of Halstad is a member of the Northern Municipal Power Agency. The Power Agency was incorporated on December 14, 1976, and is a municipal corporation and political subdivision of the State of Minnesota composed of ten Minnesota and two North Dakota cities. The Power Agency was organized for the purpose of providing its members with electrical power pursuant to Minnesota Statutes, Section 453. The Power Agency has issued Electrical System Revenue Bonds to finance the purchase of a 30% interest in the Coyote Station Unit No. 1 electrical generating plant near Beulah, North Dakota. Under the Statute, the bonds are not the obligation of the member cities, but of Northern Municipal Power Agency and are secured and payable solely from the revenues from the sale of electricity to member cities and to Minnkota Power Cooperative, Inc.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 11 INTERFUND RECEIVABLES AND PAYABLES

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

Due from / to other funds:

| <u>Receivable</u> | <u>Payable</u> | <u>Amount</u> |
|-------------------------------|------------------------|-------------------|
| General Fund | Tax Increment District | \$ 105,910 |
| Public Service Utilities Fund | Sunrise Apartments | 1,140 |
| Public Service Utilities Fund | John Wimmer Homes | 712 |
| Public Service Utilities Fund | Tax Increment District | 50,231 |
| John Wimmer Homes | Sunrise Apartments | <u>5,000</u> |
| | | <u>\$ 162,993</u> |

The Tax Increment Redevelopment District has a loan payable for development costs that will start to be paid back when taxes are collected to the public service utilities fund. The loan has an annual interest rate of 5%, and a balance of \$50,231 at December 31, 2014. The tax increment district also has a loan to the general fund due to cash shortages in the implementation of the district – this too will be paid back once the district generates tax income. Sunrise Apartments has a loan payable from John Wimmer Homes to cover operating losses.

The remaining receivables are due to operating expenses at year end.

NOTE 12 OTHER POST EMPLOYMENT BENEFITS

Under accounting principles generally accepted in the United States of America the City was required to implement Governmental Accounting Standards Board Statement No. 45 (GASB 45) "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions" for its year ended December 31, 2009. In Minnesota, public entities are required to make health and dental benefits offered to employees available to retirees. Under Minn. Stat. section 471.61, subd. 2b, public entities cannot create a separate insurance group for retirees. Therefore, the City subsidizes premiums for retirees through an implicit rate subsidy. At December 31, 2014, the City has 4 employees and no retirees participating in its health and dental plans.

Management has elected not to adopt GASB 45 and obtain an actuary calculation of the liability and expenses associated with the implicit rate subsidy. As a result, the City's liabilities and expenses are understated by an immaterial amount at December 31, 2014.

NOTE 13 FUND BALANCE DEFICIT

There was a deficit fund balance of \$141,473 in the tax increment district fund as of December 31, 2014. This will be funded through tax levies and general fund transfers.

CITY OF HALSTAD
NOTES TO FINANCIAL STATEMENTS - CONTINUED
AS OF DECEMBER 31, 2014

NOTE 14 NEW PRONOUNCEMENTS

GASB Statement No. 68, Accounting and Financial Reporting for Pensions, establishes accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for nonemployer governments that have a legal obligation to contribute to those plans. This statement establishes a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. GASB 68 is effective for periods beginning after June 15, 2014.

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

Management has not yet determined the effect these statements will have on the City's financial statements.

CITY OF HALSTAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Original and</u> <u>Final Budget</u> | <u>Actual</u> | <u>Variance with</u> <u>Final Budget</u> |
|-----------------------------------|--|----------------|---|
| Revenues | | | |
| General property taxes | \$ 166,600 | \$ 170,954 | \$ 4,354 |
| Special assessments | 16,000 | 1,259 | (14,741) |
| Licenses and permits | <u>1,100</u> | <u>1,320</u> | <u>220</u> |
| | <u>183,700</u> | <u>173,533</u> | <u>(10,167)</u> |
| Intergovernmental revenues | | | |
| Local government aid | 183,079 | 214,332 | 31,253 |
| Fire relief association aid | <u>9,100</u> | <u>13,578</u> | <u>4,478</u> |
| | <u>192,179</u> | <u>227,910</u> | <u>35,731</u> |
| Charges for services | | | |
| Fire protection fees | 12,000 | 15,240 | 3,240 |
| Snow removal | <u>1,500</u> | <u>-</u> | <u>(1,500)</u> |
| | <u>13,500</u> | <u>15,240</u> | <u>1,740</u> |
| Fines and penalties | | | |
| | <u>2,000</u> | <u>1,710</u> | <u>(290)</u> |
| Miscellaneous revenues | | | |
| Gifts and donations | 14,000 | 21,477 | 7,477 |
| Interest on investments | 1,000 | 803 | (197) |
| Reimbursements and refunds | 6,000 | 7,802 | 1,802 |
| Café Rent | 3,600 | 4,350 | 750 |
| Other | <u>11,700</u> | <u>16,373</u> | <u>4,673</u> |
| | <u>36,300</u> | <u>50,805</u> | <u>14,505</u> |
| Total revenues | <u>427,679</u> | <u>469,198</u> | <u>41,519</u> |
| Expenditures | | | |
| General government | | | |
| Audit | 7,500 | 5,475 | 2,025 |
| Assessment services | 3,000 | 2,712 | 288 |
| Election expense | - | 993 | (993) |
| Payroll expenses | 15,500 | 18,347 | (2,847) |
| County assessment | 2,700 | 2,422 | 278 |
| Insurance | 4,700 | 5,422 | (722) |
| Supplies and other | 6,500 | 2,444 | 4,056 |
| Capital Outlay | <u>-</u> | <u>3,710</u> | <u>(3,710)</u> |
| Total general government | <u>39,900</u> | <u>41,525</u> | <u>(1,625)</u> |

See Note to Required Supplementary Information

CITY OF HALSTAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Original and Final Budget | Actual | Variance with Final Budget |
|------------------------------|------------------------------|----------------|-------------------------------|
| Public safety | | | |
| Police protection | | | |
| Contracted service | \$ 27,800 | \$ 28,565 | \$ (765) |
| Insurance | - | 655 | (655) |
| Animal control | 1,000 | 391 | 609 |
| Other | 5,000 | 5,171 | (171) |
| | <u>33,800</u> | <u>34,782</u> | <u>(982)</u> |
| Fire protection | | | |
| Volunteers compensation | 8,000 | 4,810 | 3,190 |
| Equipment and repairs | 4,000 | 24,395 | (20,395) |
| Equipment savings | 15,000 | 7,303 | 7,697 |
| Building Expense | 2,500 | 7,623 | (5,123) |
| Hydrant rental | 1,850 | 1,850 | - |
| Jaws truck | 300 | 312 | (12) |
| Telephone and utilities | 5,000 | 6,507 | (1,507) |
| County assessment | 800 | 772 | 28 |
| Insurance | 5,100 | 1,800 | 3,300 |
| Other expense | 1,000 | 2,109 | (1,109) |
| Education and training | 6,000 | 10,192 | (4,192) |
| Homeland Security | - | 1,095 | (1,095) |
| Firemen's relief association | 12,000 | 15,758 | (3,758) |
| Capital outlay | - | 34,793 | (34,793) |
| | <u>61,550</u> | <u>119,319</u> | <u>(57,769)</u> |
| Rescue squad | | | |
| Volunteers' compensation | 6,500 | 4,204 | 2,296 |
| Repairs | 1,500 | 1,005 | 495 |
| Telephone and utilities | 3,000 | 4,155 | (1,155) |
| Equipment Expenses | 6,800 | 3,582 | 3,218 |
| Insurance | 2,550 | 2,000 | 550 |
| Other | 500 | 22 | 478 |
| | <u>20,850</u> | <u>14,968</u> | <u>5,882</u> |
| Flood | | | |
| Capital Outlay | 10,000 | 124,403 | (114,403) |
| Total public safety | <u>126,200</u> | <u>293,472</u> | <u>(167,272)</u> |

See Note to Required Supplementary Information

CITY OF HALSTAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Original and Final Budget | Actual | Variance with Final Budget |
|--|------------------------------|-------------------|-------------------------------|
| Highways and streets | | | |
| Streets and property maintenance | \$ 35,000 | \$ 4,546 | \$ 30,454 |
| Equipment repair and maintenance | 45,000 | 46,869 | (1,869) |
| Snow removal | 12,000 | 7,146 | 4,854 |
| Street lighting | 10,250 | 9,600 | 650 |
| Street resurfacing | 15,000 | 1,918 | 13,082 |
| Tree removal and replacement | 1,500 | - | 1,500 |
| Insurance | 5,100 | 5,600 | (500) |
| Street bond interest | 4,125 | - | 4,125 |
| Street bond principal | 55,000 | - | 55,000 |
| Other | 5,000 | 2,149 | 2,851 |
| | <u>187,975</u> | <u>77,828</u> | <u>110,147</u> |
| Culture and recreation | | | |
| Recreation programs | | | |
| Park and other expense | 7,000 | 6,862 | 138 |
| Consulting - engineering fees | 3,000 | - | 3,000 |
| Community Building (LRC) | 11,000 | 16,492 | (5,492) |
| City beautification - projects | 10,500 | 6,568 | 3,932 |
| Meals program | 1,500 | 2,289 | (789) |
| Economic Development Association | 6,000 | 6,000 | - |
| Café building expense | 4,000 | 2,022 | 1,978 |
| Other | 2,500 | - | 2,500 |
| Capital Outlay | - | 18,773 | (18,773) |
| | <u>45,500</u> | <u>59,006</u> | <u>(13,506)</u> |
| Debt Service | | | |
| Principal | - | 55,000 | (55,000) |
| Interest | - | 1,375 | (1,375) |
| | <u>-</u> | <u>56,375</u> | <u>(56,375)</u> |
| Total expenditures | <u>399,575</u> | <u>528,206</u> | <u>(128,631)</u> |
| Excess (deficiency) of revenues over expenditures | <u>28,104</u> | <u>(59,008)</u> | <u>(87,112)</u> |
| Fund balance, beginning of year | <u>507,544</u> | <u>507,544</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ 535,648</u> | <u>\$ 448,536</u> | <u>\$ (87,112)</u> |

See Note to Required Supplementary Information

CITY OF HALSTAD
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
BUDGET TO ACTUAL – TIF FUND
FOR THE YEAR ENDED DECEMBER 31, 2014

| | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--------------------------------------|---------------------|---------------------------------------|
| Revenues | | | |
| General property taxes | \$ 9,500 | \$ 9,394 | \$ (106) |
| | <u>9,500</u> | <u>9,394</u> | <u>(106)</u> |
| Miscellaneous revenues | | | |
| Interest on investments | - | 14 | 14 |
| | <u>-</u> | <u>14</u> | <u>14</u> |
| Total revenues | <u>9,500</u> | <u>9,408</u> | <u>(92)</u> |
| Expenditures | | | |
| General | | | |
| Professional fees | - | 1,015 | (1,015) |
| | <u>-</u> | <u>1,015</u> | <u>(1,015)</u> |
| Debt Service | | | |
| Principal | 2,098 | 2,000 | 98 |
| Interest | 4,972 | 4,300 | 672 |
| | <u>7,070</u> | <u>6,300</u> | <u>770</u> |
| Total expenditures | <u>7,070</u> | <u>7,315</u> | <u>(245)</u> |
| Excess (deficiency) of revenues over expenditures | <u>2,430</u> | <u>2,093</u> | <u>(337)</u> |
| Fund balance, beginning of year | <u>(143,566)</u> | <u>(143,566)</u> | <u>-</u> |
| Fund balance, end of year | <u>\$ (141,136)</u> | <u>\$ (141,473)</u> | <u>\$ (337)</u> |

See Note to Required Supplementary Information

CITY OF HALSTAD
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF DECEMBER 31, 2014

NOTE 1 - BUDGETARY COMPARISON

Budgets are prepared for City funds on the same basis and using the same accounting practices that are used to account and prepare financial reports for the funds. Budgets presented in this report for comparison to actual amounts are presented in accordance with accounting principles generally accepted in the United States of America. All appropriations lapse at year-end. Encumbrances represent commitments related to unperformed contracts for goods and services. Encumbrance accounting is not utilized in the governmental funds of the City.

The budget is adopted through the passage of a resolution. Administration can authorize the transfer of budgeted amounts within any fund. Any revisions that alter the total expenditures of any fund must be approved by the City Council. The annual appropriated budget is not legally binding on the City unless the City has a deficit fund balance, which exceeds 2.5% of expenditures. In 2014, expenditures were more than budgeted in the general fund and the TIF fund by \$128,631 and \$245, respectively.

CITY OF HALSTAD
SCHEDULE OF OPERATING REVENUES AND EXPENSES – PUBLIC UTILITY DEPARTMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

| | Electric Department | Water Department | Sewage Disposal Department | Refuse Disposal Department | Total |
|--|------------------------|---------------------|----------------------------------|----------------------------------|---------------------|
| Operating revenues | | | | | |
| Halstad consumers | \$ 936,570 | \$ 99,071 | \$ 124,975 | \$ 55,918 | \$ 1,216,534 |
| City departments - energy | 8,655 | 2,038 | 3,408 | - | 14,101 |
| City departments - administration fee | 13,413 | - | - | - | 13,413 |
| Penalties | 11,436 | - | - | - | 11,436 |
| Generator Revenue | 79,217 | - | - | - | 79,217 |
| Other | 9,449 | - | - | - | 9,449 |
| Total operating revenues | 1,058,740 | 101,109 | 128,383 | 55,918 | 1,344,150 |
| Operating expenses | | | | | |
| Production and distribution | | | | | |
| Salaries | 63,818 | 15,029 | 25,126 | - | 103,973 |
| Repair, maintenance and supplies | - | 4,411 | 19,786 | - | 24,197 |
| Electric energy purchased | 705,358 | - | - | - | 705,358 |
| Sewer waste disposal | - | - | 12,770 | - | 12,770 |
| Depreciation | 63,479 | 30,232 | 18,103 | - | 111,814 |
| Generator expenses | 306,906 | - | - | - | 306,906 |
| Dumpster rent and pickup | - | - | - | 49,937 | 49,937 |
| Truck expense | 8,705 | 2,050 | 3,427 | - | 14,182 |
| Miscellaneous and training | 50,211 | 13,670 | 8,109 | - | 71,990 |
| Total production and distribution | 1,198,477 | 65,392 | 87,321 | 49,937 | 1,401,127 |
| General and administrative | | | | | |
| Salaries - administrative and office | 24,698 | 24,697 | 24,697 | - | 74,092 |
| General supplies and maintenance | - | 1,109 | 4,975 | - | 6,084 |
| Office supplies and postage | 1,953 | 1,952 | 1,952 | - | 5,857 |
| Telephone | 1,438 | 1,438 | 1,438 | - | 4,314 |
| Depreciation | 869 | 414 | 248 | - | 1,531 |
| Professional fees and services | 3,818 | 1,040 | 617 | - | 5,475 |
| Insurance | 11,824 | 2,785 | 4,655 | - | 19,264 |
| PERA and social security | 19,913 | 4,690 | 7,840 | - | 32,443 |
| Miscellaneous | 8,150 | 2,219 | 1,316 | - | 11,685 |
| Employee insurance and other | 15,881 | 3,740 | 6,252 | - | 25,873 |
| Total general and administrative | 88,544 | 44,084 | 53,990 | - | 186,618 |
| Total operating expenses | 1,287,021 | 109,476 | 141,311 | 49,937 | 1,587,745 |
| Operating income (loss) | \$ (228,281) | \$ (8,367) | \$ (12,928) | \$ 5,981 | \$ (243,595) |

CITY OF HALSTAD
UTILITY STATISTICS – ELECTRICAL UTILITIES STATISTICS (UNAUDITED)
FOR THE YEARS ENDED DECEMBER 31,

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|------------------|------------------|------------------|
| Kilowatt hours sold | | | | | | | | | | |
| Residential | 2,942,617 | 2,847,267 | 2,647,759 | 2,864,992 | 2,954,375 | 2,983,705 | 3,088,384 | 3,046,520 | 2,918,829 | 2,910,448 |
| Off peak heating | 3,124,387 | 2,963,626 | 2,510,458 | 2,901,579 | 2,788,170 | 2,908,079 | 2,965,714 | 2,533,853 | 2,522,682 | 2,399,759 |
| Commerical lighting | 1,035,544 | 1,092,154 | 1,055,877 | 1,170,293 | 1,126,791 | 1,194,609 | 1,082,091 | 1,217,837 | 1,139,306 | 1,277,661 |
| Power | 1,627,901 | 1,647,448 | 1,505,821 | 1,658,657 | 1,725,051 | 1,799,756 | 1,879,987 | 1,942,600 | 1,894,184 | 2,021,845 |
| City usage | 243,293 | 244,353 | 189,148 | 178,274 | 197,194 | 234,619 | 206,516 | 94,958 | 92,345 | 182,326 |
| Water and sewer department usage | <u>158,620</u> | <u>154,412</u> | <u>131,063</u> | <u>161,304</u> | <u>164,015</u> | <u>166,956</u> | <u>165,412</u> | <u>165,040</u> | <u>129,783</u> | <u>136,890</u> |
| Total KWH sold | 9,132,362 | 8,949,260 | 8,040,126 | 8,935,099 | 8,955,596 | 9,287,724 | 9,388,104 | 9,000,808 | 8,697,129 | 8,928,929 |
| Add | | | | | | | | | | |
| Electric plant usage | <u>295,452</u> | <u>284,689</u> | <u>270,820</u> | <u>300,836</u> | <u>300,130</u> | <u>299,826</u> | <u>306,005</u> | <u>241,798</u> | <u>110,957</u> | <u>112,802</u> |
| | <u>9,427,814</u> | <u>9,233,949</u> | <u>8,310,946</u> | <u>9,235,935</u> | <u>9,255,726</u> | <u>9,587,550</u> | <u>9,694,109</u> | <u>9,242,606</u> | <u>8,808,086</u> | <u>9,041,731</u> |
| Total KWH purchased | 9,804,619 | 9,731,977 | 8,757,050 | 9,691,092 | 9,601,056 | 10,060,367 | 10,165,594 | 9,644,753 | 9,168,915 | 9,366,627 |
| Total KWH generated | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>9,804,619</u> | <u>9,731,977</u> | <u>8,757,050</u> | <u>9,691,092</u> | <u>9,601,056</u> | <u>10,060,367</u> | <u>10,165,594</u> | <u>9,644,753</u> | <u>9,168,915</u> | <u>9,366,627</u> |
| Line loss | <u>(376,805)</u> | <u>(498,028)</u> | <u>(446,104)</u> | <u>(455,157)</u> | <u>(345,330)</u> | <u>(472,817)</u> | <u>(471,485)</u> | <u>(402,147)</u> | <u>(360,829)</u> | <u>(324,896)</u> |
| Loss percentage of KWH purchased | <u>3.84%</u> | <u>5.12%</u> | <u>5.09%</u> | <u>4.70%</u> | <u>3.60%</u> | <u>4.70%</u> | <u>4.64%</u> | <u>4.17%</u> | <u>3.94%</u> | <u>3.47%</u> |