

CITY OF LITCHFIELD, MINNESOTA
AUDITED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014

Conway, Deuth & Schmiesing, PLLP
Certified Public Accountants
Litchfield, Minnesota

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CITY OF LITCHFIELD, MINNESOTA

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CITY OF LITCHFIELD, MINNESOTA
ELECTED AND APPOINTED OFFICIALS
DECEMBER 31, 2014

		<u>Term Expires</u>
Mayor	Keith Johnson	12/31/2014
Council Member At Large	Ron Dingmann	12/31/2016
Council Member - 1st Ward	Michael Boyle	12/31/2014
Council Member - 2nd Ward	Connie Lies	12/31/2016
Council Member - 3rd Ward	Dwight Lorensen	12/31/2014
Council Member - 4th Ward	Vern Loch, Jr.	12/31/2016
Council Member - 5th Ward	Gary Walz	12/31/2014
City Administrator	Dave Cziok	Appointed
Assistant City Administrator	Joyce Spreiter	Appointed

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Willmar Office 331 Third Street SW, Ste. 2 P.O. Box 570 Willmar, MN 56201 Phone: (320) 235-3311 Toll Free: (888) 388-1040	Benson Office 1209 Pacific Avenue Ste. 3 Benson, MN 56215 Phone: (320) 843-2302	Morris Office 401 Atlantic Avenue Morris, MN 56267 Phone: (320) 589-2602	Litchfield Office 820 Sibley Avenue N Litchfield, MN 55355 Phone: (320) 693-7975	St. Cloud Office 2351 Connecticut Avenue Ste. 110 Sartell, MN 56377 Phone: (320) 252-7565 Toll Free: (800) 862-1337
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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 Litchfield, Minnesota, as of December 31, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Partial Comparative Information

We have previously audited the City's 2013 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 16, 2014. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress and Employer Contributions 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 responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and 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 statements and schedules as listed in the table of contents as supplementary information *and the Elected and Appointed Officials section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates 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 supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Elected and Appointed Officials 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 the information presented.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants
Litchfield, Minnesota

June 15, 2015

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

This section of the basic financial statements of the City of Litchfield (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2014. Please read it in conjunction with the City's basic financial statements following this section.

Financial Highlights

- The assets of the City exceeded liabilities by \$62 million. Of this amount, \$23.7million may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$11,186,720 mostly due to a grant in the Sewer Fund of \$2,300,000 and special assessment revenues in the amount of \$6,517,000.
- The City's governmental funds reported combined ending fund balances of \$6.2 million. Of this total amount, approximately 20% is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.3 million, or 30% of total General Fund expenditures of \$4.3 million.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements are presented after the Statement of Activities. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's funds. The remaining statements provide financial information about activities for which the City acts solely as a trustee or agent for the benefit of organizations outside the government. The notes to the basic financial statements provide information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. This annual report also contains other supplementary information in addition to the basic financial statements.

The City as a Whole: Statement of Net Position and Statement of Activities

Our analysis of the City begins with the Statement of Net Position and the Statement of Activities. One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities both report information about the City as a whole and about its activities in a way that helps answer this question. With the exception of Fiduciary Funds, which have been excluded because they do not represent the City's financial resources, the Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. In the Statement of Activities, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. These two statements report the City's changes in net position. You can think of the City's net position—the difference between assets and liabilities—as one way to measure the City's financial health.

Over time, increases or decreases in the City's net position are one indicator of whether the City's financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, to assess the overall health of the City of Litchfield.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

Governmental Activities - Most of the City's basic services are reported here, including public safety, public works, airport, culture and recreation, economic development and general government. Property taxes, and state and federal grants finance most of these activities.

Business-Type Activities - The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's Liquor, Sewer, Electric, and Water funds are reported here.

The City's Most Significant Funds: Fund Financial Statements

Our analysis of the City's major funds begins with the fund financial statements. These statements provide detailed information about the most significant funds—not the City as a whole. Some funds are required to be established by state law and by bond covenants. However, the City Council establishes other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The City's three kinds of funds - governmental, proprietary, and fiduciary - use different accounting approaches.

Governmental Funds - Most of the City's basic services are reported in governmental funds. Governmental funds focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader of the statements determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation after the fund financial statements.

The governmental fund financial statements can be found on pages 14-18 of this report.

Proprietary Funds - When the City of Litchfield charges customers for the services it provides—whether to outside customers or to other units of the City—these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds.

The proprietary fund financial statements can be found on pages 19-23 of this report.

Fiduciary Funds - The City is the trustee, or fiduciary, for resources collected to provide equipment, books and library supplies as determined by the library board. The City is also the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Anderson Gardens. The resources held in a fiduciary capacity are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The fiduciary fund financial statements can be found on page 24 of this report.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-53 of this report.

Supplementary Information

The combining statements in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining statements and individual fund information can be found on pages 57-99 of this report.

Statement of Net Position

The City's net position was \$61,837,934 on December 31, 2014 (see details in Table 1). This was an increase of \$11,186,720 or 22% from \$50,651,214 at December 31, 2013.

Table 1 Comparative Condensed Statement of Net Position				
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 7,946,362	\$ 7,834,449	\$ 21,842,445	\$ 21,422,910
Capital Assets	21,796,511	21,646,018	66,583,027	57,003,430
Total Assets	<u>\$ 29,742,873</u>	<u>\$ 29,480,467</u>	<u>\$ 88,425,472</u>	<u>\$ 78,426,340</u>
Current and Other Liabilities	\$ 331,627	\$ 336,256	\$ 1,644,529	\$ 1,810,009
Long-Term Liabilities	9,324,979	10,145,784	45,029,276	44,963,544
Total Liabilities	9,656,606	10,482,040	46,673,805	46,773,553
Net Position				
Net Investment in Capital Assets	15,031,511	14,351,018	21,612,093	19,693,980
Restricted	1,501,219	1,388,967		
Unrestricted	3,553,537	3,258,442	20,139,574	11,958,807
Total Net Position	<u>20,086,267</u>	<u>18,998,427</u>	<u>41,751,667</u>	<u>31,652,787</u>
Total Liabilities and Net Position	<u>\$ 29,742,873</u>	<u>\$ 29,480,467</u>	<u>\$ 88,425,472</u>	<u>\$ 78,426,340</u>

Governmental Activities

Net position of the City's governmental activities increased by \$1,087,840, or 5.7%. This is mainly due to the addition of capital assets in the current year.

Business-Type Activities

The net position of our business-type activities increased by \$10,098,880, or 31.9%. The increase was due to the following funds change in net position: Liquor Fund \$126,597, Sewer Fund \$9,382,074, Electric Fund \$621,830, and Water Fund (\$31,621).

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

The following table indicates the changes in net position for the City's governmental and business-type activities:

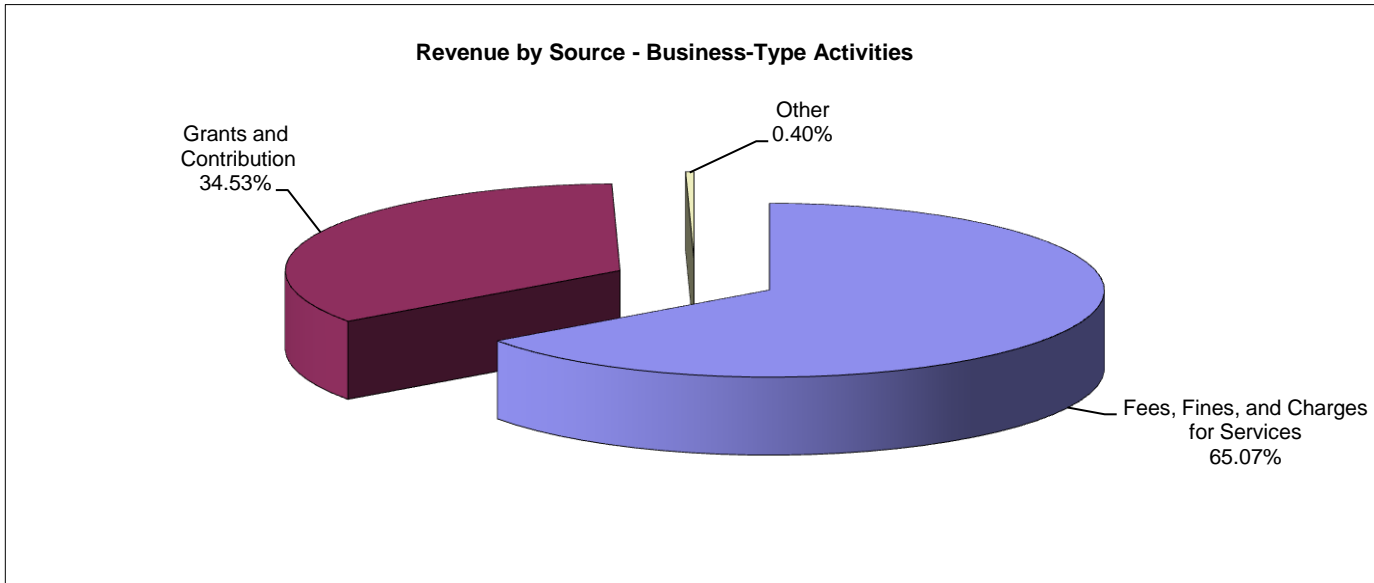
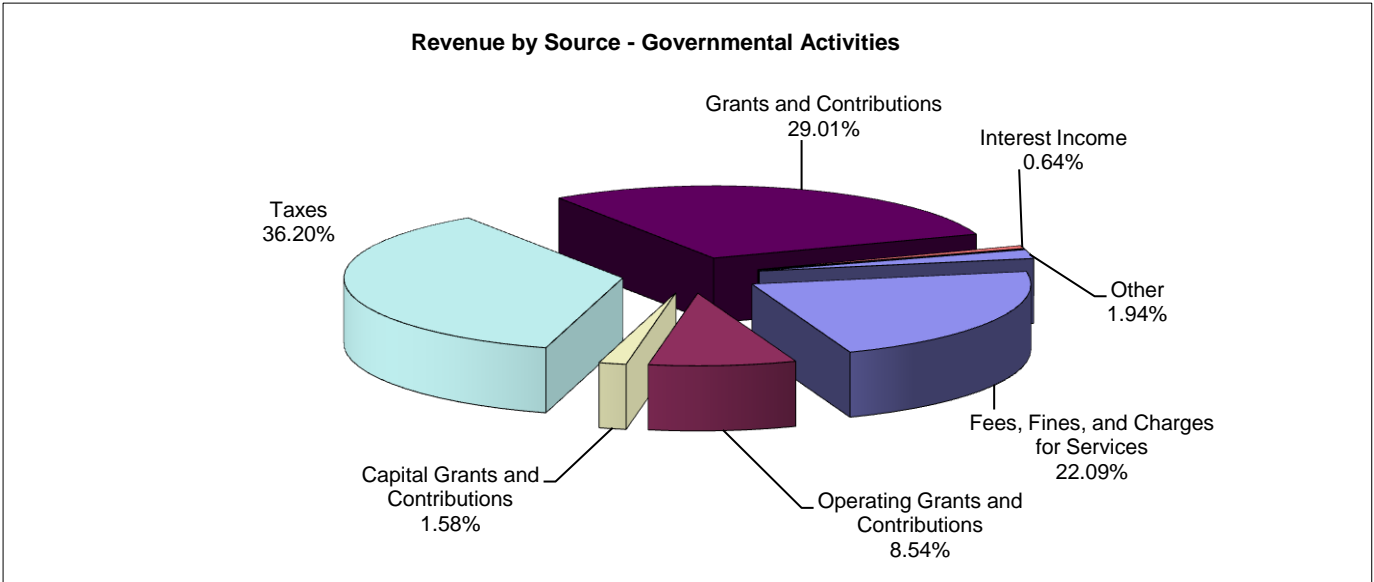
Table 2 Comparative Condensed Statement of Activities				
	Governmental Activities		Business-Type Activities	
	2014	2013	2014	2013
REVENUES				
Program Revenues				
Fees, Fines, and Charges for Services	\$ 1,402,668	\$ 1,503,907	\$ 16,611,681	\$ 16,290,860
Operating Grants and Contributions	542,575	500,756		9,148
Capital Grants and Contributions	100,462	42,385	8,817,000	
General Revenues				
Taxes	2,299,869	2,229,159		
Grants and Contributions	1,843,032	1,598,265		
Interest Income	40,938	16,859		
Other	123,558	81,216	101,702	59,690
Gain on Asset Disposal		10,765		
Total Revenues	<u>6,353,102</u>	<u>5,983,312</u>	<u>25,530,383</u>	<u>16,359,698</u>
EXPENSES				
General Government	1,041,567	1,103,359		
Public Safety	1,796,852	1,855,376		
Public Works	1,455,611	1,441,086		
Airport	194,531	191,308		
Culture and Recreation	1,208,652	1,528,935		
Economic Development	63,290	187,714		
Interest on Long-Term Debt	329,356	345,223		
Liquor Store			2,012,107	1,952,071
Sewer Utility			2,768,493	2,656,966
Electric Utility			8,923,123	8,838,533
Water Utility			903,183	820,860
Total Expenses	<u>6,089,859</u>	<u>6,653,001</u>	<u>14,606,906</u>	<u>14,268,430</u>
Change in Net Position before Transfers	263,243	(669,689)	10,923,477	2,091,268
TRANSFERS				
Change in Net Position	<u>824,597</u>	<u>913,784</u>	<u>(824,597)</u>	<u>(913,784)</u>
Change in Net Position	<u>1,087,840</u>	<u>244,095</u>	<u>10,098,880</u>	<u>1,177,484</u>
NET POSITION, BEGINNING OF YEAR	<u>18,998,427</u>	<u>18,754,332</u>	<u>31,652,787</u>	<u>30,475,303</u>
NET POSITION, END OF YEAR	<u>\$ 20,086,267</u>	<u>\$ 18,998,427</u>	<u>\$ 41,751,667</u>	<u>\$ 31,652,787</u>

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Governmental Activities

Revenues - The following chart visually illustrates the City's revenue by source for its governmental activities and business-type activities:



CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

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 the City'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 \$6,244,080 an increase of \$144,316 from prior year fund balance of \$6,099,764. Approximately 20% of this total (\$1,278,214) constitutes unassigned fund balance. The remainder of the fund balance (\$4,965,866) is not available for new spending because it is either 1) nonspendable (\$106,618), 2) restricted (\$1,246,776), or 3) assigned (\$3,612,472).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,278,214, an increase of \$48,816 from the 2013 unassigned fund balance of \$1,229,398. 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 30 percent of the total General Fund expenditures.

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 in the respective proprietary funds are Liquor - \$240,337, Sewer - \$10,905,441, Electric - \$7,490,516, and Water - \$1,503,280. The proprietary funds that had an increase in total net position for the year were the Liquor, Sewer, Electric and Water Funds. The largest increases in net position occurred in the Sewer Fund (\$9,382,074) and the Electric Fund (\$621,830). Sewer Fund expenses were far less than budgeted and the Electric Fund revenues were greater than budgeted.

General Fund Budgetary Highlights

Over the course of the year, the City of Litchfield City Council did not revise the budget. The General Fund budget included sufficient revenues to cover expenditures predicting an increase in fund balance. Additional transfers to other funds along with greater than expected revenues and less than budgeted expenditures resulted in a fund balance increase of \$56,888.

Capital Assets

At the end of 2014, the City of Litchfield had \$129.1 million invested in a broad range of capital assets. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

Long-Term Debt

At year-end, the City of Litchfield had \$54 million in bonds and notes outstanding. Refer to Note 9 of the Notes to the Financial Statements for a schedule showing the City's long-term debt activity.

The City of Litchfield was assigned an "A+" general obligation bond rating from Standard & Poor's.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2014

Economic Factors and Next Year's Budget

The City of Litchfield's appointed officials considered many factors when setting the fiscal year 2014 budget, rates, and fees that will be charged by the funds of the City. The major factor accounted for when adopting the General Fund budget was to hold all line items as much as possible to the 2013 final budget.

Contacting the City's Financial Management

This financial report is designed to provide our residents, customers, and creditors with a general overview of the City of Litchfield's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the City of Litchfield, 126 Marshall Avenue North, Litchfield, Minnesota 55355, (320) 693-7201, or ctylitch@hutchtel.net.

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BASIC FINANCIAL STATEMENTS

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CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Governmental Activities	Business-Type Activities	Totals	
			2014	2013
ASSETS				
Cash and Investments	\$ 6,353,205	\$ 13,728,641	\$ 20,081,846	\$ 24,988,489
Cash with Fiscal Agent	504,764		504,764	1,156,932
Receivables (Net)	572,596	7,371,181	7,943,777	2,102,721
Due from Other Governmental Units	341,759		341,759	70,121
Inventories	32,351	625,699	658,050	668,833
Prepaid Items	74,267	58,302	132,569	138,002
Net OPEB Asset	67,420	58,622	126,042	132,261
Capital Assets				
Assets Not Being Depreciated	2,701,962	13,074,244	15,776,206	19,651,173
Other Capital Assets, Net of Depreciation	19,094,549	53,508,783	72,603,332	58,998,275
Total Assets	\$ 29,742,873	\$ 88,425,472	\$ 118,168,345	\$ 107,906,807
LIABILITIES AND NET POSITION				
Liabilities				
Accounts Payable	\$ 70,478	\$ 481,147	\$ 551,625	\$ 571,532
Contracts Payable	17,224	478,371	495,595	746,682
Accrued Salaries	95,238	66,106	161,344	169,284
Accrued Interest Payable	119,754	528,489	648,243	527,005
Deposits Payable		42,400	42,400	40,650
Due to Other Governmental Units	28,933	48,016	76,949	91,112
Noncurrent Liabilities				
Due Within One Year	820,151	1,959,422	2,779,573	2,705,613
Due in More than One Year	8,504,828	43,069,854	51,574,682	52,403,715
Total Liabilities	9,656,606	46,673,805	56,330,411	57,255,593
Net Position				
Net Investment in Capital Assets	15,031,511	21,612,093	36,643,604	34,044,998
Restricted for Tax Increment	29,548		29,548	122,932
Restricted for Debt Service	1,471,671		1,471,671	1,266,035
Unrestricted	3,553,537	20,139,574	23,693,111	15,217,249
Total Net Position	20,086,267	41,751,667	61,837,934	50,651,214
Total Liabilities and Net Position	\$ 29,742,873	\$ 88,425,472	\$ 118,168,345	\$ 107,906,807

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF ACTIVITIES
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2014	2013
GOVERNMENTAL ACTIVITIES								
General Government	\$ 1,041,567	\$ 233,911	\$ 5,820	\$	\$ (801,836)	\$	\$ (801,836)	\$ (874,616)
Public Safety	1,796,852	199,326	132,080	49,999	(1,415,447)		(1,415,447)	(1,451,232)
Public Works	1,455,611	7,867	345,790	50,463	(1,051,491)		(1,051,491)	(1,285,524)
Airport	194,531	96,320	26,795		(71,416)		(71,416)	(79,160)
Culture and Recreation	1,208,652	528,554	32,090		(648,008)		(648,008)	(815,581)
Economic Development	63,290				(63,290)		(63,290)	(187,714)
Interest on Long-Term Debt	329,356	336,690			7,334		7,334	87,874
Total Governmental Activities	6,089,859	1,402,668	542,575	100,462	(4,044,154)	0	(4,044,154)	(4,605,953)
BUSINESS-TYPE ACTIVITIES								
Liquor	2,012,107	2,194,875				182,768	182,768	168,242
Sewer	2,768,493	3,368,548		8,817,000		9,417,055	9,417,055	513,510
Electric	8,923,123	10,102,327				1,179,204	1,179,204	1,188,771
Water	903,183	945,931				42,748	42,748	161,055
Total Business-Type Activities	14,606,906	16,611,681	0	8,817,000	0	10,821,775	10,821,775	2,031,578
Total	\$ 20,696,765	\$ 18,014,349	\$ 542,575	\$ 8,917,462	(4,044,154)	10,821,775	6,777,621	(2,574,375)
GENERAL REVENUES								
Taxes								
Property Taxes, Levied for General Purposes					1,789,637		1,789,637	1,733,378
Property Taxes, Levied for Debt Service					510,232		510,232	495,781
Grants and Contributions not Restricted to Specific Programs					1,843,032		1,843,032	1,598,265
Interest Income					40,938		40,938	16,859
Other					123,558	101,702	225,260	140,906
Gain on Asset Disposal								10,765
TRANSFERS					824,597	(824,597)		
Total General Revenues and Transfers					5,131,994	(722,895)	4,409,099	3,995,954
Change in Net Position					1,087,840	10,098,880	11,186,720	1,421,579
NET POSITION, BEGINNING OF YEAR					18,998,427	31,652,787	50,651,214	49,229,635
NET POSITION, END OF YEAR					\$ 20,086,267	\$ 41,751,667	\$ 61,837,934	\$ 50,651,214

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET
 GOVERNMENTAL FUNDS
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds	
			2014	2013
ASSETS				
Cash and Investments	\$ 3,064,384	\$ 2,293,240	\$ 5,357,624	\$ 5,493,294
Cash with Fiscal Agent		504,764	504,764	500,004
Receivables				
Accounts	85,283	31,743	117,026	106,653
Contracts		32,000	32,000	36,000
Interest	14,303		14,303	7,451
Delinquent Property Taxes	34,841	7,496	42,337	54,696
Special Assessments	232	366,698	366,930	446,384
Due from Other Governmental Units	22,859	314,861	337,720	64,942
Inventories		32,351	32,351	35,594
Prepaid Items	43,854	30,413	74,267	79,337
Due from Other Funds	450		450	11,272
	<u>3,266,206</u>	<u>3,613,566</u>	<u>6,879,772</u>	<u>6,835,627</u>
Total Assets	<u>\$ 3,266,206</u>	<u>\$ 3,613,566</u>	<u>\$ 6,879,772</u>	<u>\$ 6,835,627</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE				
Liabilities				
Accounts Payable	\$ 42,624	\$ 25,289	\$ 67,913	\$ 69,380
Contracts Payable	17,224		17,224	
Accrued Salaries	91,620	3,618	95,238	91,392
Due to Other Governmental Units	28,105	828	28,933	46,072
Due to Other Funds		450	450	11,272
Total Liabilities	<u>179,573</u>	<u>30,185</u>	<u>209,758</u>	<u>218,116</u>
Deferred Inflows of Resources				
Unavailable Revenue				
Accounts		16,667	16,667	16,667
Delinquent Property Taxes	34,841	7,496	42,337	54,696
Special Assessments	232	366,698	366,930	446,384
Total Deferred Inflows of Resources	<u>35,073</u>	<u>390,861</u>	<u>425,934</u>	<u>517,747</u>
Fund Balance				
Nonspendable	43,854	62,764	106,618	114,931
Restricted		1,246,776	1,246,776	1,061,689
Assigned	1,729,492	1,882,980	3,612,472	3,699,254
Unassigned	1,278,214		1,278,214	1,223,890
Total Fund Balance	<u>3,051,560</u>	<u>3,192,520</u>	<u>6,244,080</u>	<u>6,099,764</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,266,206</u>	<u>\$ 3,613,566</u>	<u>\$ 6,879,772</u>	<u>\$ 6,835,627</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2014
WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
Total Fund Balances - Governmental Funds	\$ 6,244,080	\$ 6,099,764
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 governmental funds.		
Governmental Capital Assets	30,026,059	29,123,108
Less: Accumulated Depreciation	(10,533,853)	(9,795,790)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Accounts	16,667	16,667
Delinquent Property Taxes	42,337	54,696
Special Assessments	366,930	446,384
Internal service funds are used by management to charge the costs of equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
	2,651,360	2,439,572
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net OPEB Asset	67,420	75,748
Bonds and Notes Payable	(8,375,000)	(8,990,000)
Termination Benefits	(182,067)	(220,936)
Compensated Absences	(117,912)	(124,848)
Accrued Interest Payable	(119,754)	(125,938)
	<u>20,086,267</u>	<u>18,998,427</u>
Total Net Position - Governmental Activities	<u>\$ 20,086,267</u>	<u>\$ 18,998,427</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	General	Nonmajor Governmental Funds	Total Governmental Funds	
			2014	2013
REVENUES				
Property Taxes	\$ 1,754,608	\$ 430,285	\$ 2,184,893	\$ 2,149,230
Special Assessments		100,426	100,426	99,832
Licenses and Permits	154,006		154,006	138,798
Intergovernmental	1,981,592	478,198	2,459,790	1,960,592
Charges for Services	237,174	913,734	1,150,908	1,252,480
Fines and Forfeits	15,113		15,113	19,688
Interest Income	40,738	200	40,938	16,859
Miscellaneous	82,079	54,914	136,993	268,226
Total Revenues	<u>4,265,310</u>	<u>1,977,757</u>	<u>6,243,067</u>	<u>5,905,705</u>
EXPENDITURES				
Current				
General Government	852,058	62,146	914,204	938,492
Public Safety	1,758,788		1,758,788	1,733,124
Public Works	964,341	77,055	1,041,396	894,376
Airport		125,304	125,304	140,891
Culture and Recreation	605,195	578,914	1,184,109	1,224,081
Economic Development	1,535	46,538	48,073	51,070
Capital Outlay				
General Government	16,756		16,756	
Public Safety	1,946		1,946	16,572
Public Works	13,350	471,953	485,303	3,001
Airport		18,917	18,917	4,622
Culture and Recreation	109,436	112,230	221,666	299,175
Economic Development		87,175	87,175	136,644
Debt Service				
Principal		615,000	615,000	675,000
Interest and Other Charges		305,043	305,043	323,035
Total Expenditures	<u>4,323,405</u>	<u>2,500,275</u>	<u>6,823,680</u>	<u>6,440,083</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(58,095)	(522,518)	(580,613)	(534,378)
OTHER FINANCING SOURCES (USES)				
Sale or Compensation for Property	24,515		24,515	
Transfers In	676,275	921,048	1,597,323	1,396,003
Transfers Out	(585,807)	(311,102)	(896,909)	(751,328)
Total Other Financing Sources (Uses)	<u>114,983</u>	<u>609,946</u>	<u>724,929</u>	<u>644,675</u>
Net Change in Fund Balances	56,888	87,428	144,316	110,297
FUND BALANCE, BEGINNING OF YEAR	<u>2,994,672</u>	<u>3,105,092</u>	<u>6,099,764</u>	<u>5,989,467</u>
FUND BALANCE, END OF YEAR	<u>\$ 3,051,560</u>	<u>\$ 3,192,520</u>	<u>\$ 6,244,080</u>	<u>\$ 6,099,764</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 144,316	\$ 110,297
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.</p>		
Capital Outlay	902,951	322,737
Depreciation Expense	(738,063)	(686,792)
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Certain Accounts Receivable		16,667
Delinquent Property Taxes	(12,359)	(57,457)
Special Assessments	(79,454)	(69,755)
<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>		
Net OPEB Asset	(8,328)	(22,133)
Termination Benefits	38,869	(220,936)
Compensated Absences	6,936	246
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.</p>		
Principal Retirement of Long-Term Debt	615,000	675,000
Change in Accrued Interest Payable	6,184	10,687
<p>Internal service funds are used by management to charge the costs of equipment to the individual funds. The net revenue (expenditure) of the internal service fund is reported with governmental activities.</p>		
	<u>211,788</u>	<u>165,534</u>
Change in Net Position - Governmental Activities	<u>\$ 1,087,840</u>	<u>\$ 244,095</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			Over (Under) Final Budget	2013
	Budgeted Amounts		Actual		Actual
	Original	Final			
REVENUES					
Taxes	\$ 1,734,490	\$ 1,734,490	\$ 1,754,608	\$ 20,118	\$ 1,734,521
Licenses and Permits	66,725	66,725	154,006	87,281	138,798
Intergovernmental	1,917,532	1,917,532	1,981,592	64,060	1,730,630
Charges for Services	159,650	159,650	237,174	77,524	230,948
Fines and Forfeits	21,000	21,000	15,113	(5,887)	19,688
Interest Income	2,000	2,000	40,738	38,738	16,729
Miscellaneous	24,500	24,500	82,079	57,579	68,800
Total Revenues	<u>3,925,897</u>	<u>3,925,897</u>	<u>4,265,310</u>	<u>339,413</u>	<u>3,940,114</u>
EXPENDITURES					
Current					
General Government	1,350,950	1,350,950	852,058	(498,892)	844,230
Public Safety	1,764,109	1,764,109	1,758,788	(5,321)	1,733,124
Public Works	927,267	927,267	964,341	37,074	861,978
Culture and Recreation	573,766	573,766	605,195	31,429	618,903
Economic Development			1,535	1,535	3,400
Capital Outlay					
General Government	100	100	16,756	16,656	
Public Safety	4,000	4,000	1,946	(2,054)	
Public Works			13,350	13,350	
Culture and Recreation	250	250	109,436	109,186	
Total Expenditures	<u>4,620,442</u>	<u>4,620,442</u>	<u>4,323,405</u>	<u>(297,037)</u>	<u>4,061,635</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(694,545)	(694,545)	(58,095)	636,450	(121,521)
OTHER FINANCING SOURCES (USES)					
Sale or Compensation for Property	2,000	2,000	24,515	22,515	
Transfers In	703,775	703,775	676,275	(27,500)	676,275
Transfers Out	(10,000)	(10,000)	(585,807)	(575,807)	(491,589)
Total Other Financing Sources (Uses)	<u>695,775</u>	<u>695,775</u>	<u>114,983</u>	<u>(580,792)</u>	<u>184,686</u>
Net Change in Fund Balances	<u>\$ 1,230</u>	<u>\$ 1,230</u>	56,888	<u>\$ 55,658</u>	63,165
FUND BALANCE, BEGINNING OF YEAR			<u>2,994,672</u>		<u>2,931,507</u>
FUND BALANCE, END OF YEAR			<u>\$ 3,051,560</u>		<u>\$ 2,994,672</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2014	2013
					2014	2013		
ASSETS								
Current Assets								
Cash and Investments	\$ 280,410	\$ 5,295,604	\$ 6,682,029	\$ 1,470,598	\$ 13,728,641	\$ 18,566,028	\$ 995,581	\$ 929,167
Cash with Fiscal Agent						656,928		
Accounts Receivable (Net)	(1,567)	398,380	919,745	94,623	1,411,181	1,451,537		
Special Assessments Receivable								
Current		211,837			211,837			
Deferred		5,748,163			5,748,163			
Due from Other Governmental Units							4,039	5,179
Inventories	271,053		354,646		625,699	633,239		
Prepaid Items	5,547	14,719	20,991	17,045	58,302	58,665		
Due from Other Funds			269,116		269,116	349,116		
Total Current Assets	<u>555,443</u>	<u>11,668,703</u>	<u>8,246,527</u>	<u>1,582,266</u>	<u>22,052,939</u>	<u>21,715,513</u>	<u>999,620</u>	<u>934,346</u>
Noncurrent Assets								
Capital Assets								
Assets Not Being Depreciated	112,600	12,159,507	558,644	243,493	13,074,244	17,711,069		
Other Capital Assets, Net of Depreciation	1,294,350	29,403,764	18,134,411	4,676,258	53,508,783	39,292,361	2,304,305	2,318,700
Net OPEB Asset	5,861	17,583	29,317	5,861	58,622	56,513		
Total Noncurrent Assets	<u>1,412,811</u>	<u>41,580,854</u>	<u>18,722,372</u>	<u>4,925,612</u>	<u>66,641,649</u>	<u>57,059,943</u>	<u>2,304,305</u>	<u>2,318,700</u>
Total Assets	<u>\$ 1,968,254</u>	<u>\$ 53,249,557</u>	<u>\$ 26,968,899</u>	<u>\$ 6,507,878</u>	<u>\$ 88,694,588</u>	<u>\$ 78,775,456</u>	<u>\$ 3,303,925</u>	<u>\$ 3,253,046</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2014	2013
					2014	2013		
LIABILITIES AND NET POSITION								
Liabilities								
Current Liabilities								
Accounts Payable	\$ 12,855	\$ 56,071	\$ 406,427	\$ 5,794	\$ 481,147	\$ 498,678	\$ 2,565	\$ 3,474
Contracts Payable		478,371			478,371	746,682		
Accrued Salaries	8,466	16,035	35,621	5,984	66,106	77,892		
Accrued Interest Payable		269,141	241,608	17,740	528,489	401,067		
Deposits Payable				42,400	42,400	40,650		
Due to Other Governmental Units	19,645	19	24,619	3,733	48,016	45,040		
Due to Other Funds	269,116				269,116	349,116		
Current Portion of Long-Term Debt		1,013,655	680,000	265,767	1,959,422	1,901,687	165,000	160,000
Total Current Liabilities	310,082	1,833,292	1,388,275	341,418	3,873,067	4,060,812	167,565	163,474
Noncurrent Liabilities								
Long-Term Debt, Net of Current Portion	10,885	28,902,186	13,022,053	1,134,730	43,069,854	43,061,857	485,000	650,000
Total Liabilities	320,967	30,735,478	14,410,328	1,476,148	46,942,921	47,122,669	652,565	813,474
Net Position								
Net Investment in Capital Assets	1,406,950	11,608,638	5,068,055	3,528,450	21,612,093	19,693,980	1,654,305	1,508,700
Unrestricted	240,337	10,905,441	7,490,516	1,503,280	20,139,574	11,958,807	997,055	930,872
Total Net Position	1,647,287	22,514,079	12,558,571	5,031,730	41,751,667	31,652,787	2,651,360	2,439,572
Total Liabilities and Net Position	\$ 1,968,254	\$ 53,249,557	\$ 26,968,899	\$ 6,507,878	\$ 88,694,588	\$ 78,775,456	\$ 3,303,925	\$ 3,253,046

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2014	2013
					2014	2013		
OPERATING REVENUES								
Sales	\$ 2,194,875	\$	\$	\$	\$ 2,194,875	\$ 2,120,313	\$	\$
Cost of Goods Sold	(1,645,486)				(1,645,486)	(1,607,104)		
Gross Profit on Sales	549,389	0	0	0	549,389	513,209	0	0
Charges for Services		3,368,548	10,059,056	945,931	14,373,535	14,128,297	390,820	359,612
Other			43,271		43,271	42,250		
Total Operating Revenues	549,389	3,368,548	10,102,327	945,931	14,966,195	14,683,756	390,820	359,612
OPERATING EXPENSES								
Salaries and Benefits	224,333	447,304	902,012	172,992	1,746,641	1,721,904		
Supplies	14,542	260,507			275,049	341,643		
Other Services and Charges	99,673	709,191			808,864	927,798	2,506	130,230
Purchased Power			6,290,068	72,635	6,362,703	6,246,041		
Production			147,912	45,200	193,112	132,438		
Distribution			109,895	198,525	308,420	279,920		
Administrative and General			209,758	37,026	246,784	259,580		
Depreciation	28,073	559,147	680,663	321,065	1,588,948	1,528,419	447,549	442,039
Total Operating Expenses	366,621	1,976,149	8,340,308	847,443	11,530,521	11,437,743	450,055	572,269
Operating Income (Loss)	182,768	1,392,399	1,762,019	98,488	3,435,674	3,246,013	(59,235)	(212,657)
NONOPERATING REVENUES (EXPENSES)								
Taxes							127,334	137,386
Special Assessments		6,517,000			6,517,000			
Intergovernmental		2,300,000			2,300,000	9,148	39,999	40,001
Refunds and Reimbursements			19,279		19,279	15,197		
Miscellaneous Revenue	2,829	8,169	71,425		82,423	44,493	10,000	
Gain on Disposal of Asset								10,765
Interest Expense		(792,344)	(582,685)	(55,740)	(1,430,769)	(1,223,470)	(27,043)	(32,425)
Loss on Disposal of Asset								(47,008)
Miscellaneous Expense			(130)		(130)	(113)	(3,450)	(450)
Total Nonoperating Revenues (Expenses)	2,829	8,032,825	(492,111)	(55,740)	7,487,803	(1,154,745)	146,840	108,269
Income (Loss) Before Capital Contributions and Transfers	185,597	9,425,224	1,269,908	42,748	10,923,477	2,091,268	87,605	(104,388)
CAPITAL CONTRIBUTIONS						813		
TRANSFERS								
Transfers In		135,100			135,100	100,000	124,183	269,922
Transfers Out	(59,000)	(178,250)	(648,078)	(74,369)	(959,697)	(1,014,597)		
Total Transfers	(59,000)	(43,150)	(648,078)	(74,369)	(824,597)	(914,597)	124,183	269,922
Change in Net Position	126,597	9,382,074	621,830	(31,621)	10,098,880	1,177,484	211,788	165,534
NET POSITION, BEGINNING OF YEAR	1,520,690	13,132,005	11,936,741	5,063,351	31,652,787	30,475,303	2,439,572	2,274,038
NET POSITION, END OF YEAR	\$ 1,647,287	\$ 22,514,079	\$ 12,558,571	\$ 5,031,730	\$ 41,751,667	\$ 31,652,787	\$ 2,651,360	\$ 2,439,572

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2014	2013	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	\$ 2,197,092	\$ 3,293,436	\$ 10,221,691	\$ 939,818	\$ 16,652,037	\$ 16,213,579	\$ 390,820	\$ 359,612
Payments to Suppliers	(1,770,039)	(941,440)	(6,778,445)	(355,396)	(9,845,320)	(9,966,635)	(3,415)	(133,877)
Payments to Employees	(223,939)	(489,056)	(909,078)	(170,329)	(1,792,402)	(1,672,100)		
Net Cash Provided (Used) by Operating Activities	203,114	1,862,940	2,534,168	414,093	5,014,315	4,574,844	387,405	225,735
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES								
Taxes							128,474	141,743
Intergovernmental						9,148	39,999	40,001
Other Receipts	2,829	8,169	90,704		101,702	59,690	10,000	
Other Disbursements			(130)		(130)	(113)	(3,450)	(450)
Interfund Loans	(80,000)		80,000					
Special Assessments		2,857,000			2,857,000			
Transfers In from Other Funds		135,100			135,100	100,000	124,183	269,922
Transfers Out to Other Funds	(59,000)	(178,250)	(648,078)	(74,369)	(959,697)	(1,014,597)		
Net Cash Provided (Used) by Noncapital Financing Activities	(136,171)	2,822,019	(477,504)	(74,369)	2,133,975	(845,872)	299,206	451,216
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES								
Acquisition and Construction of Capital Assets	(24,659)	(11,127,207)	(249,700)	(35,290)	(11,436,856)	(1,953,958)	(433,154)	(403,849)
Principal Reduction on Long-Term Debt		(969,000)	(660,000)	(256,766)	(1,885,766)	(1,813,766)	(160,000)	(155,000)
Net Proceeds of Bonds, Notes and Certificates		1,980,000			1,980,000	9,149,079		
Interest and Fiscal Agent Fees Paid on Bonds and Notes		(648,462)	(592,310)	(59,211)	(1,299,983)	(1,242,929)	(27,043)	(32,425)
Net Cash Provided (Used) for Capital and Related Financing Activities	(24,659)	(10,764,669)	(1,502,010)	(351,267)	(12,642,605)	4,138,426	(620,197)	(591,274)
Net Increase (Decrease) in Cash and Cash Equivalents	42,284	(6,079,710)	554,654	(11,543)	(5,494,315)	7,867,398	66,414	85,677
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	238,126	11,375,314	6,127,375	1,482,141	19,222,956	11,355,558	929,167	843,490
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 280,410	\$ 5,295,604	\$ 6,682,029	\$ 1,470,598	\$ 13,728,641	\$ 19,222,956	\$ 995,581	\$ 929,167
RECONCILIATION OF CASH AND CASH EQUIVALENTS								
Cash and Investments	\$ 280,410	\$ 5,295,604	\$ 6,682,029	\$ 1,470,598	\$ 13,728,641	\$ 18,566,028	\$ 995,581	\$ 929,167
Cash with Fiscal Agent						656,928		
Total Cash and Cash Investments	\$ 280,410	\$ 5,295,604	\$ 6,682,029	\$ 1,470,598	\$ 13,728,641	\$ 19,222,956	\$ 995,581	\$ 929,167

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 YEAR ENDED DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2014	2013	2014	2013
	RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES							
Operating Income (Loss)	\$ 182,768	\$ 1,392,399	\$ 1,762,019	\$ 98,488	\$ 3,435,674	\$ 3,246,013	\$ (59,235)	\$ (212,657)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Depreciation	28,073	559,147	680,663	321,065	1,588,948	1,528,419	447,549	442,039
(Increase) Decrease in Assets								
Accounts Receivable (Net)	2,217	(75,112)	119,364	(6,113)	40,356	(77,281)		
Inventories	(19,588)		27,128		7,540	(93,427)		
Prepaid Items			7,226	(6,863)	363	(13,861)		
Net OPEB Asset	435	(4,992)	2,174	274	(2,109)	24,026		
Increase (Decrease) in Liabilities								
Accounts Payable	9,250	28,258	(55,166)	127	(17,531)	(63,019)	(909)	(3,647)
Accrued Salaries	294	(7,850)	(3,793)	(437)	(11,786)	20,858		
Deposits Payable				1,750	1,750	(125)		
Due to Other Governmental Units				2,976	2,976	(1,679)		
Termination Benefits		(16,776)			(16,776)	(19,274)		
Compensated Absences	(335)	(12,134)	(5,447)	2,826	(15,090)	24,194		
Net Cash Provided (Used) by Operating Activities	<u>\$ 203,114</u>	<u>\$ 1,862,940</u>	<u>\$ 2,534,168</u>	<u>\$ 414,093</u>	<u>\$ 5,014,315</u>	<u>\$ 4,574,844</u>	<u>\$ 387,405</u>	<u>\$ 225,735</u>

CITY OF LITCHFIELD, MINNESOTA
STATEMENT OF FIDUCIARY NET POSITION
DECEMBER 31, 2014

	Private Purpose Trust Funds
ASSETS	
Current Assets	
Cash	\$ 224,574
Accounts Receivable	126
Total Current Assets	\$ 224,700
NET POSITION	
Held in Trust for Other Purposes	\$ 224,700

CITY OF LITCHFIELD, MINNESOTA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
YEAR ENDED DECEMBER 31, 2014

	Private Purpose Trust Funds
ADDITIONS	
Donations	\$ 256
DEDUCTIONS	
Repairs and Maintenance	25
Change in Net Position	231
NET POSITION, BEGINNING OF YEAR	224,469
NET POSITION, END OF YEAR	\$ 224,700

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CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

The financial statements present the City and its component units. The City includes all funds, organizations, institutions, agencies, departments and offices that are not legally separate from such. Component units are legally separate entities for which the City is financially accountable, or for which the exclusion of the component unit would render the financial statements of the City misleading.

The criteria used to determine if the City is financially accountable for a component unit includes whether or not 1) the City appoints the voting majority of the potential component unit's governing body and is able to impose its will on the potential component unit or is in a relationship of financial benefit or burden with the potential component unit, or 2) the potential component unit is fiscally dependent on and there is a potential for the potential component unit to provide specific financial benefits to, or impose specific financial burdens on, the City.

As a result of applying the component unit definition criteria above, one organization has been defined and is presented in this report as follows:

Blended Component Unit - Reported as if they were part of the City.

From the category above, the specific entity is identified as follows.

Blended Component Unit

The Litchfield Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Litchfield EDA is reported as if it were part of the primary government because it provides services exclusively for the City. Separate financial statements are not prepared for the Litchfield EDA.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (Cont'd)

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Interest on general long-term debt is considered an indirect expense and is reported separately in the Statement of Activities. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. Internally dedicated revenues are reported as general revenues rather than program revenues.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary 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 after 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, special assessments, intergovernmental revenue, charges for services, 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. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental fund:

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Cont'd)

The City reports the following major enterprise funds:

The Liquor Fund accounts for the operations of the City owned municipal liquor store.

The Sewer Fund accounts for the operations of the City's sewer utility.

The Electric Fund accounts for the operations of the City's electric utility.

The Water Fund accounts for the operations of the City's water utility.

Additionally, the City reports the following proprietary fund:

Internal Service Fund - Internal service funds are used to account for goods and services provided by one department to other departments of the City on a cost reimbursement basis.

Additionally, the City reports the following fiduciary funds:

Private Purpose Trust Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent. The City is the trustee, or fiduciary, for the following two funds:

Library Trust Fund - The City is the trustee, or fiduciary, for resources collected to provide equipment, books and library supplies as determined by the library board.

Anderson Gardens Trust Fund - The City is the trustee, or fiduciary, for an endowment received for the operation, maintenance, and improvement of Anderson Gardens.

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

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

It is generally the City's policy to use restricted resources first, then unrestricted resources as they are needed when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS

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

The City may invest in the following types of investments as authorized by Minn. Stat. §§118A.04 and 118A.05:

- (1) securities which are direct obligations or are guaranteed or insured issues of the United States, its agencies, its instrumentalities, or organizations created by an act of Congress, except mortgage-backed securities defined as "high risk" by Minn. Stat. §118A.04, subd. 6;
- (2) mutual funds through shares of registered investment companies provided the mutual fund receives certain ratings depending on its investments;
- (3) general obligations of the State of Minnesota and its municipalities, and in certain state agency and local obligations of Minnesota and other states provided such obligations have certain specified bond ratings by a national bond rating service;
- (4) time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States bank;
- (5) commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and matures in 270 days or less; and
- (6) with certain restrictions, in repurchase agreements, securities lending agreements, joint powers investment trusts, and guaranteed investment contracts.

Cash and investments were comprised of deposits, non-negotiable certificates of deposits, government bonds and notes, government asset backed/CMO securities, money market mutual fund, and cash with escrow agent.

The City has an investment policy in place that addresses interest rate risk, credit risk, concentration of credit risk and custodial credit risk as follows:

Custodial Credit Risk - Deposits: For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City's investment policy states the collateralization shall have a market value to cover 110 percent of the investment.

Interest Rate Risk: This is the risk that market values of securities in a portfolio would decrease due to changes in market interest rates. The City's investment policy states the City should manage their interest rates based on safety, liquidity and the overall return on the investment.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. DEPOSITS AND INVESTMENTS (Cont'd)

Credit Risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to certificates of deposits with a maturity greater than 45 days, U.S. Treasury Bills, and repurchase agreements.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. Investments should be diversified to avoid incurring unreasonable risk inherent in over investing in specific instruments, individual financial institutions or maturities. The City's investment policy does not address concentration of credit risk.

Custodial Credit Risk - Investments: For an investment, this is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy does not address custodial credit risk for investments.

E. 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 noncurrent 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."

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

The City levies its property tax for the subsequent year during the month of December. December 30th is the last day the City can certify a tax levy to the County Auditor for collection the following year. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. The property tax is recorded as revenue when it becomes measurable and available. Meeker County is the collecting agency for the levy and remits the collections to the City three times a year. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. Taxes not collected as of December 31 each year are shown as delinquent property taxes receivable.

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

The County Auditor submits the list of taxes and special assessments to be collected on each parcel of property to the County Treasurer in January of each year.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

F. PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

G. INVENTORIES

Inventories are valued at cost, using the first in, first out method of accounting.

H. CAPITAL ASSETS

Capital assets, both tangible and intangible, which include property, plant, equipment, infrastructure assets (e.g., roads, sidewalks, and similar items) and easements, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current period, the City did not have any capitalized interest.

Tangible and intangible assets are capitalized when acquired, and depreciation is provided using the straight-line method applied over their estimated useful lives of the assets. Useful lives vary from 20 to 50 years for land improvements and buildings, and 5 to 15 years for equipment.

I. UNEARNED REVENUE

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

J. COMPENSATED ABSENCES

The liability for compensated absences reported in the financial statements consists of unpaid, accumulated vacation, compensatory time and certain sick leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included. The liability for compensated absences is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements. Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. The government-wide and proprietary fund Statement of Net Position reports both current and noncurrent portions of compensated absences using full accrual accounting. The current portion consists of an amount based on expected or known retirements coming in the next fiscal year. The noncurrent portion consists of the remaining amount of vacation, compensatory time and certain sick leave balances.

The City employees earn vacation days based upon the number of completed years of service. The City compensates employees for unused vacation upon termination of employment. City employees are also allowed to earn compensatory time in lieu of overtime pay. Unused compensatory time is paid to employees upon separation from the City. Employees are entitled to paid sick leave at various rates for each month of full-time service. Employees are compensated for unused sick leave based on policies adopted by the City. The City has an Option One sick leave policy in which one employee would receive all unused sick leave hours upon termination.

K. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

Employees of the City pay premiums based on amounts negotiated in union contracts. Since the insurance rates are not aged based, the City has an implicit rate subsidy factor in postemployment health care expenses. Additionally, Minnesota Statutes require the City to allow retired employees to stay on the health care plan with the retiree responsible to pay the entire premium for continuation coverage. The City's personnel policy and union contracts do not provide for any contributions upon employee retirement.

L. TERMINATION BENEFITS

During 2009 and 2013, the City offered certain employees an early retirement incentive which qualifies as a termination benefit under the Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*. The employee receiving benefits from the 2009 option elected to receive the cash equivalent of one year of health insurance premiums in lieu of remaining on the City's insurance policy. These payments will continue through year 2015 depending on the individual employee's agreement. The employees receiving benefits from the 2013 option elected to continue participation on the City's group insurance plan. When calculating the liability, the City used the current cost of annual health insurance premiums and increased that cost by 10% for each subsequent year. As of December 31, 2014, the City's termination benefit liability was \$198,722.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

M. LONG-TERM OBLIGATIONS

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

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

N. FUND BALANCE

In the governmental 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 governmental funds. These classifications are as follows:

Nonspendable - consists of amounts that cannot be spent because it is not in spendable form or are legally or contractually required to be maintained intact, such as inventories and prepaid items.

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 that are constrained for specific purposes that are internally imposed by formal action of the City Council. Those committed amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. These constraints are established by Resolution of the City Council.

Assigned - consists of amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the governing body itself or by an official to which the governing body delegates the authority. Pursuant to City Council Resolution, the City Council is authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the General Fund and also reflects negative residual amounts in the remaining governmental funds.

The City requires 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.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

O. NET POSITION

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the government-wide, proprietary and fiduciary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net position is reported as restricted in the government-wide, proprietary and fiduciary fund financial statements when there are limitations on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position consists of all other net position that does not meet the definition of restricted or net investment in capital assets.

P. USE OF ESTIMATES

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

Q. PRIOR YEAR INFORMATION

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2013, from which the partial information was derived.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

The City Council adopts an annual budget. The amounts shown in the financial statements as "budget" represent the original budgeted amounts and all revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to September 1, the City Council submits a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution after obtaining taxpayer comments. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General, Special Revenue Funds and Proprietary Funds.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Cont'd)

A. BUDGETARY INFORMATION (Cont'd)

4. The City Administrator is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Proprietary Funds. Formal budgetary integration is not employed for the Debt Service Funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects Funds is accomplished through the use of project controls.
6. Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Budgeted amounts are as originally adopted, or as amended by the City Council. Appropriations for annually budgeted funds lapse at year-end.

Encumbrance accounting is not used.

B. DEFICIT FUND BALANCES

There were no funds with a deficit balance as of December 31, 2014:

C. EXPENDITURES EXCEEDING APPROPRIATIONS

The following funds had expenditures that exceeded appropriations:

	<u>Expenditures</u>	<u>Appropriations</u>
Nonmajor Governmental Funds		
Special Revenue		
Golf Course	\$ 371,848	\$ 324,781
Small Cities Rehabilitation	12,634	
TIF District No. 1-2 Pleasant View	89,789	
TIF District No. 3-1 Longfellow	15,217	
Infrastructure Street	533,791	
Cemetery	61,546	56,700
Permanent Improvement Revolving	600	
Community Reinvestment	114,358	
Lake Ripley Improvement	9,843	

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

Custodial Credit Risk - Deposits: The City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Cash in Bank Accounts	\$ 13,301,653
Non-Negotiable Certificates of Deposit	7,000,000
ATM	4,140
Petty Cash	630
Cash with Fiscal Agent	<u>504,761</u>
Total Deposits	<u><u>\$ 20,811,184</u></u>

B. INVESTMENTS

As of December 31, 2014, the City had no investments.

Deposits and investments are presented in the basic financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 20,081,846
Cash with Fiscal Agent	504,764
Statement of Fiduciary Net Position	
Cash	<u>224,574</u>
Total Cash and Investments	<u><u>\$ 20,811,184</u></u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4. RECEIVABLES

Receivables are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
<u>Governmental Activities</u>		
Accounts	\$ 117,026	\$
Contracts	32,000	
Interest	14,303	
Delinquent Property Taxes	42,337	
Special Assessments	366,930	284,321
	<u>\$ 572,596</u>	<u>\$ 284,321</u>
<u>Business-Type Activities</u>		
Accounts	\$ 1,411,181	
Special Assessments	5,960,000	5,748,163
	<u>\$ 7,371,181</u>	<u>\$ 5,748,163</u>

NOTE 5. INVENTORIES

Inventories are as follows:

<u>Governmental Activities</u>		
Golf Course		
Pro Shop		\$ 12,731
Airport		
Fuel Inventory		19,620
		<u>\$ 32,351</u>
<u>Business-Type Activities</u>		
Electric		
Transformers		\$ 280,796
Line Inventory		53,956
Pole/Conduit		19,894
Liquor		271,053
		<u>\$ 625,699</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units consists of the following:

<u>Governmental Activities</u>		
Meeker County		\$ 81,895
State of Minnesota		259,864
		<hr/>
Total Governmental Activities		<u>\$ 341,759</u>

NOTE 7. CAPITAL ASSETS

Capital asset activity was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>Capital Assets, Not Being Depreciated</u>				
Land	\$ 1,824,293	\$	\$	\$ 1,824,293
Easements	10,428			10,428
Construction in Progress	105,383	867,241	(105,383)	867,241
Total Capital Assets, Not Being Depreciated	1,940,104	867,241	(105,383)	2,701,962
<u>Capital Assets, Being Depreciated</u>				
Buildings	9,526,525	110,348		9,636,873
Improvements Other than Buildings	17,031,992	13,350		17,045,342
Machinery and Equipment	7,950,958	450,549	(41,333)	8,360,174
Total Capital Assets, Being Depreciated	34,509,475	574,247	(41,333)	35,042,389
<u>Less Accumulated Depreciation for</u>				
Buildings	2,973,702	230,431		3,204,133
Improvements Other than Buildings	6,373,898	472,309		6,846,207
Machinery and Equipment	5,455,961	482,872	(41,333)	5,897,500
Total Accumulated Depreciation	14,803,561	1,185,612	(41,333)	15,947,840
Total Capital Assets, Being Depreciated, Net	19,705,914	(611,365)	0	19,094,549
Governmental Activities Net Capital Assets	<u>\$ 21,646,018</u>	<u>\$ 255,876</u>	<u>\$ (105,383)</u>	<u>\$ 21,796,511</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7. CAPITAL ASSETS (Cont'd)

Capital asset activity was as follows:

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital Assets, Not Being Depreciated				
Land	\$ 735,155	\$	\$	\$ 735,155
Construction in Progress	16,975,914	10,791,305	(15,428,130)	12,339,089
Total Capital Assets, Not Being Depreciated	17,711,069	10,791,305	(15,428,130)	13,074,244
Capital Assets, Being Depreciated				
Buildings	30,955,733	15,334,468		46,290,201
Improvements Other than Buildings	21,401,453	365,375		21,766,828
Machinery and Equipment	10,143,165	105,528	(6,776)	10,241,917
Total Capital Assets, Being Depreciated	62,500,352	15,805,371	(6,776)	78,298,946
Less Accumulated Depreciation for				
Buildings	6,380,243	757,307		7,137,550
Improvements Other than Buildings	10,745,727	539,842		11,285,569
Machinery and Equipment	6,082,021	291,799	(6,776)	6,367,044
Total Accumulated Depreciation	23,207,991	1,588,948	(6,776)	24,790,163
Total Capital Assets, Being Depreciated, Net	39,292,361	14,216,423	0	53,508,783
Business-Type Activities Net Capital Assets	<u>\$ 57,003,430</u>	<u>\$ 25,007,728</u>	<u>\$ (15,428,130)</u>	<u>\$ 66,583,027</u>

Depreciation expense was charged to functions/programs as follows:

Governmental Activities	
General Government	\$ 158,704
Public Safety	194,158
Public Works	563,157
Airport	69,225
Culture and Recreation	200,368
Total Depreciation Expense - Governmental Activities	<u>\$ 1,185,612</u>
Business-Type Activities	
Liquor	\$ 28,073
Sewer	559,147
Electric	680,663
Water	321,065
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,588,948</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 450
Sewer	Liquor	269,116
Total Interfund Balances		<u>\$ 269,566</u>

The purpose of the above interfund loans was to cover construction cost overruns.

B. INTERFUND TRANSFERS

The composition of interfund transfers is as follows:

	Transfer In				Total
	General	Nonmajor Governmental Funds	Sewer	Internal Service	
Transfer Out					
General	\$	\$ 485,807	\$	\$ 100,000	\$ 585,807
Electric	430,478	100,000	117,600		648,078
Sewer	178,250				178,250
Water	56,869		17,500		74,369
Liquor		59,000			59,000
Nonmajor Governmental Funds	10,678	276,241		24,183	311,102
Total	<u>\$ 676,275</u>	<u>\$ 921,048</u>	<u>\$ 135,100</u>	<u>\$ 124,183</u>	<u>\$ 1,856,606</u>

The purpose of the above transfers was to provide funding for capital improvement projects, capital outlay, provide funding for operating purposes and to close funds.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT

A. GENERAL OBLIGATION BONDS

The City issues General Obligation (G.O.) Bonds to provide financing for street improvements, facility construction and tax increment projects. Debt service is covered respectively by special assessments, property taxes and tax increments against benefited properties with any shortfalls being paid from general taxes.

G.O. Bonds are direct obligations and pledge the full faith and credit of the City. These bonds generally are issued as 15 year Serial Bonds with equal debt service payments each year.

B. COMPONENTS OF LONG-TERM DEBT

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
G.O. Bonds			
General Obligation Bonds, Series 2007A	3.70-3.85%	02/01/2018	\$ 100,000
General Obligation Bonds, Series 2007A	3.70-4.40%	02/01/2028	285,000
General Obligation CIP Bonds, Series 2011B	2.00-4.125%	02/01/2032	3,035,000
G.O. Special Assessment Bonds			
G.O. Improvement Bonds, Series 2006A	3.85-4.15%	02/01/2022	345,000
G.O. Refunding Improvement Bonds, Series 2009B	2.50-4.00%	02/01/2018	100,000
G.O. Improvement and Refunding Bonds, Series 2011C	1.00-3.70%	02/01/2027	760,000
G.O. Revenue Bonds			
Public Project Lease Revenue Bonds, Series 2005A	4.00-4.70%	02/01/2026	1,130,000
Public Project Lease Revenue Bonds, Series 2007B	4.75-5.10%	02/01/2028	460,000
G.O. Housing Development Bonds, Series 2011A	2.00-3.40%	02/01/2022	2,260,000
Capital Equipment Notes			550,000
Termination Benefits			182,067
Compensated Absences			117,912
			<u>117,912</u>
Total Governmental Activities			<u>\$ 9,324,979</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

B. COMPONENTS OF LONG-TERM DEBT (Cont'd)

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Business-Type Activities</u>			
G.O. Bonds			
G.O. Sewer System Bonds, Series 2011D	1.00-4.10%	02/01/2032	\$ 1,455,000
G.O. Special Assessment Bonds			
G.O. Utility Revenue Bonds, Series 2014A	2.00-3.75%	02/01/2035	1,980,000
G.O. Special Assessment Bonds			
G.O. Improvement Bonds, Series 2013A	3.00-4.00%	02/01/2035	8,865,000
G.O. Revenue Notes			
1999 Water Treatment Loan	3.540%	08/20/2019	1,347,000
2001 Wastewater Treatment Loan	2.680%	08/20/2022	5,181,000
2009 Clean Water Revolving Fund Loan	2.652%	08/20/2029	6,225,048
2009 Wastewater Infrastructure Fund Loan	0.000%	08/20/2042	6,000,000
Revenue Bonds			
Electric Utility Revenue Bonds, Series 2008A	3.50-4.40%	02/01/2029	8,235,000
Electric Utility Revenue Bonds, Series 2009C	3.50-5.00%	02/01/2029	5,390,000
Assessment Payable	5.00%	01/01/2017	44,301
Bond Premium			171,002
Termination Benefits			16,655
Compensated Absences			119,270
			<u>\$ 45,029,276</u>

Debt service funds are used to liquidate the governmental activities outstanding bonded indebtedness. Internal service funds are used to liquidate the governmental activities capital equipment notes. The General Fund has historically been used to liquidate the outstanding governmental activities compensated absences. The Liquor, Sewer, Electric and Water Funds are used to liquidate the outstanding business-type activities compensated absences.

Capital Equipment Notes:

On March 1, 2006, the City issued a Certificate of Indebtedness in the amount of \$180,000 for a term of ten years at an interest rate of 3.90% per annum. Principal payments are due on February 6 and interest payments are due on March 1 and September 1 of each year until year 2016. As of December 31, 2014, the balance remaining was \$36,000.

On February 28, 2007, the City issued a Certificate of Indebtedness in the amount of \$568,000 for a term of ten years at an interest rate of 4.10% per annum. Principal and interest payments are due February 28 and interest payments are due on August 28 of each year until year 2017. As of December 31, 2014, the balance remaining was \$169,000.

On May 14, 2009, the City issued General Obligation Equipment Certificates in the amount of \$650,000 for a term of ten years at an interest rate ranging from 2.00% to 4.00%. Principal and interest payments are due February 1 and interest payments are due on August 1 of each year until year 2019. As of December 31, 2014, the balance remaining was \$345,000.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

B. COMPONENTS OF LONG-TERM DEBT (Cont'd)

2009 Refunding Transaction

In May 2009, the City issued \$845,000 of General Obligation Refunding Bonds, Series 2009B. The bonds were issued to refund the General Obligation Improvement Bonds, Series 1999A; the General Obligation Bonds, Series 2002B; and the General Obligation Refunding Improvements Bonds, Series 2003A. The total cash savings to the City is \$565,712 with a net present value benefit of \$63,850.

Refunding Transaction - 2011A

In April 2011, the City issued \$3,000,000 of General Obligation Housing Development Bonds, Series 2011A. The bonds were issued in part to refund the Housing Development Bonds, Series 1996A. The total cash savings to the City is \$377,162 with a net present value benefit of \$245,112.

Refunding Transaction - 2011C

In June 2011, the City issued \$925,000 of General Obligation Improvement and Refunding Bonds, Series 2011C. The bonds were issued in part to refund the General Obligation Improvements Bonds, Series 2004A. The total cash savings to the City is \$38,140 with a net present value benefit of \$27,812.

Water Treatment Loan - 1999

The Litchfield Public Utilities Commission applied to the Minnesota Public Facilities Authority for financial assistance. Capital costs incurred for the upgrading and expansion of the City of Litchfield Municipal Water Treatment Plant, wells, and water system, totaled \$4,092,166, financed under the Capitalization Grants for Drinking Water State Revolving Fund. Loan interest payments, at 3.54% per annum, will be due February and August, with principal payment amounts due in August.

Wastewater Treatment Loan - 2001

The City of Litchfield applied to the Minnesota Public Facilities Authority for financial assistance. Capital costs incurred for the upgrading and expansion of the City of Litchfield Wastewater Treatment Facility system, totaled \$10,963,561, financed under the Capitalization Grants for State Revolving Fund. Loan interest payments, at 2.68% per annum, are due in February and August, with principal payment amounts due in August.

Wastewater Treatment Loan - 2009

The City of Litchfield applied to the Minnesota Public Facilities Authority for financial assistance. Capital costs incurred for the upgrading and expansion of the City of Litchfield Wastewater Treatment Facility system, totaled \$13,086,048, financed under the Clean Water Revolving Fund and the Wastewater Infrastructure Funding. Loan interest payments for the Clean Water Revolving fund, at 2.652% per annum, are due in February and August, with principal payment amounts due in August. Loan payments for the Wastewater Infrastructure Funding will be due in February and August after the Clean Water Revolving Fund is paid in full.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

B. COMPONENTS OF LONG-TERM DEBT (Cont'd)

General Obligation Improvement Bonds - 2013A

In November 2013, the City of Litchfield issued \$8,865,000 of General Obligation Improvement Bonds, Series 2013A. The bonds were issued to finance the construction of various improvements in the City. Bond interest payments, which vary from 3.00% to 4.00% per annum, are due in February and August, with principal payment amounts due in August.

General Obligation Utility Revenue Bonds - 2014A

In February 2014, the City of Litchfield issued \$1,980,000 of General Obligation Utility Revenue Bonds, Series 2014A. The bonds were issued to finance the construction of various improvements to the Water and Sewer Systems in the City. Bond interest payments, which vary from 2.00% to 3.75% per annum, are due in February and August, with principal payment amounts due in August.

C. MINIMUM DEBT PAYMENTS

Annual debt service requirements to maturity for all bonded debt and notes outstanding are as follows:

Year Ending December 31	Governmental Activities			
	G.O. Bonds		G.O. Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 160,000	\$ 117,748	\$ 140,000	\$ 35,673
2016	165,000	113,787	130,000	32,295
2017	170,000	109,698	135,000	28,800
2018	170,000	105,232	140,000	24,850
2019	155,000	100,393	125,000	20,860
2020-2024	875,000	422,754	390,000	54,440
2025-2029	1,045,000	245,208	145,000	8,232
2030-2032	680,000	42,970		
	<u>\$ 3,420,000</u>	<u>\$ 1,257,790</u>	<u>\$ 1,205,000</u>	<u>\$ 205,150</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Governmental Activities			
	G.O. Revenue Bonds		Capital Equipment Notes	
	Principal	Interest	Principal	Interest
2015	\$ 350,000	\$ 129,487	\$ 140,000	\$ 18,031
2016	360,000	120,123	140,000	13,016
2017	370,000	110,101	125,000	8,177
2018	385,000	98,973	70,000	4,400
2019	405,000	86,507	75,000	1,500
2020-2024	1,580,000	224,913		
2025-2028	400,000	28,374		
	<u>\$ 3,850,000</u>	<u>\$ 798,478</u>	<u>\$ 550,000</u>	<u>\$ 45,124</u>

Year Ending December 31	Business-Type Activities			
	G.O. Bonds		G.O. Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2015	\$ 65,000	\$ 45,075	\$	\$ 57,282
2016	65,000	44,165	75,000	56,533
2017	65,000	43,060	80,000	54,982
2018	65,000	41,760	80,000	53,383
2019	70,000	40,270	80,000	51,782
2020-2024	370,000	172,753	440,000	232,413
2025-2029	440,000	106,850	490,000	172,112
2030-2034	315,000	19,732	595,000	83,402
2035			140,000	2,625
	<u>\$ 1,455,000</u>	<u>\$ 513,665</u>	<u>\$ 1,980,000</u>	<u>\$ 764,514</u>

Year Ending December 31	Business-Type Activities			
	Revenue Bonds		Assessments Payable	
	Principal	Interest	Principal	Interest
2015	\$ 680,000	\$ 567,598	\$ 14,767	\$ 2,215
2016	705,000	542,629	14,767	1,477
2017	730,000	515,322	14,767	738
2018	760,000	485,522		
2019	790,000	454,116		
2020-2024	4,455,000	1,744,332		
2025-2029	5,505,000	654,416		
	<u>\$ 13,625,000</u>	<u>\$ 4,963,935</u>	<u>\$ 44,301</u>	<u>\$ 4,430</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Business-Type Activities			
	G.O. Revenue Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest
2015	\$	\$ 299,975	\$ 1,183,000	\$ 351,622
2016	345,000	294,800	1,218,000	317,856
2017	350,000	284,375	1,252,000	283,076
2018	350,000	273,875	1,288,000	247,310
2019	360,000	263,225	1,324,000	210,498
2020-2024	1,930,000	1,147,675	4,136,000	590,982
2025-2029	2,235,000	833,575	2,352,048	190,394
2030-2034	2,690,000	397,363	2,350,000	
2035-2039	605,000	12,100	2,350,000	
2040-2042			1,300,000	
	<u>\$ 8,865,000</u>	<u>\$ 3,806,963</u>	<u>\$ 18,753,048</u>	<u>\$ 2,191,738</u>

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Bonds	\$ 3,575,000	\$	\$ (155,000)	\$ 3,420,000	\$ 160,000
G.O. Special					
Assessment Bonds	1,345,000		(140,000)	1,205,000	140,000
G.O. Revenue Bonds	4,190,000		(340,000)	3,850,000	350,000
Capital Equipment					
Notes	690,000		(140,000)	550,000	140,000
Termination Benefits	220,936		(38,869)	182,067	30,151
Compensated					
Absences	124,848	125,716	(132,652)	117,912	
Total Governmental Activities	<u>\$ 10,145,784</u>	<u>\$ 125,716</u>	<u>\$ (946,521)</u>	<u>\$ 9,324,979</u>	<u>\$ 820,151</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

D. CHANGES IN LONG-TERM LIABILITIES (Cont'd)

	Ending Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Business-Type Activities</u>					
G.O. Bonds	\$ 1,515,000	\$	\$ (60,000)	\$ 1,455,000	\$ 65,000
G.O. Special Assessment Bonds	8,865,000			8,865,000	
G.O. Revenue Bonds		1,980,000		1,980,000	
G.O. Revenue Notes	19,904,048		(1,151,000)	18,753,048	1,183,000
Revenue Bonds	14,285,000		(660,000)	13,625,000	680,000
Assessments Payable	59,067		(14,766)	44,301	14,767
Bond Premium	167,637	11,362	(7,997)	171,002	
Termination Benefits	33,431		(16,776)	16,655	16,655
Compensated Absences	134,361	129,110	(144,201)	119,270	
Total Business-Type Activities	<u>\$ 44,963,544</u>	<u>\$ 2,120,472</u>	<u>\$ (2,054,740)</u>	<u>\$ 45,029,276</u>	<u>\$ 1,959,422</u>

E. CONDUIT DEBT OBLIGATIONS

In 2006 and 2011, the City issued conduit debt obligations. These obligations do not constitute an indebtedness of the City and are not a charge against its general credit or taxing powers. The obligations are payable solely from revenues of the respective entities to which the proceeds were remitted. As of December 31, 2014, the aggregate balance outstanding was \$2,090,405.

F. PLEGGED REVENUES

Bond Issue/ Use of Proceeds, Type	Percent of Total Debt Service	Term of Pledge	Remaining Principal and Interest	Principal and Interest Paid	Pledged Revenue Received
<u>Governmental Activities</u>					
Public Project Lease Revenue Bonds, Series 2005A City Hall Lease Payments	100%	2006-2026	\$ 1,470,121	\$ 124,065	\$ 125,135
Public Project Lease Revenue Bonds, Series 2007B Auditorium Improvements Lease Payments	100%	2008-2028	\$ 639,873	\$ 49,006	\$ 41,560

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 9. LONG-TERM DEBT (Cont'd)

F. PLEDGED REVENUES (Cont'd)

The bond documents for both of the above bonds recognize that the City intends to levy ad valorem taxes in an amount sufficient to make rental payments under the related lease agreements. Therefore, the property tax revenue received in the current year is considered the lease payments.

Business-Type Activities

Electric Utility

Revenue Bonds,
Series 2008A

Improvements

Utility Charges	100%	2009-2029	\$ 11,137,517	\$	719,083	\$ 10,059,056
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Electric Utility

Revenue Bonds,
Series 2009C

Improvements

Utility Charges	100%	2010-2029	\$ 7,451,420	\$	532,328	\$ 10,059,056
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NOTE 10. RISK MANAGEMENT

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

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

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

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

NOTE 11. CITY OF LITCHFIELD FIRE RELIEF ASSOCIATION

The City contributes to the City of Litchfield Fireman's Relief Association, a single employer retirement system that acts as a common investment and administrator for the City's firefighters. All active members of the fire department are members of the Association.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 11. CITY OF LITCHFIELD FIRE RELIEF ASSOCIATION (Cont'd)

The Association provides retirement benefits based on years of active service. The City may be required to make contributions to fund relief association pension benefits. The City may levy property taxes for the discretion of, and for the benefit of, the fire relief association. State aids allocated to the Association are passed through the City in accordance with State statutes.

NOTE 12. DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Litchfield 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 PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after 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 a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90.

Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon 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.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 12. DEFINED BENEFIT PENSION PLANS - STATEWIDE (Cont'd)

A. PLAN DESCRIPTION (Cont'd)

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 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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.5%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.8% of their annual covered salary in 2014.

In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.5% for Coordinated Plan members, and 16.2% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012, were \$143,018, \$133,861, and \$132,623, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2014, 2013, and 2012, were \$95,862, \$84,384, and \$84,276, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 13. DEFINED CONTRIBUTION PLAN

Three council members of the City of Litchfield are 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.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 13. DEFINED CONTRIBUTION PLAN (Cont'd)

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 percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 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 of Litchfield during fiscal year 2014 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 17,777	\$ 34,680	5.0%	5.0%	5.0%

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

At December 31, 2008, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This implementation allows the City to report its liability for other postemployment benefits consistent with established accounting principles generally accepted in the United States of America and to reflect an actuarially determined liability for the present value of projected future benefits for retired and active employees on the financial statements.

A. PLAN DESCRIPTION

The City operates a single-employer defined benefit plan ("the Plan") that provides health, dental, and life insurance to eligible employees and their families through the City's commercial insurance plans. There are 40 active participants and 3 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. FUNDING POLICY

Contribution requirements are also negotiated between the City and employees. The City contributes 0% - 100% of the cost of current-year premiums for eligible retired plan members and their spouses. For 2014, the City contributed \$57,761 to the Plan. The Plan is financed on a pay-as-you-go basis.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities 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 paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 61,532
Interest on Net OPEB Obligation	(5,290)
Adjustment to Annual Required Contribution	7,648
Annual OPEB Cost (Expense)	<u>63,890</u>
Contributions Made	<u>(57,671)</u>
(Increase) Decrease in Net OPEB Asset	6,219
Net OPEB Asset - Beginning of Year	<u>(132,261)</u>
Net OPEB Asset - End of Year	<u><u>\$ (126,042)</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the Plan and the net OPEB asset for 2013 and the preceding two years was:

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
12/31/2014	\$ 63,890	\$ 57,671	90%	\$ 126,042
12/31/2013	74,483	28,324	38%	132,261
12/31/2012	73,585	26,629	36%	178,420

D. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2014, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) of \$657,210. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,369,887 and the ration of the UAAL to the covered payroll of 28.4%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trends. 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Cont'd)

E. ACTUARIAL METHODS AND ASSUMPTIONS

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

In the December 31, 2014 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 6.5% reduced by decrements to an ultimate rate of 5% after eight years. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

NOTE 15. PUBLIC UTILITIES FUND - POWER AGREEMENTS

Litchfield Public Utilities is committed to purchase all power from two agencies, Southern Minnesota Municipal Power Agency (SMMPA) of which Litchfield Public Utilities is a member and Western Area Power Administration (WAPA). Each member of SMMPA is obligated to purchase all of its power from the Agency, with the exception that the Litchfield Public Utilities may continue its purchase of hydro-power from WAPA, which amounts to approximately 70% of the Utilities' requirements. The remaining percentage of power usage must be purchased from SMMPA per contract requirements.

NOTE 16. COMMITMENT

The City has the following projects in progress:

Project	Original Contract Amount	Remaining Commitment
2013 Wastewater Treatment Facility Improvements	\$ 3,028,898	\$ 524,895
2013 Wastewater System Improvements	7,364,700	665,262
2014 City Overlay Project	357,120	67,490
2014 State Overlay Project	311,281	41,783
2014 Tennis Court Improvements	352,060	24,808

NOTE 17. RECLASSIFICATIONS

Certain immaterial prior year financial statement amounts have been reclassified to conform to current year's presentation. There was no affect on total net position or fund balance.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 18. FUND BALANCE

The following is a summary of fund balance components:

	General	Nonmajor Governmental Funds	Total
Nonspendable			
Inventories	\$	\$ 32,351	\$ 32,351
Prepaid Items	43,854	30,413	74,267
Total Nonspendable	<u>43,854</u>	<u>62,764</u>	<u>106,618</u>
Restricted for			
Tax Increment		29,548	29,548
Debt Service		1,217,228	1,217,228
Total Restricted	<u>0</u>	<u>1,246,776</u>	<u>1,246,776</u>
Assigned			
Hazardous Building Improvements	40,080		40,080
Dial-A-Ride	107,234		107,234
GAR Hall Improvements	118,341		118,341
Public Access	28,168		28,168
Tree Management	100,024		100,024
Capital Outlay	1,335,645		1,335,645
Fund Operations		1,882,980	1,882,980
Total Assigned	<u>1,729,492</u>	<u>1,882,980</u>	<u>3,612,472</u>
Unassigned	<u>1,278,214</u>		<u>1,278,214</u>
	<u>\$ 3,051,560</u>	<u>\$ 3,192,520</u>	<u>\$ 6,244,080</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS
OTHER POSTEMPLOYMENT BENEFITS PLAN
DECEMBER 31, 2014

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
December 31, 2014	\$	\$ 672,822	\$ 672,822	0.0%	\$ 2,369,887	28.4%
December 31, 2011		657,210	657,210	0.0%	2,221,809	29.6%
December 31, 2008		841,811	841,811	0.0%	2,211,122	38.1%

Schedule of Employer Contributions

Year Ended December 31,	Annual Required Contribution	Employer Contribution	Percentage Contributed	Net Obligation (Asset)
2014	\$ 63,890	\$ 57,671	90.3%	\$ (126,042)
2013	71,301	28,324	39.7%	(132,261)
2012	69,568	26,629	38.3%	(178,420)
2011	67,809	52,613	77.6%	(225,579)
2010	56,193	122,345	217.7%	(244,939)

The City implemented GASB Statement No. 45 for fiscal year ended December 31, 2008. Information for prior years is not available.

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SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS OF NONMAJOR FUNDS

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CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Special Revenue	Debt Service	Capital Projects	Totals	
				2014	2013
ASSETS					
Cash and Investments	\$ 986,068	\$ 708,000	\$ 599,172	\$ 2,293,240	\$ 2,451,436
Cash with Fiscal Agent		504,764		504,764	500,004
Receivables					
Accounts	31,743			31,743	61,569
Contracts	32,000			32,000	36,000
Delinquent Property Taxes		7,496		7,496	9,718
Special Assessments		366,698		366,698	443,498
Due from Other Governmental Units	309,947	4,914		314,861	41,325
Inventories	32,351			32,351	35,594
Prepaid Items	30,413			30,413	29,765
Due from Other Funds					5,314
Total Assets	<u>\$ 1,422,522</u>	<u>\$ 1,591,872</u>	<u>\$ 599,172</u>	<u>\$ 3,613,566</u>	<u>\$ 3,614,223</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
Liabilities					
Accounts Payable	\$ 25,289	\$	\$	\$ 25,289	\$ 24,786
Accrued Salaries	3,618			3,618	1,594
Due to Other Governmental Units	828			828	1,596
Due to Other Funds		450		450	11,272
Total Liabilities	<u>29,735</u>	<u>450</u>	<u>0</u>	<u>30,185</u>	<u>39,248</u>
Deferred Inflows of Resources					
Unavailable Revenue					
Accounts	16,667			16,667	16,667
Delinquent Property Taxes		7,496		7,496	9,718
Special Assessments		366,698		366,698	443,498
Total Deferred Inflows of Resources	<u>16,667</u>	<u>374,194</u>	<u>0</u>	<u>390,861</u>	<u>469,883</u>
Fund Balance					
Nonspendable	62,764			62,764	65,359
Restricted	29,548	1,217,228		1,246,776	1,061,689
Assigned	1,283,808		599,172	1,882,980	1,983,552
Unassigned					(5,508)
Total Fund Balance	<u>1,376,120</u>	<u>1,217,228</u>	<u>599,172</u>	<u>3,192,520</u>	<u>3,105,092</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,422,522</u>	<u>\$ 1,591,872</u>	<u>\$ 599,172</u>	<u>\$ 3,613,566</u>	<u>\$ 3,614,223</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Special Revenue	Debt Service	Capital Projects	Totals	
				2014	2013
REVENUES					
Property Taxes	\$ 45,166	\$ 385,119	\$	\$ 430,285	\$ 414,709
Special Assessments		100,426		100,426	99,832
Intergovernmental	428,198	50,000		478,198	229,962
Charges for Services	599,279	314,455		913,734	1,021,532
Interest Income		200		200	130
Miscellaneous	54,914			54,914	199,426
Total Revenues	<u>1,127,557</u>	<u>850,200</u>	<u>0</u>	<u>1,977,757</u>	<u>1,965,591</u>
EXPENDITURES					
Current					
General Government	62,146			62,146	94,262
Public Works	77,055			77,055	32,398
Airport	125,304			125,304	140,891
Culture and Recreation	578,914			578,914	605,178
Economic Development	46,538			46,538	47,670
Capital Outlay					
Public Safety					16,572
Public Works	471,953			471,953	3,001
Airport			18,917	18,917	4,622
Culture and Recreation	107,265		4,965	112,230	299,175
Economic Development	87,175			87,175	136,644
Debt Service					
Principal		615,000		615,000	675,000
Interest and Other Charges		305,043		305,043	323,035
Total Expenditures	<u>1,556,350</u>	<u>920,043</u>	<u>23,882</u>	<u>2,500,275</u>	<u>2,378,448</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(428,793)	(69,843)	(23,882)	(522,518)	(412,857)
OTHER FINANCING SOURCES (USES)					
Transfers In	240,332	372,497	308,219	921,048	719,728
Transfers Out	(14,422)	(24,183)	(272,497)	(311,102)	(259,739)
Total Other Financing Sources (Uses)	<u>225,910</u>	<u>348,314</u>	<u>35,722</u>	<u>609,946</u>	<u>459,989</u>
Net Change in Fund Balances	(202,883)	278,471	11,840	87,428	47,132
FUND BALANCE, BEGINNING OF YEAR	<u>1,579,003</u>	<u>938,757</u>	<u>587,332</u>	<u>3,105,092</u>	<u>3,057,960</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,376,120</u>	<u>\$ 1,217,228</u>	<u>\$ 599,172</u>	<u>\$ 3,192,520</u>	<u>\$ 3,105,092</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Trail Project	Golf Course	Small Cities Rehabilitation	Airport	Civic Arena	TIF District No. 1-2 Pleasant View	TIF District No. 3-1 Longfellow Square	TIF District No. 4-4 Terraceview Drive	TIF District No. 4-12 Towmaster
ASSETS									
Cash and Investments	\$ 1,294	\$ 22,322	\$ 124,979	\$ 211,990	\$ 242,752	\$	\$	\$ 8,494	\$ 36,272
Receivables									
Accounts		1,123			19,659				
Contracts									
Due from Other Governmental Units									
Inventories		12,731		19,620					
Prepaid Items		21,382		6,296	2,199				
Due from Other Funds									
Total Assets	\$ 1,294	\$ 57,558	\$ 124,979	\$ 237,906	\$ 264,610	\$ 0	\$ 0	\$ 8,494	\$ 36,272
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE									
Liabilities									
Accounts Payable	\$	\$ 589	\$	\$ 984	\$ 6,865	\$	\$	\$	\$ 15,218
Accrued Salaries Payable					3,618				
Due to Other Governmental Units		549			279				
Due to Other Funds									
Total Liabilities	0	1,138	0	984	10,762	0	0	0	15,218
Deferred Inflows of Resources									
Unavailable Revenue									
Accounts									
Fund Balance									
Nonspendable		34,113		25,916	2,199				
Restricted								8,494	21,054
Assigned	1,294	22,307	124,979	211,006	251,649				
Unassigned									
Total Fund Balance	1,294	56,420	124,979	236,922	253,848	0	0	8,494	21,054
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 1,294	\$ 57,558	\$ 124,979	\$ 237,906	\$ 264,610	\$ 0	\$ 0	\$ 8,494	\$ 36,272

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Infrastructure	Cemetery	Permanent	Community	Highway 12	Lake Ripley	Totals	
	Street		Improvement	Reinvestment	Beautification	Improvement	2014	2013
ASSETS								
Cash and Investments	\$ 73,188	\$ 134,209	\$ 13,597	\$ 101,194	\$ 857	\$ 14,920	\$ 986,068	\$ 1,456,457
Receivables								
Accounts		300		10,661			31,743	61,569
Contracts				32,000			32,000	36,000
Due from Other Governmental Units	308,055		1,682			210	309,947	1,201
Inventories							32,351	35,594
Prepaid Items		536					30,413	29,765
Due from Other Funds								5,314
Total Assets	\$ 381,243	\$ 135,045	\$ 15,279	\$ 143,855	\$ 857	\$ 15,130	\$ 1,422,522	\$ 1,625,900
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE								
Liabilities								
Accounts Payable	\$ 1,535	\$ 53	\$	\$ 45	\$	\$	\$ 25,289	\$ 24,786
Accrued Salaries Payable							3,618	1,594
Due to Other Governmental Units							828	1,596
Due to Other Funds								2,254
Total Liabilities	1,535	53	0	45	0	0	29,735	30,230
Deferred Inflows of Resources								
Unavailable Revenue								
Accounts				16,667			16,667	16,667
Fund Balance								
Nonspendable		536					62,764	65,359
Restricted							29,548	122,932
Assigned	379,708	134,456	15,279	127,143	857	15,130	1,283,808	1,392,966
Unassigned								(2,254)
Total Fund Balance	379,708	134,992	15,279	127,143	857	15,130	1,376,120	1,579,003
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 381,243	\$ 135,045	\$ 15,279	\$ 143,855	\$ 857	\$ 15,130	\$ 1,422,522	\$ 1,625,900

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	2005A	2006A	2007A	2007B	2009B	2011A	2011B	2011C	Totals	
	Public Project Lease	G.O. Improvement	G.O. Improvement	Public Project Lease	G.O. Improvement	G.O. Improvement	G.O. CIP Bonds	G.O. Improvement	2014	2013
ASSETS										
Cash and Investments	\$ 107,925	\$ 118,084	\$ 53,749	\$ 66,115	\$ 32,954	\$	\$ 150,209	\$ 178,964	\$ 708,000	\$ 705,480
Cash with Fiscal Agent	126,219					378,545			504,764	227,507
Receivables										
Delinquent Property Taxes	2,422	522	1,028	818	535		1,200	971	7,496	9,718
Special Assessments		97,933			78,375			190,390	366,698	443,498
Due from Other Governmental Units	1,427	312	641	475	585		777	697	4,914	6,220
Total Assets	\$ 237,993	\$ 216,851	\$ 55,418	\$ 67,408	\$ 112,449	\$ 378,545	\$ 152,186	\$ 371,022	\$ 1,591,872	\$ 1,392,423
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE										
Liabilities										
Due to Other Funds	\$	\$	\$	\$	\$	\$ 450	\$	\$	\$ 450	\$ 450
Deferred Inflows of Resources										
Unavailable Revenue										
Delinquent Property Taxes	2,422	522	1,028	818	535		1,200	971	7,496	9,718
Special Assessments		97,933			78,375			190,390	366,698	443,498
Total Deferred Inflows of Resources	2,422	98,455	1,028	818	78,910	0	1,200	191,361	374,194	453,216
Fund Balance										
Restricted	235,571	118,396	54,390	66,590	33,539	378,095	150,986	179,661	1,217,228	938,757
Total Liabilities, Deferred Inflows of Resources and Fund Balance	\$ 237,993	\$ 216,851	\$ 55,418	\$ 67,408	\$ 112,449	\$ 378,545	\$ 152,186	\$ 371,022	\$ 1,591,872	\$ 1,392,423

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Airport Improvements	Eastern Development	Ecumen Improvements	Infrastructure Public Works Facility	Infrastructure Revolving	Totals	
						2014	2013
ASSETS							
Cash and Investments	\$ 9,673	\$ 159,499	\$	\$ 130,000	\$ 300,000	\$ 599,172	\$ 289,499
Cash with Fiscal Agent							272,497
Due from Other Governmental Units							33,904
Total Assets	\$ 9,673	\$ 159,499	\$ 0	\$ 130,000	\$ 300,000	\$ 599,172	\$ 595,900
LIABILITIES AND FUND BALANCE							
Liabilities							
Due to Other Funds	\$	\$	\$	\$	\$	\$	\$ 8,568
Total Liabilities	0	0	0	0	0	0	8,568
Fund Balance							
Assigned	9,673	159,499		130,000	300,000	599,172	590,586
Unassigned							(3,254)
Total Fund Balance	9,673	159,499	0	130,000	300,000	599,172	587,332
Total Liabilities and Fund Balance	\$ 9,673	\$ 159,499	\$ 0	\$ 130,000	\$ 300,000	\$ 599,172	\$ 595,900

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Trail Project	Golf Course	Small Cities Rehabilitation	Airport	Civic Arena	TIF District No. 1-2 Pleasant View	TIF District No. 3-1 Longfellow Square	TIF District No. 4-4 Terraceview Drive	TIF District No. 4-12 Towmaster
REVENUES									
Tax Increment	\$	\$	\$	\$	\$	\$	\$	\$ 11,348	\$ 33,818
Intergovernmental				26,795					
Charges for Services		291,028		96,319	179,471				
Miscellaneous		6,041		16,650	17,684				
Total Revenues	0	297,069	0	139,764	197,155	0	0	11,348	33,818
EXPENDITURES									
Current									
General Government									
Public Works									
Airport				125,304					
Culture and Recreation		371,848			190,130				
Economic Development			12,634			2,614		600	30,690
Capital Outlay									
Public Works							15,217		
Economic Development						87,175			
Debt Service									
Interest and Fees									
Total Expenditures	0	371,848	12,634	125,304	190,130	89,789	15,217	600	30,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(74,779)	(12,634)	14,460	7,025	(89,789)	(15,217)	10,748	3,128
OTHER FINANCING SOURCES (USES)									
Transfers In		100,000	10,000		59,000				
Transfers Out					(10,678)				
Total Other Financing Sources (Uses)	0	100,000	10,000	0	48,322	0	0	0	0
Net Change in Fund Balances	0	25,221	(2,634)	14,460	55,347	(89,789)	(15,217)	10,748	3,128
FUND BALANCE, BEGINNING OF YEAR	1,294	31,199	127,613	222,462	198,501	89,789	15,217	(2,254)	17,926
FUND BALANCE, END OF YEAR	\$ 1,294	\$ 56,420	\$ 124,979	\$ 236,922	\$ 253,848	\$ 0	\$ 0	\$ 8,494	\$ 21,054

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Infrastructure Street	Cemetery	Permanent Improvement Revolving	Community Reinvestment	Highway 12 Beautification	Lake Ripley Improvement	Totals	
							2014	2013
REVENUES								
Property Taxes	\$	\$	\$	\$	\$	\$	\$ 45,166	\$ 44,934
Intergovernmental	395,593					5,810	428,198	177,579
Charges for Services		32,461					599,279	620,476
Miscellaneous			4,239	10,250		50	54,914	48,393
Total Revenues	395,593	32,461	4,239	10,250	0	5,860	1,127,557	891,382
EXPENDITURES								
Current								
General Government		61,546	600				62,146	94,262
Public Works	77,055						77,055	32,398
Airport							125,304	140,891
Culture and Recreation				7,093		9,843	578,914	605,178
Economic Development							46,538	47,670
Capital Outlay								
Public Works	456,736						471,953	
Economic Development							87,175	
Culture and Recreation				107,265			107,265	
Debt Service								
Interest and Fees								105
Total Expenditures	533,791	61,546	600	114,358	0	9,843	1,556,350	920,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	(138,198)	(29,085)	3,639	(104,108)	0	(3,983)	(428,793)	(29,122)
OTHER FINANCING SOURCES (USES)								
Transfers In	2,344	10,000		55,244		3,744	240,332	174,508
Transfers Out				(3,744)			(14,422)	(90,678)
Total Other Financing Sources (Uses)	2,344	10,000	0	51,500	0	3,744	225,910	83,830
Net Change in Fund Balances	(135,854)	(19,085)	3,639	(52,608)	0	(239)	(202,883)	54,708
FUND BALANCE, BEGINNING OF YEAR	515,562	154,077	11,640	179,751	857	15,369	1,579,003	1,524,295
FUND BALANCE, END OF YEAR	\$ 379,708	\$ 134,992	\$ 15,279	\$ 127,143	\$ 857	\$ 15,130	\$ 1,376,120	\$ 1,579,003

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2005A	2006A	2007A	2007B	2009B	2011A	2011B	2011C	Totals	
	Public Project Lease	G.O. Improvement	G.O. Improvement	Public Project Lease	G.O. Improvement	G.O. Improvement	G.O. CIP Bonds	G.O. Improvement	2014	2013
REVENUES										
Property Taxes	\$ 125,135	\$ 27,339	\$ 56,750	\$ 41,560	\$ 2,677	\$	\$ 79,013	\$ 52,645	\$ 385,119	\$ 369,775
Special Assessments		18,925			33,937			47,564	100,426	99,832
Intergovernmental							50,000		50,000	49,999
Charges for Services						314,455			314,455	401,056
Interest Income	125					75			200	130
Total Revenues	125,260	46,264	56,750	41,560	36,614	314,530	129,013	100,209	850,200	920,792
EXPENDITURES										
Debt Service										
Principal	70,000	35,000	15,000	25,000	40,000	245,000	120,000	65,000	615,000	675,000
Interest and Other Charges	54,065	15,114	12,814	24,006	7,300	65,217	105,537	20,990	305,043	322,930
Total Expenditures	124,065	50,114	27,814	49,006	47,300	310,217	225,537	85,990	920,043	997,930
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,195	(3,850)	28,936	(7,446)	(10,686)	4,313	(96,524)	14,219	(69,843)	(77,138)
OTHER FINANCING SOURCES (USES)										
Transfers In						272,497	100,000		372,497	107,495
Transfers Out			(24,183)						(24,183)	(161,567)
Total Other Financing Sources (Uses)	0	0	(24,183)	0	0	272,497	100,000	0	348,314	(54,072)
Net Change in Fund Balances	1,195	(3,850)	4,753	(7,446)	(10,686)	276,810	3,476	14,219	278,471	(131,210)
FUND BALANCE, BEGINNING OF YEAR	234,376	122,246	49,637	74,036	44,225	101,285	147,510	165,442	938,757	1,069,967
FUND BALANCE, END OF YEAR	\$ 235,571	\$ 118,396	\$ 54,390	\$ 66,590	\$ 33,539	\$ 378,095	\$ 150,986	\$ 179,661	\$ 1,217,228	\$ 938,757

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Airport	Eastern	Ecumen	Memorial	Memorial	Infrastructure	Infrastructure	Totals	
	Improvements	Development	Improvements	Park Playground	Park Restrooms	Public Works Facility	Revolving	2014	2013
REVENUES									
Intergovernmental	\$	\$	\$	\$	\$	\$	\$	\$	\$ 2,384
Miscellaneous									151,033
Total Revenues	0	0	0	0	0	0	0	0	153,417
EXPENDITURES									
Capital Outlay									
Public Safety									16,572
Public Works									3,001
Airport	18,917							18,917	4,622
Culture and Recreation					4,965			4,965	299,175
Economic Development									136,644
Total Expenditures	18,917	0	0	0	4,965	0	0	23,882	460,014
Excess (Deficiency) of Revenues Over (Under) Expenditures	(18,917)	0	0	0	(4,965)	0	0	(23,882)	(306,597)
OTHER FINANCING SOURCES (USES)									
Transfers In				3,254	4,965		300,000	308,219	437,725
Transfers Out			(272,497)					(272,497)	(7,494)
Total Other Financing Sources (Uses)	0	0	(272,497)	3,254	4,965	0	300,000	35,722	430,231
Net Change in Fund Balances	(18,917)	0	(272,497)	3,254	0	0	300,000	11,840	123,634
FUND BALANCE, BEGINNING OF YEAR	28,590	159,499	272,497	(3,254)		130,000		587,332	463,698
FUND BALANCE, END OF YEAR	\$ 9,673	\$ 159,499	\$ 0	\$ 0	\$ 0	\$ 130,000	\$ 300,000	\$ 599,172	\$ 587,332

INDIVIDUAL FUND STATEMENTS

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CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET
GENERAL FUND
DECEMBER 31, 2014
WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Cash and Investments	\$ 3,064,384	\$ 3,041,858
Receivables		
Accounts	85,283	45,084
Interest	14,303	7,451
Delinquent Property Taxes	34,841	44,978
Special Assessments	232	2,886
Due from Other Governmental Units	22,859	23,617
Prepaid Items	43,854	49,572
Due from Other Funds	450	5,958
	<u> </u>	<u> </u>
Total Assets	<u>\$ 3,266,206</u>	<u>\$ 3,221,404</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
Liabilities		
Accounts Payable	\$ 42,624	\$ 44,594
Contracts Payable	17,224	
Accrued Salaries	91,620	89,798
Due to Other Governmental Units	28,105	44,476
Total Liabilities	<u>179,573</u>	<u>178,868</u>
Deferred Inflows of Resources		
Unavailable Revenue		
Delinquent Property Taxes	34,841	44,978
Special Assessments	232	2,886
Total Deferred Inflows of Resources	<u>35,073</u>	<u>47,864</u>
Fund Balance		
Nonspendable	43,854	49,572
Assigned	1,729,492	1,715,702
Unassigned	1,278,214	1,229,398
Total Fund Balance	<u>3,051,560</u>	<u>2,994,672</u>
	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,266,206</u>	<u>\$ 3,221,404</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Property Taxes	\$ 1,734,490	\$ 1,754,608	\$ 20,118	\$ 1,734,521
Licenses and Permits	66,725	154,006	87,281	138,798
Intergovernmental	1,917,532	1,981,592	64,060	1,730,630
Charges for Services	159,650	237,174	77,524	230,948
Fines and Forfeits	21,000	15,113	(5,887)	19,688
Interest Income	2,000	40,738	38,738	16,729
Miscellaneous	24,500	82,079	57,579	68,800
Total Revenues	<u>3,925,897</u>	<u>4,265,310</u>	<u>339,413</u>	<u>3,940,114</u>
EXPENDITURES				
Current				
General Government	1,350,950	852,058	(498,892)	844,230
Public Safety	1,764,109	1,758,788	(5,321)	1,733,124
Public Works	927,267	964,341	37,074	861,978
Culture and Recreation	573,766	605,195	31,429	618,903
Economic Development		1,535	1,535	3,400
Capital Outlay				
General Government	100	16,756	16,656	
Public Safety	4,000	1,946	(2,054)	
Public Works		13,350	13,350	
Culture and Recreation	250	109,436	109,186	
Total Expenditures	<u>4,620,442</u>	<u>4,323,405</u>	<u>(297,037)</u>	<u>4,061,635</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(694,545)	(58,095)	636,450	(121,521)
OTHER FINANCING SOURCES (USES)				
Sale or Compensation for Property	2,000	24,515	22,515	
Transfers In	703,775	676,275	(27,500)	676,275
Transfers Out	(10,000)	(585,807)	(575,807)	(491,589)
Total Other Financing Sources (Uses)	<u>695,775</u>	<u>114,983</u>	<u>(580,792)</u>	<u>184,686</u>
Net Change in Fund Balances	<u>\$ 1,230</u>	<u>56,888</u>	<u>\$ 55,658</u>	<u>63,165</u>
FUND BALANCE, BEGINNING OF YEAR		<u>2,994,672</u>		<u>2,931,507</u>
FUND BALANCE, END OF YEAR		<u>\$ 3,051,560</u>		<u>\$ 2,994,672</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DETAIL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Property Taxes	\$ 1,734,490	\$ 1,754,608	\$ 20,118	\$ 1,734,521
Licenses and Permits				
Business Licenses and Permits	46,375	109,217	62,842	105,978
Non-Business Licenses and Permits	20,350	44,789	24,439	32,820
Total Licenses and Permits	66,725	154,006	87,281	138,798
Intergovernmental				
Local Governmental Aid	1,833,620	1,833,620		1,588,853
Firemen's Relief Aid	35,000	60,640	25,640	59,643
Police State Aid	36,000	68,544	32,544	65,146
PERA Rate Change	9,412	9,412		9,412
Police Training Reimbursement	3,500	2,896	(604)	3,076
Other		6,480	6,480	4,500
Total Intergovernmental	1,917,532	1,981,592	64,060	1,730,630
Charges for Services				
General Government	31,850	32,331	481	31,363
Public Safety	103,500	149,326	45,826	149,525
Public Works	3,000	5,810	2,810	3,580
Culture and Recreation	21,300	49,707	28,407	46,480
Total Charges for Services	159,650	237,174	77,524	230,948
Fines and Forfeits	21,000	15,113	(5,887)	19,688
Interest Income	2,000	40,738	38,738	16,729
Miscellaneous				
Rents	500	3,455	2,955	2,090
Donations		26,230	26,230	16,254
Insurance Dividend		21,137	21,137	29,308
Other	24,000	31,257	7,257	21,148
Total Miscellaneous	24,500	82,079	57,579	68,800
Total Revenues	3,925,897	4,265,310	339,413	3,940,114

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DETAIL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Final Budget	Actual	Over (Under) Final Budget	Actual
EXPENDITURES				
Current				
General Government				
City Council	\$ 28,772	\$ 28,663	\$ (109)	\$ 23,553
Publication of Ordinances and Proceedings	6,200	4,067	(2,133)	3,571
Mayor	8,044	7,716	(328)	6,445
City Administrator	250,304	203,211	(47,093)	245,685
Elections and Voter's Registration	13,600	20,258	6,658	
Boards and Commissions	5,030	2,450	(2,580)	3,200
Finance				
Municipal Clerk	102,013	91,180	(10,833)	71,548
Assessor	40,000	39,513	(487)	37,932
Independent Accounting and Auditing	25,020	20,875	(4,145)	15,500
Purchasing	42,580	32,689	(9,891)	39,681
Technology Services	39,525	67,128	27,603	71,928
Legal	122,725	84,345	(38,380)	76,425
Planning and Zoning	200		(200)	
Advertising	15,600	13,631	(1,969)	12,813
Government Buildings				
City Hall	40,500	30,173	(10,327)	28,864
G.A.R. Hall	29,848	21,795	(8,053)	21,775
Other	580,989	184,364	(396,625)	185,310
Total General Government	1,350,950	852,058	(498,892)	844,230
Public Safety				
Police Protection	1,275,653	1,288,264	12,611	1,246,567
Fire Protection	230,955	223,251	(7,704)	257,065
Building Inspection	98,305	100,363	2,058	95,649
Civil Defense	4,350	3,614	(736)	2,665
Rescue Squad	141,496	134,850	(6,646)	118,761
Traffic Engineering	11,000	6,759	(4,241)	10,816
Animal Control	2,350	1,687	(663)	1,601
Total Public Safety	1,764,109	1,758,788	(5,321)	1,733,124

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DETAIL
 GENERAL FUND

YEAR ENDED DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
EXPENDITURES (Cont'd)				
Current (Cont'd)				
Public Works				
Administration and Engineering	\$ 36,309	\$ 59,532	\$ 23,223	\$ 18,632
Streets and Alleys	657,188	649,446	(7,742)	597,052
Snow and Ice Removal	46,000	41,111	(4,889)	52,474
Sidewalks	6,000	2,125	(3,875)	7,473
Street Lighting	3,575	3,664	89	3,428
Maintenance Shop	131,710	123,841	(7,869)	140,509
Street Cleaning	9,000	5,092	(3,908)	3,603
Storm Drainage	12,000	45,670	33,670	7,453
Weed Control	430		(430)	
Insect and Pest Control	8,380	6,938	(1,442)	7,366
Compost Site	16,675	26,922	10,247	23,988
Total Public Works	<u>927,267</u>	<u>964,341</u>	<u>37,074</u>	<u>861,978</u>
Culture and Recreation				
Playgrounds	42,251	33,806	(8,445)	35,747
Swimming Pools and Beach	6,250	3,112	(3,138)	3,436
Skating Rinks	8,300	7,261	(1,039)	6,977
Other Recreation	35,450	61,291	25,841	33,484
Camping Areas	24,500	12,386	(12,114)	15,221
Municipal Parks	222,040	247,190	25,150	294,967
Band	4,765	3,200	(1,565)	3,200
Forestry and Shade Trees	43,127	57,545	14,418	53,418
Library	187,083	179,404	(7,679)	172,453
Total Culture and Recreation	<u>573,766</u>	<u>605,195</u>	<u>31,429</u>	<u>618,903</u>
Economic Development		1,535	1,535	3,400
Total Current	<u>4,616,092</u>	<u>4,181,917</u>	<u>(434,175)</u>	<u>4,061,635</u>
Capital Outlay				
General Government	100	16,756	16,656	
Public Safety	4,000	1,946	(2,054)	
Public Works		13,350	13,350	
Culture and Recreation	250	109,436	109,186	
Total Capital Outlay	<u>4,350</u>	<u>141,488</u>	<u>137,138</u>	
Total Expenditures	<u>4,620,442</u>	<u>4,323,405</u>	<u>(297,037)</u>	<u>4,061,635</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(694,545)	(58,095)	636,450	(121,521)

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL - DETAIL
 GENERAL FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014			2013
	Final Budget	Actual	Over (Under) Final Budget	Actual
OTHER FINANCING SOURCES (USES)				
Sale or Compensation for Property	\$ 2,000	\$ 24,515	\$ 22,515	\$
Transfers In	703,775	676,275	(27,500)	676,275
Transfers Out	(10,000)	(585,807)	(575,807)	(491,589)
Total Other Financing Sources (Uses)	<u>695,775</u>	<u>114,983</u>	<u>(580,792)</u>	<u>184,686</u>
Net Change in Fund Balances	<u>\$ 1,230</u>	56,888	<u>\$ 55,658</u>	63,165
FUND BALANCE, BEGINNING OF YEAR		<u>2,994,672</u>		<u>2,931,507</u>
FUND BALANCE, END OF YEAR		<u>\$ 3,051,560</u>		<u>\$ 2,994,672</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 TRAIL PROJECT SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Current				
Culture and Recreation				
Net Change in Fund Balances	<u>\$ 0</u>	<u>0</u>	<u>\$ 0</u>	<u>0</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,294</u>		<u>1,294</u>
FUND BALANCE, END OF YEAR		<u>\$ 1,294</u>		<u>\$ 1,294</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 GOLF COURSE SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES				
Charges for Services				
Memberships	\$ 268,000	\$ 253,111	\$ (14,889)	\$ 277,207
Sales and Other	29,100	37,917	8,817	30,595
Total Charges for Services	297,100	291,028	(6,072)	307,802
Miscellaneous				
Other		4,428	4,428	2,087
Insurance Dividend		1,613	1,613	5,772
Total Miscellaneous	0	6,041	6,041	7,859
Total Revenues	297,100	297,069	(31)	315,661
EXPENDITURES				
Current				
Culture and Recreation				
Salaries and Benefits	48,700	107,243	58,543	70,451
Operating Supplies	108,500	133,113	24,613	149,293
Professional Services	4,300	6,645	2,345	4,276
Communications	700	4,387	3,687	3,660
Insurance	21,000	9,801	(11,199)	18,857
Utilities	8,500	7,597	(903)	9,372
Repairs and Maintenance	18,000	22,164	4,164	28,881
Rentals	79,120	52,311	(26,809)	58,126
Miscellaneous	35,961	28,587	(7,374)	41,305
Total Expenditures	324,781	371,848	47,067	384,221
Excess (Deficiency) of Revenues Over (Under) Expenditures	(27,681)	(74,779)	(47,098)	(68,560)
OTHER FINANCING SOURCES (USES)				
Transfers In		100,000	100,000	4,073
Transfers Out	(27,500)		27,500	
Total Other Financing Sources (Uses)	(27,500)	100,000	127,500	4,073
Net Change in Fund Balances	\$ (55,181)	25,221	\$ 80,402	(64,487)
FUND BALANCE, BEGINNING OF YEAR		31,199		95,686
FUND BALANCE, END OF YEAR		\$ 56,420		\$ 31,199

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 SMALL CITIES REHABILITATION SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Current				
Economic Development		12,634	12,634	3,633
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(12,634)	(12,634)	(3,633)
OTHER FINANCING SOURCES (USES)				
Transfers In		10,000	10,000	
Net Change in Fund Balances	\$ 0	(2,634)	\$ (2,634)	(3,633)
FUND BALANCE, BEGINNING OF YEAR		127,613		131,246
FUND BALANCE, END OF YEAR		\$ 124,979		\$ 127,613

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 AIRPORT SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Intergovernmental	\$ 26,000	\$ 26,795	\$ 795	\$ 26,759
Charges for Services				
Fuel Sales	91,300	96,319	5,019	109,764
Interest Income	200		(200)	
Miscellaneous				
Rental Income	10,000	15,845	5,845	14,404
Insurance Dividend		805	805	869
Other				4,510
Total Miscellaneous	<u>10,000</u>	<u>16,650</u>	<u>6,650</u>	<u>19,783</u>
Total Revenues	<u>127,500</u>	<u>139,764</u>	<u>12,264</u>	<u>156,306</u>
EXPENDITURES				
Current				
Airport				
Salaries and Benefits	325	323	(2)	323
Fuel	71,000	85,239	14,239	100,514
Insurance	18,000	14,523	(3,477)	14,651
Other Services and Charges	27,875	22,506	(5,369)	21,613
Repair and Maintenance	10,300	2,713	(7,587)	3,790
Total Expenditures	<u>127,500</u>	<u>125,304</u>	<u>(2,196)</u>	<u>140,891</u>
Net Change in Fund Balances	<u>\$ 0</u>	14,460	<u>\$ 14,460</u>	15,415
FUND BALANCE, BEGINNING OF YEAR		<u>222,462</u>		<u>207,047</u>
FUND BALANCE, END OF YEAR		<u>\$ 236,922</u>		<u>\$ 222,462</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CIVIC ARENA SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Charges for Services	\$ 150,300	\$ 179,471	\$ 29,171	\$ 164,016
Interest Income	200		(200)	
Miscellaneous				
Rents and Refunds	10,000	8,350	(1,650)	9,149
Insurance Dividend		1,394	1,394	1,886
Other		7,940	7,940	225
Total Miscellaneous	<u>10,000</u>	<u>17,684</u>	<u>7,684</u>	<u>11,260</u>
Total Revenues	<u>160,500</u>	<u>197,155</u>	<u>36,655</u>	<u>175,276</u>
EXPENDITURES				
Current				
Culture and Recreation				
Salaries and Benefits	79,296	80,018	722	93,958
Insurance	9,000	8,364	(636)	9,112
Supplies	15,200	8,317	(6,883)	9,165
Repair and Maintenance	13,900	30,893	16,993	20,956
Other Services and Charges	27,622	2,673	(24,949)	3,159
Community Room	8,447	3,298	(5,149)	4,808
Rentals	7,857	7,857		2,305
Utilities	47,000	40,770	(6,230)	38,740
Capital Outlay				
Culture and Recreation	500	7,940	(7,440)	
Total Expenditures	<u>208,822</u>	<u>190,130</u>	<u>(18,692)</u>	<u>182,203</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(48,322)	7,025	55,347	(6,927)
OTHER FINANCING SOURCES (USES)				
Transfers In	59,000	59,000		59,000
Transfers Out	(10,678)	(10,678)		(10,678)
Total Other Financing Sources (Uses)	<u>48,322</u>	<u>48,322</u>	<u>0</u>	<u>48,322</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>55,347</u>	<u>\$ 55,347</u>	<u>41,395</u>
FUND BALANCE, BEGINNING OF YEAR		<u>198,501</u>		<u>157,106</u>
FUND BALANCE, END OF YEAR		<u>\$ 253,848</u>		<u>\$ 198,501</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 TIF DISTRICT NO. 1-2 PLEASANT VIEW SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Current				
Economic Development				
Professional Services		2,614	2,614	2,300
Capital Outlay				
Economic Development		87,175	87,175	
Total Expenditures	<u>0</u>	<u>89,789</u>	<u>89,789</u>	<u>2,300</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>(89,789)</u>	<u>\$ (89,789)</u>	<u>(2,300)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>89,789</u>		<u>92,089</u>
FUND BALANCE, END OF YEAR		<u>\$ 0</u>		<u>\$ 89,789</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

TIF DISTRICT NO. 3-1 LONGFELLOW SQUARE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Capital Outlay				
Public Works		15,217	(15,217)	
Total Expenditures		15,217	(15,217)	
Net Change in Fund Balances	\$ 0	(15,217)	\$ 0	0
FUND BALANCE, BEGINNING OF YEAR		15,217		15,217
FUND BALANCE, END OF YEAR		\$ 0		\$ 15,217

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL

TIF DISTRICT NO. 4-4 TERRACEVIEW DRIVE SPECIAL REVENUE FUND
YEAR ENDED DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES				
Tax Increment	\$ 10,000	\$ 11,348	\$ 1,348	\$ 9,707
EXPENDITURES				
Current				
Economic Development				
Professional Services	100	510	410	24
Developer Payment	9,900	90	(9,810)	8,715
Debt Service				
Interfund Loan Interest			0	105
Total Expenditures	<u>10,000</u>	<u>600</u>	<u>(9,400)</u>	<u>8,844</u>
Net Change in Fund Balances	<u>\$ 0</u>	10,748	<u>\$ 10,748</u>	863
FUND BALANCE, BEGINNING OF YEAR		<u>(2,254)</u>		<u>(3,117)</u>
FUND BALANCE, END OF YEAR		<u>\$ 8,494</u>		<u>\$ (2,254)</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 TIF DISTRICT NO. 4-12 TOWMASTER SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES				
Tax Increment	\$ 32,000	\$ 33,818	\$ 1,818	\$ 35,227
EXPENDITURES				
Current				
Economic Development				
Professional Services	500	254	(246)	624
Developer Payment	31,500	30,436	(1,064)	31,705
Total Expenditures	<u>32,000</u>	<u>30,690</u>	<u>(1,310)</u>	<u>32,329</u>
Net Change in Fund Balances	<u>\$ 0</u>	3,128	<u>\$ 3,128</u>	2,898
FUND BALANCE, BEGINNING OF YEAR		<u>17,926</u>		<u>15,028</u>
FUND BALANCE, END OF YEAR		<u>\$ 21,054</u>		<u>\$ 17,926</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 INFRASTRUCTURE STREET SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Intergovernmental	\$ 80,000	\$ 395,593	\$ 315,593	\$ 150,820
Total Revenues	80,000	395,593	315,593	150,820
EXPENDITURES				
Current				
Public Works				
Other Services and Charges		77,055	77,055	32,398
Capital Outlay				
Public Works		456,736	456,736	
Total Expenditures	0	533,791	533,791	32,398
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,000	(138,198)	(218,198)	118,422
OTHER FINANCING SOURCES (USES)				
Transfers In		2,344	2,344	968
Net Change in Fund Balances	\$ 80,000	(135,854)	\$ (215,854)	119,390
FUND BALANCE, BEGINNING OF YEAR		515,562		396,172
FUND BALANCE, END OF YEAR		\$ 379,708		\$ 515,562

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 CEMETERY SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Charges for Services				
Professional Services	\$ 21,500	\$ 16,061	\$ (5,439)	\$ 15,294
Sale of Lots	25,000	16,400	(8,600)	23,600
Total Charges for Services	<u>46,500</u>	<u>32,461</u>	<u>(14,039)</u>	<u>38,894</u>
Interest Income	200		(200)	
Total Revenues	<u>46,700</u>	<u>32,461</u>	<u>(14,239)</u>	<u>38,894</u>
EXPENDITURES				
Current				
General Government				
Salaries and Benefits	18,700	24,115	5,415	23,998
Supplies	15,600	16,211	611	21,698
Insurance	1,750	2,094	344	2,034
Repairs and Maintenance	5,000	6,263	1,263	8,574
Utilities	5,000	2,605	(2,395)	4,889
Miscellaneous	10,650	10,258	(392)	18,029
Total Expenditures	<u>56,700</u>	<u>61,546</u>	<u>4,846</u>	<u>79,222</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(10,000)	(29,085)	(19,085)	(40,328)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,000	10,000	9,000	15,000
Net Change in Fund Balances	<u>\$ (9,000)</u>	<u>(19,085)</u>	<u>\$ (10,085)</u>	<u>(25,328)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>154,077</u>		<u>179,405</u>
FUND BALANCE, END OF YEAR		<u>\$ 134,992</u>		<u>\$ 154,077</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 PERMANENT IMPROVEMENT REVOLVING SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$ 24	\$	\$ (24)	\$
Miscellaneous		4,239	4,239	2,633
Total Revenues	<u>24</u>	<u>4,239</u>	<u>4,215</u>	<u>2,633</u>
EXPENDITURES				
Current				
General Government				
Professional Services		600	600	15,040
Net Change in Fund Balances	<u>\$ 24</u>	<u>3,639</u>	<u>\$ 3,615</u>	<u>(12,407)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>11,640</u>		<u>24,047</u>
FUND BALANCE, END OF YEAR		<u>\$ 15,279</u>		<u>\$ 11,640</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 COMMUNITY REINVESTMENT SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under)	2013
	Final Budget	Actual	Final Budget	Actual
REVENUES				
Interest Income	\$ 4,000	\$	\$ (4,000)	\$
Miscellaneous				
Reimbursements				3,333
Donations				3,000
Other		10,250	10,250	3,000
Total Miscellaneous	<u>0</u>	<u>10,250</u>	<u>10,250</u>	<u>6,333</u>
Total Revenues	<u>4,000</u>	<u>10,250</u>	<u>6,250</u>	<u>6,333</u>
EXPENDITURES				
Current				
Culture and Recreation				
Professional Services		2,735	2,735	
Other		4,358	4,358	34,075
Capital Outlay				
Culture and Recreation		107,265	107,265	
Total Expenditures	<u>0</u>	<u>114,358</u>	<u>114,358</u>	<u>34,075</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,000	(104,108)	(108,108)	(27,742)
OTHER FINANCING SOURCES (USES)				
Transfers In		55,244	55,244	95,467
Transfers Out		(3,744)	(3,744)	(80,000)
Total Other Financing Sources (Uses)	<u>0</u>	<u>51,500</u>	<u>51,500</u>	<u>15,467</u>
Net Change in Fund Balances	<u>\$ 4,000</u>	<u>(52,608)</u>	<u>\$ (56,608)</u>	<u>(12,275)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>179,751</u>		<u>192,026</u>
FUND BALANCE, END OF YEAR		<u>\$ 127,143</u>		<u>\$ 179,751</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 HIGHWAY 12 BEAUTIFICATION SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		Over (Under) Final Budget	2013
	Final Budget	Actual		Actual
REVENUES	\$	\$	\$	\$
EXPENDITURES				
Current				
Economic Development				
Other				669
Net Change in Fund Balances	<u>\$ 0</u>	0	<u>\$ 0</u>	(669)
FUND BALANCE, BEGINNING OF YEAR		<u>857</u>		<u>1,526</u>
FUND BALANCE, END OF YEAR		<u>\$ 857</u>		<u>\$ 857</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL
 LAKE RIPLEY IMPROVEMENT SPECIAL REVENUE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Grants	\$	\$ 5,810	\$ 5,810	\$
Miscellaneous Donations		50	50	525
Total Revenues	0	5,860	5,860	525
EXPENDITURES				
Current				
Culture and Recreation				
Repairs and Maintenance		9,554	9,554	3,559
Miscellaneous		289	289	1,120
Total Expenditures	0	9,843	9,843	4,679
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(3,983)	(3,983)	2,964
OTHER FINANCING SOURCES (USES)				
Transfers In				
Total Other Financing Sources (Uses)	0	3,744	3,744	15,467
Net Change in Fund Balances	\$ 0	(239)	\$ (239)	(669)
FUND BALANCE, BEGINNING OF YEAR		15,369		19,523
FUND BALANCE, END OF YEAR		\$ 15,130		\$ 15,369

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
LIQUOR ENTERPRISE FUND
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 280,410	\$ 238,126
Accounts Receivable (Net)	(1,567)	650
Inventories	271,053	251,465
Prepaid Items	5,547	5,547
Total Current Assets	<u>555,443</u>	<u>495,788</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	112,600	112,600
Other Capital Assets, Net of Depreciation	1,294,350	1,313,029
Net OPEB Asset	5,861	6,296
Total Noncurrent Assets	<u>1,412,811</u>	<u>1,431,925</u>
Total Assets	<u>\$ 1,968,254</u>	<u>\$ 1,927,713</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 12,855	\$ 3,605
Contracts Payable		15,265
Accrued Salaries	8,466	8,172
Due to Other Governmental Units	19,645	19,645
Due to Other Funds	269,116	349,116
Total Current Liabilities	<u>310,082</u>	<u>395,803</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	10,885	11,220
Total Liabilities	<u>320,967</u>	<u>407,023</u>
Net Position		
Net Investment in Capital Assets	1,406,950	1,425,629
Unrestricted	240,337	95,061
Total Net Position	<u>1,647,287</u>	<u>1,520,690</u>
Total Liabilities and Net Position	<u>\$ 1,968,254</u>	<u>\$ 1,927,713</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 LIQUOR ENTERPRISE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013
	Budget	Actual	Actual
OPERATING REVENUES			
Sales	\$ 2,136,500	\$ 2,194,875	\$ 2,120,313
Cost of Goods Sold	(1,508,100)	(1,645,486)	(1,607,104)
Gross Profit on Sales	628,400	549,389	513,209
OPERATING EXPENSES			
Salaries and Benefits	224,119	224,333	227,212
Supplies	7,650	14,542	12,913
Other Services and Charges	257,933	99,673	103,542
Depreciation		28,073	1,300
Total Operating Expenses	489,702	366,621	344,967
Operating Income (Loss)	138,698	182,768	168,242
NONOPERATING REVENUES (EXPENSES)			
Interest Income	200		
Miscellaneous Revenue	100	2,829	4,386
Total Nonoperating Revenues (Expenses)	300	2,829	4,386
Income (Loss) Before Transfers	138,998	185,597	172,628
TRANSFERS			
Transfers Out	(139,000)	(59,000)	(59,000)
Change in Net Position	\$ (2)	126,597	113,628
NET POSITION, BEGINNING OF YEAR		1,520,690	1,407,062
NET POSITION, END OF YEAR		\$ 1,647,287	\$ 1,520,690

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
SEWER ENTERPRISE FUND
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 5,295,604	\$ 10,718,386
Cash with Fiscal Agent		656,928
Accounts Receivable (Net)	398,380	323,268
Special Assessments Receivable		
Current	211,837	
Deferred	5,748,163	
Prepaid Items	14,719	14,719
Total Current Assets	<u>11,668,703</u>	<u>11,713,301</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	12,159,507	16,777,420
Other Capital Assets, Net of Depreciation	29,403,764	14,470,837
Net OPEB Asset	17,583	12,591
Total Noncurrent Assets	<u>41,580,854</u>	<u>31,260,848</u>
 Total Assets	 <u>\$ 53,249,557</u>	 <u>\$ 42,974,149</u>
 LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 56,071	\$ 27,813
Contracts Payable	478,371	731,417
Accrued Salaries	16,035	23,885
Accrued Interest Payable	269,141	128,623
Due to Other Governmental Units	19	19
Current Portion of Long-Term Debt	1,013,655	984,920
Total Current Liabilities	<u>1,833,292</u>	<u>1,896,677</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	<u>28,902,186</u>	<u>27,945,467</u>
Total Liabilities	<u>30,735,478</u>	<u>29,842,144</u>
Net Position		
Net Investment in Capital Assets	11,608,638	9,871,874
Unrestricted	10,905,441	3,260,131
Total Net Position	<u>22,514,079</u>	<u>13,132,005</u>
 Total Liabilities and Net Position	 <u>\$ 53,249,557</u>	 <u>\$ 42,974,149</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 SEWER ENTERPRISE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013
	Budget	Actual	Actual
OPERATING REVENUES			
Charges for Services	\$ 3,273,241	\$ 3,368,548	\$ 3,170,476
OPERATING EXPENSES			
Salaries and Benefits	441,648	447,304	419,721
Supplies	399,400	260,507	328,730
Other Services and Charges	1,081,643	709,191	824,256
Depreciation	969,000	559,147	531,262
Total Operating Expenses	<u>2,891,691</u>	<u>1,976,149</u>	<u>2,103,969</u>
Operating Income (Loss)	381,550	1,392,399	1,066,507
NONOPERATING REVENUES (EXPENSES)			
Interest Income	2,416		
Special Assessment Revenue		6,517,000	
Grant Proceeds		2,300,000	
Miscellaneous Revenue		8,169	11,695
Interest Expense	(374,586)	(792,344)	(552,997)
Total Nonoperating Revenues (Expenses)	<u>(372,170)</u>	<u>8,032,825</u>	<u>(541,302)</u>
Income (Loss) Before Contributions and Transfers	9,380	9,425,224	525,205
CAPITAL CONTRIBUTIONS			
			242
TRANSFERS			
Transfers In	100,000	135,100	100,000
Transfers Out	(178,250)	(178,250)	(208,250)
Change in Net Position	<u>\$ (68,870)</u>	9,382,074	417,197
NET POSITION, BEGINNING OF YEAR		<u>13,132,005</u>	<u>12,714,808</u>
NET POSITION, END OF YEAR		<u>\$ 22,514,079</u>	<u>\$ 13,132,005</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
ELECTRIC ENTERPRISE FUND
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 6,682,029	\$ 6,127,375
Accounts Receivable (Net)	919,745	1,039,109
Inventories	354,646	381,774
Prepaid Items	20,991	28,217
Due from Other Funds	269,116	349,116
Total Current Assets	<u>8,246,527</u>	<u>7,925,591</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	558,644	526,774
Other Capital Assets, Net of Depreciation	18,134,411	18,597,243
Net OPEB Asset	29,317	31,491
Total Noncurrent Assets	<u>18,722,372</u>	<u>19,155,508</u>
Total Assets	<u>\$ 26,968,899</u>	<u>\$ 27,081,099</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 406,427	\$ 461,593
Accrued Salaries	35,621	39,414
Accrued Interest Payable	241,608	251,233
Due to Other Governmental Units	24,619	24,619
Current Portion of Long-Term Debt	680,000	660,000
Total Current Liabilities	<u>1,388,275</u>	<u>1,436,859</u>
Noncurrent Liabilities		
Long-term Debt, Net of Current Portion	13,022,053	13,707,499
Total Liabilities	<u>14,410,328</u>	<u>15,144,358</u>
Net Position		
Net Investment in Capital Assets	5,068,055	4,839,018
Unrestricted	7,490,516	7,097,723
Total Net Position	<u>12,558,571</u>	<u>11,936,741</u>
Total Liabilities and Net Position	<u>\$ 26,968,899</u>	<u>\$ 27,081,099</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 ELECTRIC ENTERPRISE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013
	Budget	Actual	Actual
OPERATING REVENUES			
Charges for Services	\$ 9,844,899	\$ 10,059,056	\$ 9,985,054
Miscellaneous	20,000	43,271	42,250
Total Operating Revenues	<u>9,864,899</u>	<u>10,102,327</u>	<u>10,027,304</u>
OPERATING EXPENSES			
Salaries and Benefits	921,574	902,012	908,839
Purchased Power	6,210,510	6,290,068	6,176,462
Production	124,100	147,912	93,149
Distribution	194,746	109,895	158,404
Administrative and General	860,990	209,758	219,908
Depreciation		680,663	676,048
Total Operating Expenses	<u>8,311,920</u>	<u>8,340,308</u>	<u>8,232,810</u>
Operating Income (Loss)	<u>1,552,979</u>	<u>1,762,019</u>	<u>1,794,494</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	9,579		
Refunds and Reimbursements		19,279	15,197
Miscellaneous Revenue	7,000	71,425	28,412
Interest Expense	592,310	(582,685)	(605,610)
Miscellaneous Expense		(130)	(113)
Total Nonoperating Revenues (Expenses)	<u>608,889</u>	<u>(492,111)</u>	<u>(562,114)</u>
Income (Loss) Before Contributions and Transfers	<u>2,161,868</u>	<u>1,269,908</u>	<u>1,232,380</u>
TRANSFERS			
Transfers Out	<u>(630,478)</u>	<u>(648,078)</u>	<u>(660,478)</u>
Change in Net Position	<u>\$ 1,531,390</u>	<u>621,830</u>	<u>571,902</u>
NET POSITION, BEGINNING OF YEAR		<u>11,936,741</u>	<u>11,364,839</u>
NET POSITION, END OF YEAR		<u>\$ 12,558,571</u>	<u>\$ 11,936,741</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
 WATER ENTERPRISE FUND
 DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 1,470,598	\$ 1,482,141
Accounts Receivable (Net)	94,623	88,510
Prepaid Items	17,045	10,182
Total Current Assets	<u>1,582,266</u>	<u>1,580,833</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	243,493	294,275
Other Capital Assets, Net of Depreciation	4,676,258	4,911,252
Net OPEB Asset	5,861	6,135
Total Noncurrent Assets	<u>4,925,612</u>	<u>5,211,662</u>
Total Assets	<u>\$ 6,507,878</u>	<u>\$ 6,792,495</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 5,794	\$ 5,667
Accrued Salaries	5,984	6,421
Accrued Interest Payable	17,740	21,211
Deposits Payable	42,400	40,650
Due to Other Governmental Units	3,733	757
Current Portion of Long-Term Debt	265,767	256,767
Total Current Liabilities	<u>341,418</u>	<u>331,473</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	1,134,730	1,397,671
Total Liabilities	<u>1,476,148</u>	<u>1,729,144</u>
Net Position		
Net Investment in Capital Assets	3,528,450	3,557,459
Unrestricted	1,503,280	1,505,892
Total Net Position	<u>5,031,730</u>	<u>5,063,351</u>
Total Liabilities and Net Position	<u>\$ 6,507,878</u>	<u>\$ 6,792,495</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 BUDGET AND ACTUAL
 WATER ENTERPRISE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	2014		2013
	Budget	Actual	Actual
OPERATING REVENUES			
Charges for Services	\$ 999,570	\$ 945,931	\$ 972,767
OPERATING EXPENSES			
Salaries and Benefits	162,686	172,992	166,132
Purchased Power	72,000	72,635	69,579
Production	86,100	45,200	39,289
Distribution	161,686	198,525	121,516
Administrative and General	145,462	37,026	39,672
Depreciation		321,065	319,809
Total Operating Expenses	<u>627,934</u>	<u>847,443</u>	<u>755,997</u>
Operating Income (Loss)	<u>371,636</u>	<u>98,488</u>	<u>216,770</u>
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental			9,148
Interest Income	1,643		
Interest Expense	(56,521)	(55,740)	(64,863)
Total Nonoperating Revenues (Expenses)	<u>(54,878)</u>	<u>(55,740)</u>	<u>(55,715)</u>
Income (Loss) Before Contributions and Transfers	<u>316,758</u>	<u>42,748</u>	<u>161,055</u>
CAPITAL CONTRIBUTIONS			
			571
TRANSFERS			
Transfers Out	<u>(84,589)</u>	<u>(74,369)</u>	<u>(86,869)</u>
Change in Net Position	<u>\$ 232,169</u>	<u>(31,621)</u>	<u>74,757</u>
NET POSITION, BEGINNING OF YEAR		<u>5,063,351</u>	<u>4,988,594</u>
NET POSITION, END OF YEAR		<u>\$ 5,031,730</u>	<u>\$ 5,063,351</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND
 DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
ASSETS		
Current Assets		
Cash and Investments	\$ 995,581	\$ 929,167
Due from Other Governmental Units	4,039	5,179
Total Current Assets	<u>999,620</u>	<u>934,346</u>
Noncurrent Assets		
Capital Assets		
Other Capital Assets, Net of Depreciation	<u>2,304,305</u>	<u>2,318,700</u>
Total Assets	<u>\$ 3,303,925</u>	<u>\$ 3,253,046</u>
LIABILITIES AND NET POSITION		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 2,565	\$ 3,474
Current Portion of Equipment Capital Notes	165,000	160,000
Total Current Liabilities	<u>167,565</u>	<u>163,474</u>
Noncurrent Liabilities		
Equipment Capital Notes, Net of Current Portion	<u>485,000</u>	<u>650,000</u>
Total Liabilities	<u>652,565</u>	<u>813,474</u>
Net Position		
Net Investment in Capital Assets	1,654,305	1,508,700
Unrestricted	997,055	930,872
Total Net Position	<u>2,651,360</u>	<u>2,439,572</u>
Total Liabilities and Net Position	<u>\$ 3,303,925</u>	<u>\$ 3,253,046</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>2014</u>	<u>2013</u>
OPERATING REVENUES		
User Charges	\$ 390,820	\$ 359,612
OPERATING EXPENSES		
Other Services and Charges	2,506	130,230
Depreciation	447,549	442,039
Total Operating Expenses	<u>450,055</u>	<u>572,269</u>
Operating Income (Loss)	(59,235)	(212,657)
NONOPERATING REVENUES (EXPENSES)		
Taxes	127,334	137,386
Intergovernmental	39,999	40,001
Donation	10,000	
Interest Income		
Gain on Disposal of Asset		10,765
Interest Expense	(27,043)	(32,425)
Loss on Disposal of Asset		(47,008)
Miscellaneous Expense	(3,450)	(450)
Total Nonoperating Revenues (Expenses)	<u>146,840</u>	<u>108,269</u>
Income (Loss) Before Transfers	87,605	(104,388)
TRANSFERS		
Transfers In	124,183	269,922
Change in Net Position	<u>211,788</u>	<u>165,534</u>
NET POSITION, BEGINNING OF YEAR	<u>2,439,572</u>	<u>2,274,038</u>
NET POSITION, END OF YEAR	<u>\$ 2,651,360</u>	<u>\$ 2,439,572</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUNDS
DECEMBER 31, 2014

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2013

	Library	Anderson Gardens	Totals	
			2014	2013
ASSETS				
Current Assets				
Cash	\$ 32,541	\$ 192,033	\$ 224,574	\$ 224,406
Accounts Receivable	126		126	63
Total Current Assets	<u>\$ 32,667</u>	<u>\$ 192,033</u>	<u>\$ 224,700</u>	<u>\$ 224,469</u>
NET POSITION				
Held in Trust for Other Purposes	<u>\$ 32,667</u>	<u>\$ 192,033</u>	<u>\$ 224,700</u>	<u>\$ 224,469</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 YEAR ENDED DECEMBER 31, 2014
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2013

	Library	Anderson Gardens	Totals	
			2014	2013
ADDITIONS				
Donations	\$ 256	\$ 0	\$ 256	\$ 562
Total Additions	256	0	256	562
DEDUCTIONS				
Repairs and Maintenance	25	0	25	55
Change in Net Position	231	0	231	507
NET POSITION, BEGINNING OF YEAR	32,436	192,033	224,469	223,962
NET POSITION, END OF YEAR	<u>\$ 32,667</u>	<u>\$ 192,033</u>	<u>\$ 224,700</u>	<u>\$ 224,469</u>

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FINANCIAL SCHEDULES

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CITY OF LITCHFIELD, MINNESOTA

G.O. BONDS, SERIES 2007A
 DECEMBER 31, 2014

General Obligation Bonds, Series 2007A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.70%	\$ 40,000	\$ 7,900	\$ 47,900
8/1/2015			7,160	7,160
2/1/2016	3.85%	40,000	7,160	47,160
8/1/2016			6,390	6,390
2/1/2017	3.85%	40,000	6,390	46,390
8/1/2017			5,620	5,620
2/1/2018	3.85%	40,000	5,620	45,620
8/1/2018			4,850	4,850
2/1/2019	4.20%	20,000	4,850	24,850
8/1/2019			4,430	4,430
2/1/2020	4.20%	20,000	4,430	24,430
8/1/2020			4,010	4,010
2/1/2021	4.20%	20,000	4,010	24,010
8/1/2021			3,590	3,590
2/1/2022	4.20%	20,000	3,590	23,590
8/1/2022			3,170	3,170
2/1/2023	4.20%	20,000	3,170	23,170
8/1/2023			2,750	2,750
2/1/2024	4.40%	25,000	2,750	27,750
8/1/2024			2,200	2,200
2/1/2025	4.40%	25,000	2,200	27,200
8/1/2025			1,650	1,650
2/1/2026	4.40%	25,000	1,650	26,650
8/1/2026			1,100	1,100
2/1/2027	4.40%	25,000	1,100	26,100
8/1/2027			550	550
2/1/2028	4.40%	25,000	550	25,550
		<u>\$ 385,000</u>	<u>\$ 102,840</u>	<u>\$ 487,840</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. CIP BONDS, SERIES 2011B
 DECEMBER 31, 2014

General Obligation CIP Bonds, Series 2011B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	2.00%	\$ 120,000	\$ 51,944	\$ 171,944
8/1/2015			50,744	50,744
2/1/2016	2.00%	125,000	50,744	175,744
8/1/2016			49,494	49,494
2/1/2017	2.00%	130,000	49,494	179,494
8/1/2017			48,194	48,194
2/1/2018	2.50%	130,000	48,194	178,194
8/1/2018			46,569	46,569
2/1/2019	3.00%	135,000	46,569	181,569
8/1/2019			44,544	44,544
2/1/2020	3.00%	140,000	44,544	184,544
8/1/2020			42,444	42,444
2/1/2021	3.00%	150,000	42,444	192,444
8/1/2021			40,194	40,194
2/1/2022	3.00%	155,000	40,194	195,194
8/1/2022			37,869	37,869
2/1/2023	3.125%	160,000	37,868	197,868
8/1/2023			35,368	35,368
2/1/2024	3.125%	165,000	35,369	200,369
8/1/2024			32,791	32,791
2/1/2025	4.00%	175,000	32,790	207,790
8/1/2025			29,290	29,290
2/1/2026	4.00%	180,000	29,290	209,290
8/1/2026			25,690	25,690
2/1/2027	4.00%	190,000	25,691	215,691
8/1/2027			21,891	21,891
2/1/2028	4.00%	195,000	21,891	216,891
8/1/2028			17,991	17,991
2/1/2029	4.00%	205,000	17,991	222,991
8/1/2029			13,890	13,890
2/1/2030	4.00%	215,000	13,890	228,890
8/1/2030			9,591	9,591
2/1/2031	4.125%	225,000	9,591	234,591
8/1/2031			4,950	4,950
2/1/2032	4.125%	240,000	4,950	244,950
		<u>\$ 3,035,000</u>	<u>\$ 1,154,952</u>	<u>\$ 4,189,952</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT BONDS, SERIES 2006A
 DECEMBER 31, 2014

G.O. Improvement Bonds, Series 2006A

Payable: Wells Fargo Bank Minnesota, N.A.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.85%	\$ 40,000	\$ 6,945	\$ 46,945
8/1/2015			6,175	6,175
2/1/2016	3.85%	40,000	6,175	46,175
8/1/2016			5,405	5,405
2/1/2017	4.00%	40,000	5,405	45,405
8/1/2017			4,605	4,605
2/1/2018	4.00%	40,000	4,605	44,605
8/1/2018			3,805	3,805
2/1/2019	4.00%	45,000	3,805	48,805
8/1/2019			2,905	2,905
2/1/2020	4.15%	45,000	2,905	47,905
8/1/2020			1,971	1,971
2/1/2021	4.15%	45,000	1,971	46,971
8/1/2021			1,038	1,038
2/1/2022	4.15%	50,000	1,038	51,038
		<u>\$ 345,000</u>	<u>\$ 58,753</u>	<u>\$ 403,753</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. REFUNDING IMPROVEMENT BONDS, SERIES 2009B
 DECEMBER 31, 2014

General Obligation Refunding Improvement Bonds, Series 2009B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.00%	\$ 35,000	\$ 1,675	\$ 36,675
8/1/2015			1,150	1,150
2/1/2016	3.00%	20,000	1,150	21,150
8/1/2016			850	850
2/1/2017	3.50%	20,000	850	20,850
8/1/2017			500	500
2/1/2018	4.00%	25,000	500	25,500
		<u>\$ 100,000</u>	<u>\$ 6,675</u>	<u>\$ 106,675</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT AND REFUNDING BONDS, SERIES 2011C
 DECEMBER 31, 2014

General Obligation Improvement and Refunding Bonds, Series 2011C

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	1.50%	\$ 65,000	\$ 10,108	\$ 75,108
8/1/2015			9,620	9,620
2/1/2016	1.50%	70,000	9,620	79,620
8/1/2016			9,095	9,095
2/1/2017	2.00%	75,000	9,095	84,095
8/1/2017			8,345	8,345
2/1/2018	2.00%	75,000	8,345	83,345
8/1/2018			7,595	7,595
2/1/2019	2.60%	80,000	7,595	87,595
8/1/2019			6,555	6,555
2/1/2020	2.60%	80,000	6,555	86,555
8/1/2020			5,515	5,515
2/1/2021	3.20%	40,000	5,515	45,515
8/1/2021			4,875	4,875
2/1/2022	3.20%	40,000	4,875	44,875
8/1/2022			4,235	4,235
2/1/2023	3.20%	45,000	4,235	49,235
8/1/2023			3,515	3,515
2/1/2024	3.70%	45,000	3,515	48,515
8/1/2024			2,683	2,683
2/1/2025	3.70%	45,000	2,682	47,682
8/1/2025			1,850	1,850
2/1/2026	3.70%	50,000	1,850	51,850
8/1/2026			925	925
2/1/2027	3.70%	50,000	925	50,925
		<u>\$ 760,000</u>	<u>\$ 139,723</u>	<u>\$ 899,723</u>

CITY OF LITCHFIELD, MINNESOTA

PUBLIC PROJECT LEASE REVENUE BONDS, SERIES 2005A
 DECEMBER 31, 2014

Public Project Lease Revenue Bonds, Series 2005A

Payable to: U.S. Bank N.A.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	4.00%	\$ 75,000	\$ 25,370	\$ 100,370
8/1/2015			23,870	23,870
2/1/2016	4.20%	75,000	23,870	98,870
8/1/2016			22,295	22,295
2/1/2017	4.20%	80,000	22,295	102,295
8/1/2017			20,615	20,615
2/1/2018	4.40%	80,000	20,615	100,615
8/1/2018			18,855	18,855
2/1/2019	4.40%	85,000	18,855	103,855
8/1/2019			16,985	16,985
2/1/2020	4.50%	90,000	16,985	106,985
8/1/2020			14,960	14,960
2/1/2021	4.50%	95,000	14,960	109,960
8/1/2021			12,823	12,823
2/1/2022	4.60%	100,000	12,823	112,823
8/1/2022			10,522	10,522
2/1/2023	4.60%	105,000	10,522	115,522
8/1/2023			8,109	8,109
2/1/2024	4.70%	110,000	8,108	118,108
8/1/2024			5,522	5,522
2/1/2025	4.70%	115,000	5,522	120,522
8/1/2025			2,820	2,820
2/1/2026	4.70%	120,000	2,820	122,820
		<u>\$ 1,130,000</u>	<u>\$ 340,121</u>	<u>\$ 1,470,121</u>

CITY OF LITCHFIELD, MINNESOTA

PUBLIC PROJECT LEASE REVENUE BONDS, SERIES 2007B
 DECEMBER 31, 2014

Public Project Lease Revenue Bonds, Series 2007B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	4.75%	\$ 25,000	\$ 11,431	\$ 36,431
8/1/2015			10,837	10,837
2/1/2016	4.75%	25,000	10,837	35,837
8/1/2016			10,244	10,244
2/1/2017	4.75%	25,000	10,244	35,244
8/1/2017			9,650	9,650
2/1/2018	4.90%	25,000	9,650	34,650
8/1/2018			9,038	9,038
2/1/2019	4.90%	30,000	9,038	39,038
8/1/2019			8,303	8,303
2/1/2020	4.90%	30,000	8,303	38,303
8/1/2020			7,567	7,567
2/1/2021	4.90%	30,000	7,567	37,567
8/1/2021			6,832	6,832
2/1/2022	5.00%	35,000	6,832	41,832
8/1/2022			5,957	5,957
2/1/2023	5.00%	35,000	5,957	40,957
8/1/2023			5,083	5,083
2/1/2024	5.00%	35,000	5,083	40,083
8/1/2024			4,207	4,207
2/1/2025	5.10%	40,000	4,207	44,207
8/1/2025			3,188	3,188
2/1/2026	5.10%	40,000	3,188	43,188
8/1/2026			2,167	2,167
2/1/2027	5.10%	40,000	2,167	42,167
8/1/2027			1,148	1,148
2/1/2028	5.10%	45,000	1,148	46,148
		<u>\$ 460,000</u>	<u>\$ 179,873</u>	<u>\$ 639,873</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. HOUSING DEVELOPMENT BONDS, SERIES 2011A
 DECEMBER 31, 2014

General Obligation Housing Development Bonds, Series 2011A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	2.00%	\$ 250,000	\$ 30,239	\$ 280,239
8/1/2015			27,739	27,739
2/1/2016	2.00%	260,000	27,739	287,739
8/1/2016			25,139	25,139
2/1/2017	2.25%	265,000	25,139	290,139
8/1/2017			22,157	22,157
2/1/2018	2.50%	280,000	22,157	302,157
8/1/2018			18,658	18,658
2/1/2019	2.75%	290,000	18,657	308,657
8/1/2019			14,670	14,670
2/1/2020	3.00%	290,000	14,670	304,670
8/1/2020			10,320	10,320
2/1/2021	3.20%	305,000	10,320	315,320
8/1/2021			5,440	5,440
2/1/2022	3.40%	320,000	5,440	325,440
		<u>\$ 2,260,000</u>	<u>\$ 278,484</u>	<u>\$ 2,538,484</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. SEWER SYSTEM BONDS, SERIES 2011D
 DECEMBER 31, 2014

General Obligation Sewer System Bonds, Series 2011D

Payable to: Bond Trust Services Corporation

Due Date	Interest Rate	Principal	Interest	Total
2/1/2015	1.40%	\$ 65,000	\$ 22,765	\$ 87,765
8/1/2015			22,310	22,310
2/1/2016	1.40%	65,000	22,310	87,310
8/1/2016			21,855	21,855
2/1/2017	2.00%	65,000	21,855	86,855
8/1/2017			21,205	21,205
2/1/2018	2.00%	65,000	21,205	86,205
8/1/2018			20,555	20,555
2/1/2019	2.40%	70,000	20,555	90,555
8/1/2019			19,715	19,715
2/1/2020	2.40%	70,000	19,715	89,715
8/1/2020			18,875	18,875
2/1/2021	2.80%	70,000	18,875	88,875
8/1/2021			17,895	17,895
2/1/2022	2.80%	75,000	17,895	92,895
8/1/2022			16,845	16,845
2/1/2023	3.10%	75,000	16,845	91,845
8/1/2023			15,683	15,683
2/1/2024	3.10%	80,000	15,683	95,683
8/1/2024			14,442	14,442
2/1/2025	3.40%	80,000	14,442	94,442
8/1/2025			13,083	13,083
2/1/2026	3.40%	85,000	13,083	98,083
8/1/2026			11,637	11,637
2/1/2027	3.70%	90,000	11,637	101,637
8/1/2027			9,973	9,973
2/1/2028	3.70%	90,000	9,973	99,973
8/1/2028			8,307	8,307
2/1/2029	4.00%	95,000	8,307	103,307
8/1/2029			6,408	6,408
2/1/2030	4.00%	100,000	6,408	106,408
8/1/2030			4,407	4,407
2/1/2031	4.10%	105,000	4,407	109,407
8/1/2031			2,255	2,255
2/1/2032	4.10%	110,000	2,255	112,256
		<u>\$ 1,455,000</u>	<u>\$ 513,666</u>	<u>\$ 1,968,666</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT BONDS, SERIES 2013A
DECEMBER 31, 2014

General Obligation Utility Revenue Bonds, Series 2014A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	2.00%	\$	\$ 28,641	\$ 28,641
8/1/2015			28,641	28,641
2/1/2016	2.00%	75,000	28,641	103,641
8/1/2016			27,981	27,981
2/1/2017	2.00%	80,000	27,891	107,891
8/1/2017			27,091	27,091
2/1/2018	2.00%	80,000	27,091	107,091
8/1/2018			26,291	26,291
2/1/2019	2.00%	80,000	26,291	106,291
8/1/2019			25,491	25,491
2/1/2020	2.00%	80,000	25,491	105,491
8/1/2020			24,691	24,691
2/1/2021	2.00%	90,000	24,691	114,691
8/1/2021			23,791	23,791
2/1/2022	2.00%	90,000	23,791	113,791
8/1/2022			22,891	22,891
2/1/2023	2.50%	90,000	22,891	112,891
8/1/2023			21,766	21,766
2/1/2024	2.50%	90,000	21,766	111,766
8/1/2024			20,641	20,641
2/1/2025	2.50%	90,000	20,641	110,641
8/1/2025			19,516	19,516
2/1/2026	3.00%	100,000	19,516	119,516
8/1/2026			18,016	18,016
2/1/2027	3.00%	100,000	18,016	118,016
8/1/2027			16,516	16,516
2/1/2028	3.00%	100,000	16,516	116,516
8/1/2028			15,016	15,016
2/1/2029	3.35%	100,000	15,016	115,016
8/1/2029			13,341	13,341
2/1/2030	3.35%	110,000	13,341	123,341
8/1/2030			11,499	11,499
2/1/2031	3.35%	110,000	11,499	121,499
8/1/2031			9,656	9,656
2/1/2032	3.75%	115,000	9,656	124,656
8/1/2032			7,500	7,500
2/1/2033	3.75%	130,000	7,500	137,500
8/1/2033			5,063	5,063
2/1/2034	3.75%	130,000	5,063	135,063
8/1/2034			2,625	2,625
2/1/2035	3.75%	140,000	2,625	142,625
		<u>\$ 1,980,000</u>	<u>\$ 764,597</u>	<u>\$ 2,744,597</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT BONDS, SERIES 2013A
DECEMBER 31, 2014

General Obligation Bonds, Series 2013A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.00%	\$	\$ 149,988	\$ 149,988
8/1/2015			149,987	149,987
2/1/2016	3.00%	345,000	149,987	494,987
8/1/2016			144,813	144,813
2/1/2017	3.00%	350,000	144,813	494,813
8/1/2017			139,562	139,562
2/1/2018	3.00%	350,000	139,563	489,563
8/1/2018			134,312	134,312
2/1/2019	3.00%	360,000	134,312	494,312
8/1/2019			128,912	128,912
2/1/2020	3.00%	365,000	128,913	493,913
8/1/2020			123,438	123,438
2/1/2021	3.00%	375,000	123,437	498,437
8/1/2021			117,813	117,813
2/1/2022	3.00%	385,000	117,812	502,812
8/1/2022			112,038	112,038
2/1/2023	3.00%	395,000	112,037	507,037
8/1/2023			106,113	106,113
2/1/2024	3.00%	410,000	106,113	516,113
8/1/2024			99,963	99,963
2/1/2025	3.00%	420,000	99,962	519,962
8/1/2025			93,663	93,663
2/1/2026	3.00%	430,000	93,662	523,662
8/1/2026			87,213	87,213
2/1/2027	3.00%	445,000	87,212	532,212
8/1/2027			80,538	80,538
2/1/2028	3.25%	460,000	80,537	540,537
8/1/2028			73,062	73,062
2/1/2029	3.50%	480,000	73,063	553,063
8/1/2029			64,663	64,663
2/1/2030	4.00%	495,000	64,662	559,662
8/1/2030			56,000	56,000
2/1/2031	4.00%	520,000	56,000	576,000
8/1/2031			45,600	45,600
2/1/2032	4.00%	535,000	45,600	580,600
8/1/2032			34,900	34,900
2/1/2033	4.00%	555,000	34,900	589,900
8/1/2033			23,800	23,800
2/1/2034	4.00%	585,000	23,800	608,800
8/1/2034			12,100	12,100
2/1/2035	4.00%	605,000	12,100	617,100
		<u>\$ 8,865,000</u>	<u>\$ 3,806,963</u>	<u>\$ 12,671,963</u>

CITY OF LITCHFIELD, MINNESOTA

1999 WATER TREATMENT LOAN
DECEMBER 31, 2014

1999 Water Treatment Loan

Payable to: Minnesota Public Facilities Authority

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/20/2015	3.54%	\$	\$ 23,843	\$ 23,843
8/20/2015		251,000	23,842	274,842
2/20/2016	3.54%		19,399	19,399
8/20/2016		260,000	19,399	279,399
2/20/2017	3.54%		14,797	14,797
8/20/2017		269,000	14,797	283,797
2/20/2018	3.54%		10,036	10,036
8/20/2018		279,000	10,036	289,036
2/20/2019	3.54%		5,098	5,098
8/20/2019		288,000	5,098	293,098
		<u>\$ 1,347,000</u>	<u>\$ 146,345</u>	<u>\$ 1,493,345</u>

CITY OF LITCHFIELD, MINNESOTA

2001 WASTEWATER TREATMENT LOAN
DECEMBER 31, 2014

2001 Wastewater Treatment Loan

Payable to: Minnesota Public Facilities Authority

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/20/2015	2.68%	\$	\$ 69,425	\$ 69,425
8/20/2015		589,000	69,425	658,425
2/20/2016	2.68%		61,533	61,533
8/20/2016		605,000	61,533	666,533
2/20/2017	2.68%		53,426	53,426
8/20/2017		621,000	53,426	674,426
2/20/2018	2.68%		45,104	45,104
8/20/2018		638,000	45,104	683,104
2/20/2019	2.68%		36,555	36,555
8/20/2019		655,000	36,555	691,555
2/20/2020	2.68%		27,778	27,778
8/20/2020		673,000	27,778	700,778
2/20/2021	2.68%		18,760	18,760
8/20/2021		691,000	18,760	709,760
2/20/2022	2.68%		9,501	9,501
8/20/2022		709,000	9,501	718,501
		<u>\$ 5,181,000</u>	<u>\$ 644,164</u>	<u>\$ 5,825,164</u>

CITY OF LITCHFIELD, MINNESOTA

2009 CLEAN WATER REVOLVING FUND LOAN
DECEMBER 31, 2014

2009 Clean Water Revolving Fund Loan

Payable to: Minnesota Public Facilities Authority

Due Date	Interest Rate	Principal	Interest	Total
2/20/2015	2.652%	\$	\$ 82,544	\$ 82,544
8/20/2015		343,000	82,544	425,544
2/20/2016	2.652%		77,996	77,996
8/20/2016		353,000	77,996	430,996
2/20/2017	2.652%		73,315	73,315
8/20/2017		362,000	73,315	435,315
2/20/2018	2.652%		68,515	68,515
8/20/2018		371,000	68,516	439,516
2/20/2019	2.652%		63,596	63,596
8/20/2019		381,000	63,596	444,596
2/20/2020	2.652%		58,543	58,543
8/20/2020		391,000	58,543	449,543
2/20/2021	2.652%		53,359	53,359
8/20/2021		402,000	53,359	455,359
2/20/2022	2.652%		48,028	48,028
8/20/2022		412,000	48,028	460,028
2/20/2023	2.652%		42,565	42,565
8/20/2023		423,000	42,565	465,565
2/20/2024	2.652%		36,957	36,957
8/20/2024		435,000	36,956	471,956
2/20/2025	2.652%		31,188	31,188
8/20/2025		446,000	31,188	477,188
2/20/2026	2.652%		25,274	25,274
8/20/2026		458,000	25,274	483,274
2/20/2027	2.652%		19,201	19,201
8/20/2027		470,000	19,201	489,201
2/20/2028	2.652%		12,969	12,969
8/20/2028		483,000	12,969	495,969
2/20/2029	2.652%		6,565	6,565
8/20/2029		495,048	6,564	501,612
		<u>\$ 6,225,048</u>	<u>\$ 1,401,229</u>	<u>\$ 7,626,277</u>

CITY OF LITCHFIELD, MINNESOTA

2009 WASTEWATER INFRASTRUCTURE FUND LOAN
DECEMBER 31, 2014

2009 Wastewater Infrastructure Fund Loan

Payable to: Minnesota Public Facilities Authority

Due Date	Interest Rate	Principal	Interest	Total
2/20/2030	0.00%	\$ 235,000	\$	\$ 235,000
8/20/2030	0.00%	235,000		235,000
2/20/2031	0.00%	235,000		235,000
8/20/2031	0.00%	235,000		235,000
2/20/2032	0.00%	235,000		235,000
8/20/2032	0.00%	235,000		235,000
2/20/2033	0.00%	235,000		235,000
8/20/2033	0.00%	235,000		235,000
2/20/2034	0.00%	235,000		235,000
8/20/2034	0.00%	235,000		235,000
2/20/2035	0.00%	235,000		235,000
8/20/2035	0.00%	235,000		235,000
2/20/2036	0.00%	235,000		235,000
8/20/2036	0.00%	235,000		235,000
2/20/2037	0.00%	235,000		235,000
8/20/2037	0.00%	235,000		235,000
2/20/2038	0.00%	235,000		235,000
8/20/2038	0.00%	235,000		235,000
2/20/2039	0.00%	235,000		235,000
8/20/2039	0.00%	235,000		235,000
2/20/2040	0.00%	235,000		235,000
8/20/2040	0.00%	235,000		235,000
2/20/2041	0.00%	235,000		235,000
8/20/2041	0.00%	235,000		235,000
2/20/2042	0.00%	235,000		235,000
8/20/2042	0.00%	125,000		125,000
		<u>\$ 6,000,000</u>	<u>\$ 0</u>	<u>\$ 6,000,000</u>

CITY OF LITCHFIELD, MINNESOTA

ELECTRIC UTILITY REVENUE BONDS, SERIES 2008A
DECEMBER 31, 2014

Electric Utility Revenue Bonds, Series 2008A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.50%	\$ 390,000	\$ 168,760	\$ 558,760
8/1/2015			161,935	161,935
2/1/2016	3.50%	410,000	161,935	571,935
8/1/2016			154,760	154,760
2/1/2017	4.00%	425,000	154,760	579,760
8/1/2017			146,260	146,260
2/1/2018	4.00%	445,000	146,260	591,260
8/1/2018			137,360	137,360
2/1/2019	4.00%	465,000	137,360	602,360
8/1/2019			128,060	128,060
2/1/2020	4.00%	490,000	128,060	618,060
8/1/2020			118,260	118,260
2/1/2021	4.00%	510,000	118,260	628,260
8/1/2021			108,060	108,060
2/1/2022	4.05%	535,000	108,060	643,060
8/1/2022			97,227	97,227
2/1/2023	4.10%	560,000	97,227	657,227
8/1/2023			85,747	85,747
2/1/2024	4.15%	590,000	85,746	675,746
8/1/2024			73,504	73,504
2/1/2025	4.20%	620,000	73,504	693,504
8/1/2025			60,484	60,484
2/1/2026	4.25%	650,000	60,484	710,484
8/1/2026			46,671	46,671
2/1/2027	4.30%	680,000	46,671	726,671
8/1/2027			32,051	32,051
2/1/2028	4.35%	715,000	32,051	747,051
8/1/2028			16,500	16,500
2/1/2029	4.40%	750,000	16,500	766,500
		<u>\$ 8,235,000</u>	<u>\$ 2,902,517</u>	<u>\$ 11,137,517</u>

CITY OF LITCHFIELD, MINNESOTA

ELECTRIC UTILITY REVENUE BONDS, SERIES 2009C
DECEMBER 31, 2014

Electric Utility Revenue Bonds, Series 2009C

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.75%	\$ 290,000	\$ 121,170	\$ 411,170
8/1/2015			115,733	115,733
2/1/2016	3.75%	295,000	115,733	410,733
8/1/2016			110,201	110,201
2/1/2017	4.00%	305,000	110,201	415,201
8/1/2017			104,102	104,102
2/1/2018	4.00%	315,000	104,102	419,102
8/1/2018			97,801	97,801
2/1/2019	4.25%	325,000	97,801	422,801
8/1/2019			90,895	90,895
2/1/2020	4.15%	335,000	90,895	425,895
8/1/2020			83,944	83,944
2/1/2021	4.25%	345,000	83,944	428,944
8/1/2021			76,612	76,612
2/1/2022	4.30%	350,000	76,612	426,612
8/1/2022			69,087	69,087
2/1/2023	4.50%	365,000	69,087	434,087
8/1/2023			60,875	60,875
2/1/2024	4.60%	375,000	60,875	435,875
8/1/2024			52,250	52,250
2/1/2025	5.00%	385,000	52,250	437,250
8/1/2025			42,625	42,625
2/1/2026	5.00%	400,000	42,625	442,625
8/1/2026			32,625	32,625
2/1/2027	5.00%	420,000	32,625	452,625
8/1/2027			22,125	22,125
2/1/2028	5.00%	435,000	22,125	457,125
8/1/2028			11,250	11,250
2/1/2029	5.00%	450,000	11,250	461,250
		<u>\$ 5,390,000</u>	<u>\$ 2,061,420</u>	<u>\$ 7,451,420</u>

CITY OF LITCHFIELD, MINNESOTA

ASSESSMENT PAYABLE
DECEMBER 31, 2014

Assessment Payable

Payable to: City of Litchfield, Water Fund

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	5.00%	\$ 14,767	\$ 2,215	\$ 16,982
2016	5.00%	14,767	1,477	16,244
2017	5.00%	14,767	738	15,505
		<u>\$ 44,301</u>	<u>\$ 4,430</u>	<u>\$ 48,731</u>

CITY OF LITCHFIELD, MINNESOTA
 CERTIFICATES OF INDEBTEDNESS - 2006
 DECEMBER 31, 2014

Certificate of Indebtedness - 2006

Payable to: Home State Bank

Due Date	Interest Rate	Principal	Interest	Total
2/6/2015	3.90%	\$ 18,000	\$	\$ 18,000
3/1/2015			652	652
9/1/2015			354	354
2/6/2016	3.90%	18,000	304	18,304
		<u>\$ 36,000</u>	<u>\$ 1,310</u>	<u>\$ 37,310</u>

CITY OF LITCHFIELD, MINNESOTA
 CERTIFICATES OF INDEBTEDNESS - 2007
 DECEMBER 31, 2014

Certificate of Indebtedness - 2007

Payable to: Center National Bank

Due Date	Interest Rate	Principal	Interest	Total
2/28/2015	4.10%	\$ 57,000	\$ 3,541	\$ 60,541
8/28/2015			2,309	2,309
2/28/2016	4.10%	57,000	2,347	59,347
8/28/2016			1,140	1,140
2/28/2017	4.10%	55,000	1,153	56,153
		<u>\$ 169,000</u>	<u>\$ 10,490</u>	<u>\$ 179,490</u>

CITY OF LITCHFIELD, MINNESOTA

CERTIFICATES OF INDEBTEDNESS - 2009
DECEMBER 31, 2014

G.O. Equipment Certificates, Series 2009A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2015	3.00%	\$ 65,000	\$ 6,075	\$ 71,075
8/1/2015			5,100	5,100
2/1/2016	3.00%	65,000	5,100	70,100
8/1/2016			4,125	4,125
2/1/2017	3.50%	70,000	4,125	74,125
8/1/2017			2,900	2,900
2/1/2018	4.00%	70,000	2,900	72,900
8/1/2018			1,500	1,500
2/1/2019	4.00%	75,000	1,500	76,500
		<u>\$ 345,000</u>	<u>\$ 33,325</u>	<u>\$ 378,325</u>

COMPLIANCE SECTION

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Quality | Dedication | Integrity

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated June 15, 2015.

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

In connection with our audit, nothing came to our attention that caused us to believe that the City 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.

Conway, Deuth & Schmiessing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants
Litchfield, Minnesota

June 15, 2015

Table with 5 columns: Willmar Office, Benson Office, Morris Office, Litchfield Office, St. Cloud Office. Each column lists address, phone, and toll-free numbers.

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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 Members of the City Council
City of Litchfield
Litchfield, 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, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying Schedule of Findings as item 2007-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Finding

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

Purpose of this Report

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

Conway, Deuth & Schmiesing, PLLP

CONWAY, DEUTH & SCHMIESING, PLLP
Certified Public Accountants
Litchfield, Minnesota

June 15, 2015

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FINDINGS
YEAR ENDED DECEMBER 31, 2014

I. FINDINGS RELATED TO FINANCIAL STATEMENTS AUDITED IN ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

PREVIOUSLY REPORTED ITEM NOT RESOLVED

FINDING: 2007-001 AUDITOR PREPARED FINANCIAL STATEMENTS

- Condition: The City does not have an internal control system designed to provide for the preparation of the financial statements and the related notes being audited. However, based on the degree of complexity and level of detail needed to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), the City has requested the auditors to prepare them.
- Criteria: The preparation of the financial statements and the related notes are the responsibility of management.
- Cause: There are a limited number of office employees and resources available to allow for the adequate preparation of the financial statements and the related notes by the City.
- Effect: This could result in a material misstatement to the financial statements and related notes that would not be prevented, or detected and corrected as a result of the City's current internal control.
- Recommendation: The City should continue to request the assistance to draft the financial statements and related notes and thoroughly review these financial statements after they have been prepared so the City can take responsibility for them.

MANAGEMENT'S RESPONSE

The City is aware of this; however, due to significant cost and a limited number of employees, it is in the City's best financial interest to contract for the preparation of the financial statements.