

CITY OF MEDINA
MEDINA, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF MEDINA, MINNESOTA
ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION

CITY OF MEDINA
MEDINA, MINNESOTA

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

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Elizabeth Weir	Mayor - Appointed	12/31/14
Jeff Pederson	Council Member	12/31/14
Melissa Martison	Council Member	12/31/14
John Anderson	Council Member	12/31/16
Kathleen Martin	Council Member	12/31/14

APPOINTED

<u>Name</u>	<u>Title</u>
Scott Johnson	City Administrator
Joe Rigden	Finance Director
Jodi Gallup	Deputy Clerk

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FINANCIAL SECTION

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Medina, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medina, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated April 24, 2013 we express unmodified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

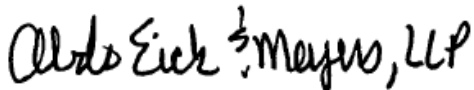
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 and the Schedule of Funding Progress on page 74 be presented to supplement the basic financial statements. Such information, although not a part of the basic 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basis financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 28, 2014

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Management's Discussion and Analysis

As management of the City of Medina, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2013.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$34,104,717 (*net position*). Of this amount, \$11,876,746 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$3,534,129 as a result of bond issuances and increase to building growth.
- The total net position of governmental activities increased by \$3,047,529 and total net position of the business-type activities increased by \$486,600. This resulted in an increase to total net position of \$3,534,129 for the City. Capital grants and contributions in governmental activities increased \$2,572,231 from 2012 due to increased development. The governmental activities transferred \$179,010 to the business-type activities during the year, which contributed to the increase in business-type activities.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,155,454, an increase of \$506,591 in comparison with the prior year. Factors contributing to this variance include significant amounts of licenses and permits received in the General fund, park dedication fees received in the Park Dedication fund, and water and sewer connection fees received in the Water and Sewer Capital Improvements funds due to increased development. Also, the Public Works/Police Facility incurred approximately \$3,000,000 in capital outlay as the project was constructed in 2013.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$2,579,551, or 65 percent of total General fund expenditures.
- The City's total debt increased by \$1,155,467, or 6 percent during the current fiscal year. This was the result of the issuance of \$2,690,000 of 2013A G.O. Crossover Refunding Bonds, the refunding principal payment of \$655,000 on the 2005C G.O. Tax Increment Bonds and regularly scheduled principal payments.

Overview of the Financial Statements

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

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

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

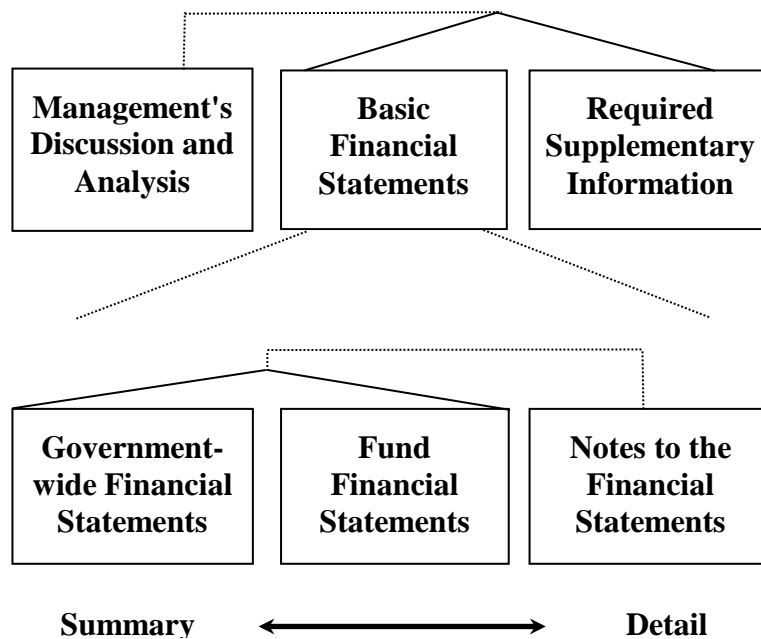


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

	Fund Financial Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City government (except fiduciary funds)	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities of the City that operates similar to private businesses, such as the water and sewer systems	Instances in which the City administers resources on behalf of someone else, such as developers
Required financial statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Position • Statements of Revenues, Expenses and Changes in Fund Net Position • Statements of Cash Flows 	<ul style="list-style-type: none"> • Statements of fiduciary Net Position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, as well as short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, as well as short-term and long-term	All assets and liabilities, both short-term and long-term; fund do not currently contain capital assets, although they can
Type of deferred outflows/inflows of resources information	All deferred outflows/inflows of resources, regardless of when cash is received or paid.	Only deferred outflows of resources expected to be used up and deferred inflows of resources that come due during the year or soon thereafter; no capital assets included	All deferred outflows/inflows of resources, regardless of when cash is received or paid	All deferred outflows/inflows of resources, regardless of when cash is received or paid
Type of inflow/out flow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

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

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

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

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

The government-wide financial statements start on page 27 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

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

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

The City maintains 29 individual governmental funds, nine of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Debt Service fund, Park Dedication fund, Water Capital Improvements fund, Sewer Capital Improvements fund and the Public Works/Police Facility fund, all of which are considered to be major funds. Data from the other 15 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 32 of this report.

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

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

The basic proprietary fund financial statements start on page 40 this report.

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

The basic fiduciary fund financial statements can be found on page 50 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 51 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 76 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$34,104,717 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (56 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Medina's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Assets						
Current and other assets	\$ 15,362,430	\$ 14,482,845	\$ 879,585	\$ 7,106,097	\$ 5,343,586	\$ 1,762,511
Capital assets	23,590,943	20,605,282	2,985,661	10,989,620	11,235,479	(245,859)
Total assets	38,953,373	35,088,127	3,865,246	18,095,717	16,579,065	1,516,652
Liabilities						
Noncurrent liabilities						
outstanding	13,057,603	12,915,174	142,429	8,212,051	7,199,013	1,013,038
Other liabilities	1,530,642	855,354	675,288	144,077	127,063	17,014
Total liabilities	14,588,245	13,770,528	817,717	8,356,128	7,326,076	1,030,052
Net position						
Net investment in						
capital assets	12,451,263	8,795,282	3,655,981	6,561,472	6,287,658	273,814
Restricted	3,215,236	5,873,560	(2,658,324)	-	-	-
Unrestricted	8,698,629	6,648,757	2,049,872	3,178,117	2,965,331	212,786
Total net position	\$24,365,128	\$21,317,599	\$ 3,047,529	\$ 9,739,589	\$ 9,252,989	\$ 486,600

An additional portion of the City's net position (9 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* \$11,876,746 may be used to meet the City's ongoing obligations to citizens and creditors.

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

Governmental activities. Governmental activities increased the City's net position by \$3,047,529 thereby accounting for 86.2 percent of the total growth in the net position of the City. Key elements of this increase are as follows:

City of Medina's Changes in Net Position

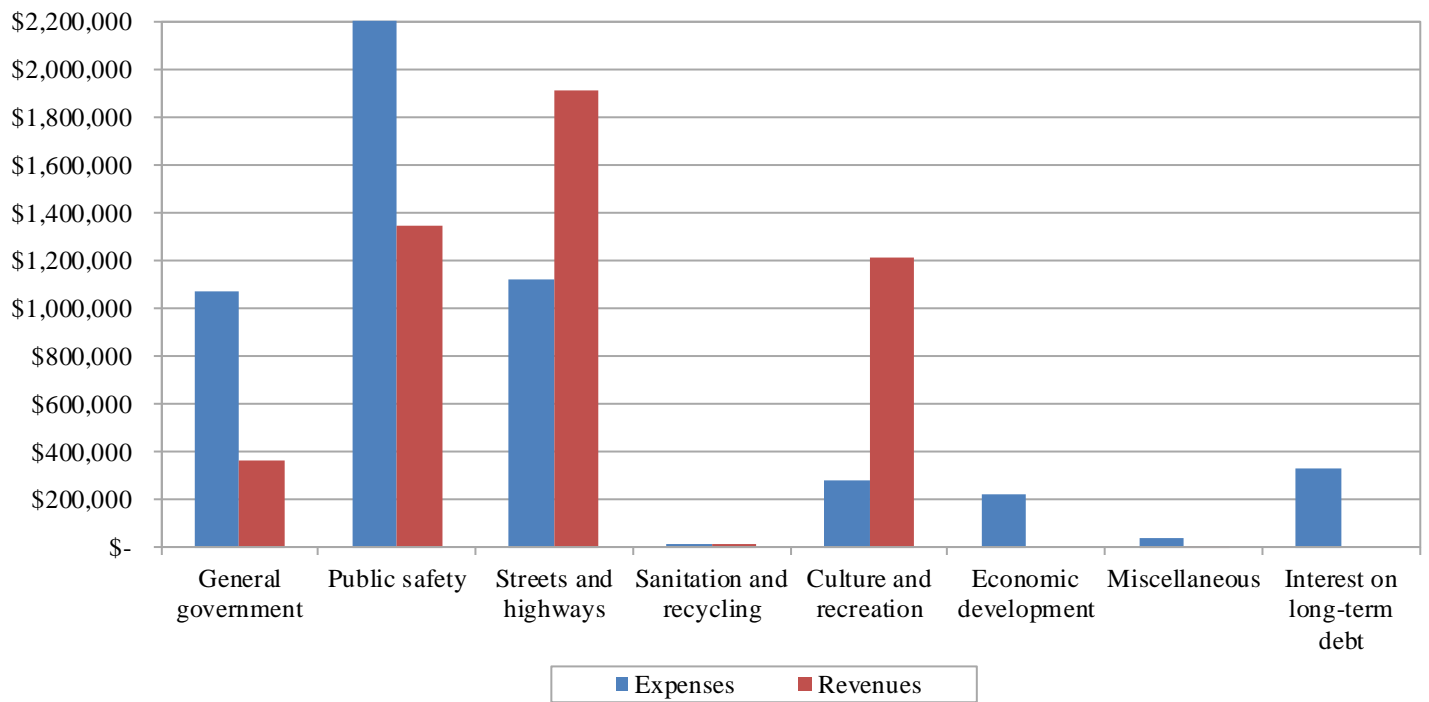
	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 1,544,269	\$ 1,875,751	\$ (331,482)	\$ 1,778,825	\$ 2,033,125	\$ (254,300)
Operating grants and contributions	218,645	217,060	1,585	-	-	-
Capital grants and contributions	3,099,125	526,894	2,572,231	34,629	-	34,629
General revenues						
Property taxes/tax increments	3,693,532	3,327,590	365,942	-	-	-
Grants and contributions not restricted to specific programs	-	-	-	-	-	-
Unrestricted investment earnings	13,410	68,322	(54,912)	5,243	29,346	(24,103)
Gain on sale of capital assets	10,485	1,360	9,125	-	-	-
Total revenues	<u>8,579,466</u>	<u>6,016,977</u>	<u>2,562,489</u>	<u>1,818,697</u>	<u>2,062,471</u>	<u>(243,774)</u>
Expenses						
General government	1,071,588	897,078	174,510	-	-	-
Public safety	2,262,753	2,097,372	165,381	-	-	-
Streets and highways	1,122,461	1,109,201	13,260	-	-	-
Sanitation and recycling	11,331	10,037	1,294	-	-	-
Culture and recreation	284,220	246,283	37,937	-	-	-
Economic development	226,175	235,228	(9,053)	-	-	-
Miscellaneous	42,067	528	41,539	-	-	-
Interest on long-term debt	329,304	194,376	134,928	-	-	-
Water	-	-	-	948,222	934,779	13,443
Sanitary sewer	-	-	-	464,397	478,280	(13,883)
Storm water	-	-	-	101,516	91,175	10,341
Total expenses	<u>5,349,899</u>	<u>4,790,103</u>	<u>559,796</u>	<u>1,514,135</u>	<u>1,504,234</u>	<u>9,901</u>
Change in net position before transfers	3,229,567	1,226,874	2,002,693	304,562	558,237	(253,675)
Transfers - capital assets	(3,028)	(67,894)	64,866	3,028	67,894	(64,866)
Transfers	<u>(179,010)</u>	<u>279,100</u>	<u>(458,110)</u>	<u>179,010</u>	<u>(279,100)</u>	<u>458,110</u>
Change in net position	3,047,529	1,438,080	1,609,449	486,600	347,031	139,569
Net position, January 1	<u>21,317,599</u>	<u>19,879,519</u>	<u>1,438,080</u>	<u>9,252,989</u>	<u>8,905,958</u>	<u>347,031</u>
Net position, December 31	<u>\$24,365,128</u>	<u>\$21,317,599</u>	<u>\$ 3,047,529</u>	<u>\$ 9,739,589</u>	<u>\$ 9,252,989</u>	<u>\$ 486,600</u>

Property taxes represent 43 percent of total revenues in 2013 in governmental activities.

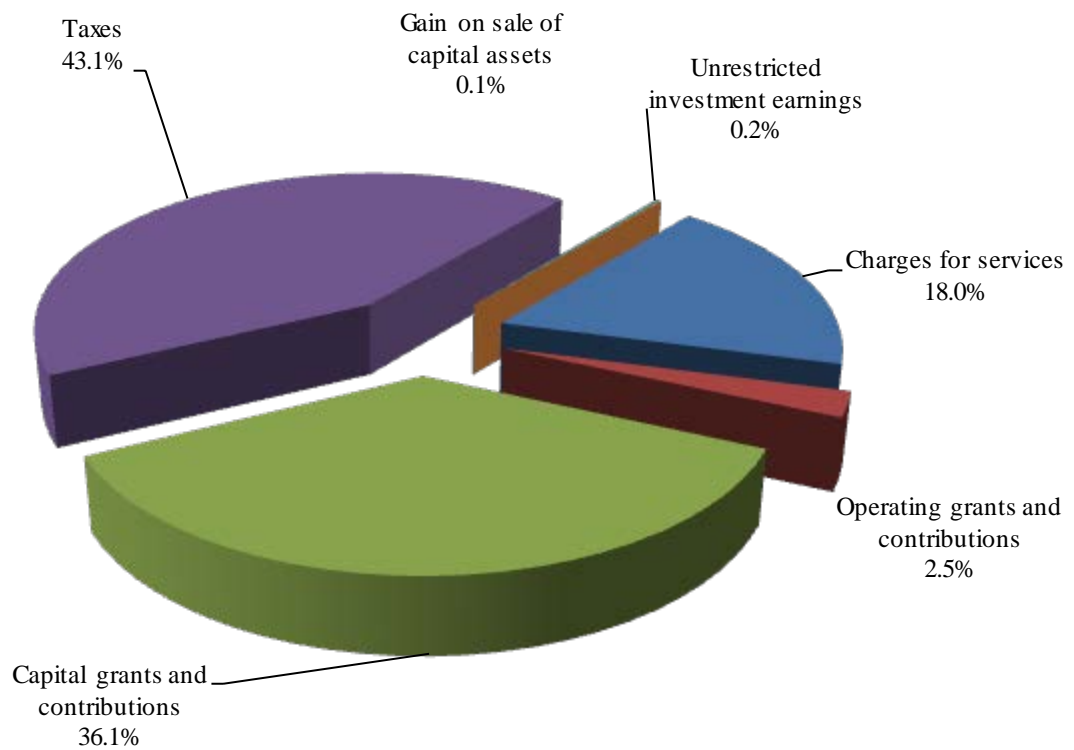
- The largest change in revenue was a \$2,572,231 net increase in capital grants and contributions in governmental activities. This was due to collections of park dedication fees and water and sewer connection fees due to increased development.

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

Expenses and Program Revenue - Governmental Activities



Revenue by Source - Governmental Activities

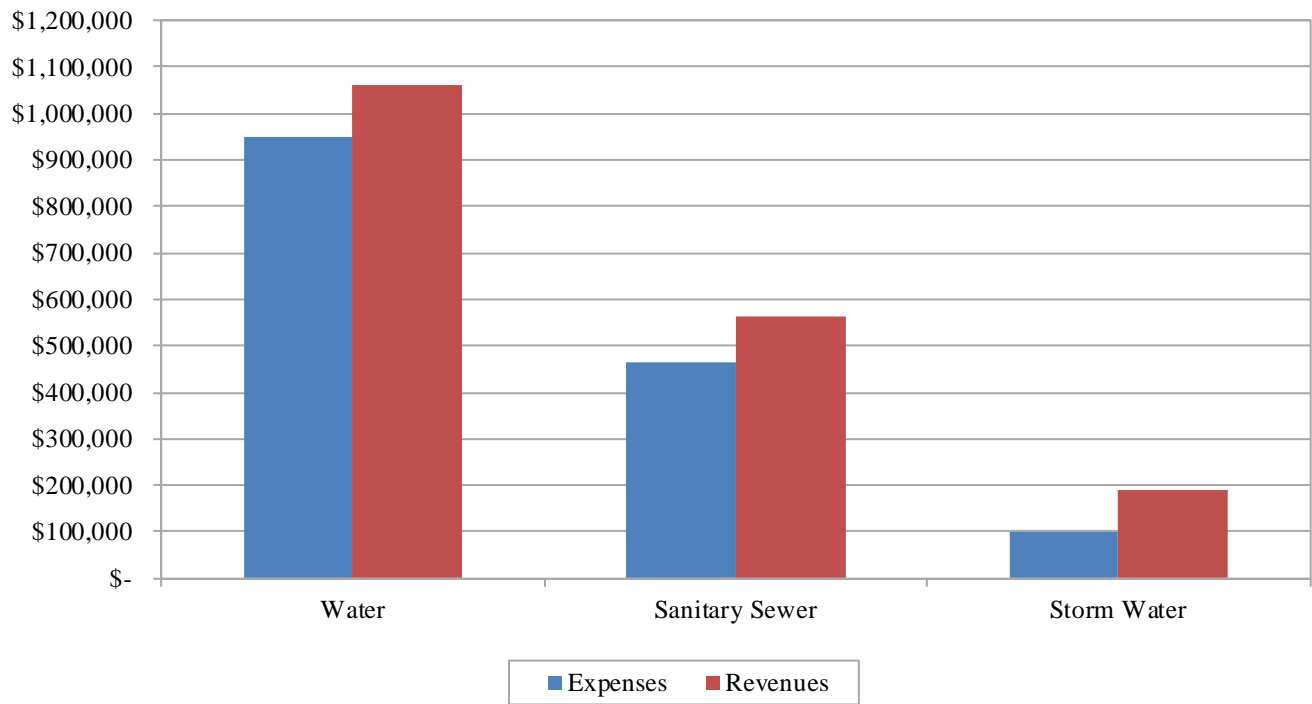


Business-type activities. Business-type activities increased the City’s net position by \$486,600, accounting for 13.8 percent of the growth in the City’s net position. Key elements of this increase are as follows:

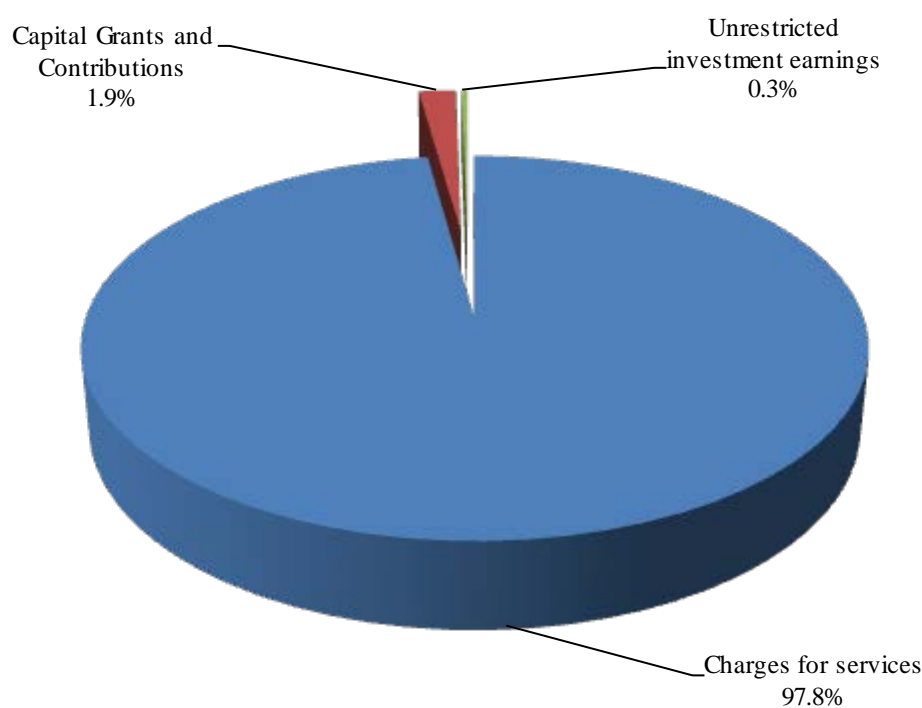
- Expenses for the business-type activities were \$1,514,135. The net revenue of the business-type activities was \$299,319. This essentially points out that utility charges are sufficient to cover expenses incurred during the operations of the utilities.
- The governmental activities transferred \$179,010 to the business-type activities during the year.

The following graph depicts various business-type activities and shows the revenue and expenses directly related to those activities.

Expenses and Program - Revenue Business-type Activities Graph



Revenue by Source - Business-type Activities



Financial Analysis of the Government's Funds

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

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

Major Funds	Fund Balance December 31,		Increase (Decrease)
	2013	2012	
General	\$ 2,651,879	\$ 2,646,876	\$ 5,003
The fund balance of the General fund increased by \$5,003. This primarily resulted from a significant increase in licenses and permits and a transfers out from the General fund to nonmajor governmental funds for future capital projects.			
Debt Service	\$ 2,189,583	\$ 1,503,318	\$ 686,265
The Debt Service fund balance increased \$686,265 as a result of the issuance of the G.O. Crossover Refunding Bonds, Series, 2013A.			
Park Dedication	\$ 1,694,447	\$ 731,836	\$ 962,611
The Park Dedication fund balance increased by \$962,611. The increase was a result of significant collections of park dedication fees related to increased development.			
Water Capital Improvement	\$ 1,415,853	\$ 383,885	\$ 1,031,968
The Water Capital Improvement fund balance increased by \$1,031,968. The increase was a result of significant collections of water connection fees related to increased development.			
Sewer Capital Improvements	\$ 2,332,037	\$ 1,980,926	\$ 351,111
The Sewer Capital Improvement fund balance increased by \$351,111. The increase was a result of significant collections of sewer connection fees related to increased development.			
Public Works/Police Facility	\$ 210,541	\$ 3,312,416	\$ (3,101,875)
The Public Works/Police Facility project incurred significant construction costs in 2013 and is still in progress at 12/31/2013, but nearing completion. A majority of the fund balance (\$200,320) is restricted for remaining capital improvements.			

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$3,178,117. The total increase in net position for the funds was \$486,600. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The City's General fund budget was not amended during the year and the budget called for no change in fund balance. Revenues exceeded budget by \$1,112,157, primarily due to taxes, licenses and permits and charges for services exceeding budget by \$123,018, \$525,201, and \$381,904, respectively. Expenditures were over budget by \$210,206 during the year with the largest variance in the public safety - building inspection program/function (\$142,463) as a result of increased development activity.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business type activities as of December 31, 2013, amounts to \$34,580,563 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads.

Major capital asset events during the current fiscal year included the following:

- Public works and police departments building renovation project in progress.
- Loretto Ponds Project construction in progress.
- Completion of Willow Drive overlay project.
- Acquisition of two new squad cars.

Additional information on the City's capital assets can be found in Note 3B starting on page 62 of this report.

City of Medina's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 774,778	\$ 465,778	\$ 309,000	\$ 56,393	\$ 56,393	\$ -
Buildings	1,313,219	1,368,288	(55,069)	5,969,086	6,166,671	(197,585)
Improvements	641,165	395,419	245,746	59,592	63,176	(3,584)
Machinery and equipment	568,794	572,644	(3,850)	1,181,254	1,241,998	(60,744)
Infrastructure	12,671,534	13,168,286	(496,752)	3,538,700	3,649,621	(110,921)
Construction in progress	7,621,453	4,634,867	2,986,586	184,595	57,620	126,975
Total	<u>\$ 23,590,943</u>	<u>\$ 20,605,282</u>	<u>\$ 2,985,661</u>	<u>\$ 10,989,620</u>	<u>\$ 11,235,479</u>	<u>\$ (245,859)</u>

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$20,540,000. Of this amount, \$11,618,144 is G.O. Improvement Bond debt, \$650,000 is G.O. Tax Increment debt, \$241,856 is debt related to equipment certificates, and \$8,030,000 is G.O. Revenue debt. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

City of Medina's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
General obligation						
improvement bonds	\$11,618,144	\$10,702,026	\$ 916,118	\$ -	\$ -	\$ -
G.O. tax increment bonds	650,000	1,375,000	(725,000)	-	-	-
General obligation revenue bonds	-	-	-	8,030,000	7,080,000	950,000
Unamortized premium on bonds	133,665	93,584	40,081	113,148	62,821	50,327
G.O. equipment certificates	241,856	382,974	(141,118)	-	-	-
Other postemployment benefits payable	160,038	127,315	32,723	24,934	19,267	5,667
Compensated absences	253,900	234,275	19,625	43,969	36,925	7,044
Total	<u>\$13,057,603</u>	<u>\$12,915,174</u>	<u>\$ 142,429</u>	<u>\$ 8,212,051</u>	<u>\$ 7,199,013</u>	<u>\$ 1,013,038</u>

The City's total debt increased by \$1,155,467 (6 percent) during the current fiscal year. This is due to the issuance of \$2,690,000 of G.O. Crossover Refunding Bonds, Series 2013A, the refunding bond payment of \$655,000 on the 2005C Tax Increment Bonds and regularly scheduled principal payments.

The City maintains an "Aa2" rating from Moody's for all of its outstanding bonded debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3.0 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is approximately \$37 million. The City currently has \$241,856 outstanding general obligation debt payable solely from ad valorem taxes.

Additional information on the City's long-term debt can be found in Note 3D starting on page 65 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Hennepin County is currently 4.4 percent (March 2014), which is a decrease from a rate of 4.8 percent in March of 2013. This compares favorably to the State's seasonally adjusted unemployment rate of 4.8 percent and the national seasonally adjusted average rate of 6.7 percent.
- Property valuations increased 3.0 percent within the City from 2013 to 2014.

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

The City's property tax levy will increase in 2014 by 5.5 percent. The City's share of property taxes is low when compared to similar sized cities throughout the State with a tax rate of 25.5 percent. The tax increase will provide an additional \$97,490 for the City's debt service obligations. The operations portion of the tax levy was increased by \$81,784 and the overall operating budget was increased by \$186,750 from 2013 to 2014.

A water rate increase of 3 percent was approved for the three individual water systems for 2014. Sanitary sewer and storm water utility rates also increased 3 percent.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Medina, 2052 County Road 24, Medina, MN 55340-9790.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF MEDINA, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 13,033,891	\$ 3,143,006	\$ 16,176,897
Cash with fiscal agent	1,195,378	3,745,792	4,941,170
Receivables			
Accounts	36,229	185,888	222,117
Delinquent taxes	19,766	-	19,766
Special assessments	793,721	21,268	814,989
Due from other governments	211,029	1,930	212,959
Prepaid items	72,416	8,213	80,629
Capital assets			
Nondepreciable	8,396,231	240,988	8,637,219
Depreciable, net of accumulated depreciation	15,194,712	10,748,632	25,943,344
TOTAL ASSETS	38,953,373	18,095,717	57,049,090
LIABILITIES			
Accounts payable	715,296	24,542	739,838
Retainage payable	140,988	-	140,988
Due to other governments	50,125	5,550	55,675
Salaries payable	81,850	11,804	93,654
Accrued interest payable	137,153	102,181	239,334
Deposits payable	380,750	-	380,750
Unearned revenue	24,480	-	24,480
Noncurrent liabilities			
Due within one year	655,131	2,667,808	3,322,939
Due in more than one year	12,402,472	5,544,243	17,946,715
TOTAL LIABILITIES	14,588,245	8,356,128	22,944,373
NET POSITION			
Net investment in capital assets	12,451,263	6,561,472	19,012,735
Restricted for			
Debt service	1,289,848	-	1,289,848
Capital improvements	14,348	-	14,348
Park improvements	1,460,651	-	1,460,651
Police expenditures	96,543	-	96,543
Equipment replacement	99,821	-	99,821
Road improvements	254,025	-	254,025
Unrestricted	8,698,629	3,178,117	11,876,746
TOTAL NET POSITION	\$ 24,365,128	\$ 9,739,589	\$ 34,104,717

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 1,071,588	\$ 327,120	\$ 20,793	\$ 13,921
Public safety	2,262,753	1,165,964	178,081	-
Streets and highways	1,122,461	5,959	-	1,909,369
Sanitation and recycling	11,331	-	13,550	-
Culture and recreation	284,220	34,405	6,221	1,175,835
Economic development	226,175	-	-	-
Miscellaneous	42,067	10,821	-	-
Interest on long-term debt	329,304	-	-	-
Total governmental activities	5,349,899	1,544,269	218,645	3,099,125
Business-type activities				
Water	948,222	1,027,413	-	34,629
Sanitary sewer	464,397	561,403	-	-
Storm water	101,516	190,009	-	-
Total business-type activities	1,514,135	1,778,825	-	34,629
Total	\$ 6,864,034	\$ 3,323,094	\$ 218,645	\$ 3,133,754

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Unrestricted investment earnings

Gain on sale of capital assets

Transfers - capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

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

Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (709,754)	\$ -	\$ (709,754)
(918,708)	-	(918,708)
792,867	-	792,867
2,219	-	2,219
932,241	-	932,241
(226,175)	-	(226,175)
(31,246)	-	(31,246)
(329,304)	-	(329,304)
<u>(487,860)</u>	<u>-</u>	<u>(487,860)</u>
-	113,820	113,820
-	97,006	97,006
-	88,493	88,493
<u>-</u>	<u>299,319</u>	<u>299,319</u>
<u>(487,860)</u>	<u>299,319</u>	<u>(188,541)</u>
2,786,680	-	2,786,680
527,424	-	527,424
379,428	-	379,428
13,410	5,243	18,653
10,485	-	10,485
(3,028)	3,028	-
(179,010)	179,010	-
<u>3,535,389</u>	<u>187,281</u>	<u>3,722,670</u>
3,047,529	486,600	3,534,129
<u>21,317,599</u>	<u>9,252,989</u>	<u>30,570,588</u>
<u>\$ 24,365,128</u>	<u>\$ 9,739,589</u>	<u>\$ 34,104,717</u>

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FUND FINANCIAL STATEMENTS

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF MEDINA, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	101		225	402
	General	Debt Service	Park Dedication	Water Capital Improvements
ASSETS				
Cash and temporary investments	\$ 3,192,284	\$ 983,772	\$ 1,679,114	\$ 1,405,783
Cash with fiscal agent	-	1,195,378	-	-
Receivables				
Accounts	7,661	-	15,333	10,100
Delinquent taxes	16,203	3,563	-	-
Special assessments	46,085	403,855	-	38,872
Due from other governments	60,261	10,433	-	-
Due from other funds	180,000	-	-	-
Prepaid items	72,328	-	-	-
TOTAL ASSETS	<u>\$ 3,574,822</u>	<u>\$ 2,597,001</u>	<u>\$ 1,694,447</u>	<u>\$ 1,454,755</u>
LIABILITIES				
Accounts payable	\$ 337,876	\$ -	\$ -	\$ 30
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	35,699	-	-	-
Salaries payable	81,850	-	-	-
Deposits payable	380,750	-	-	-
Unearned revenue	24,480	-	-	-
TOTAL LIABILITIES	<u>860,655</u>	<u>-</u>	<u>-</u>	<u>30</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	16,203	3,563	-	-
Unavailable revenue - assessments	46,085	403,855	-	38,872
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>62,288</u>	<u>407,418</u>	<u>-</u>	<u>38,872</u>
FUND BALANCES				
Nonspendable	72,328	-	-	-
Restricted	-	2,189,583	1,460,651	-
Committed	-	-	233,796	-
Assigned	-	-	-	1,415,853
Unassigned	2,579,551	-	-	-
TOTAL FUND BALANCES	<u>2,651,879</u>	<u>2,189,583</u>	<u>1,694,447</u>	<u>1,415,853</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,574,822</u>	<u>\$ 2,597,001</u>	<u>\$ 1,694,447</u>	<u>\$ 1,454,755</u>

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

403 Sewer Capital Improvements	408 Public Works/ Police Facility	Other Governmental Funds	Total Governmental Funds
\$ 2,204,303	\$ 693,365	\$ 2,875,270	\$ 13,033,891
-	-	-	1,195,378
1,433	-	1,702	36,229
-	-	-	19,766
50,884	-	254,025	793,721
-	-	140,335	211,029
126,301	-	-	306,301
-	-	88	72,416
<u>\$ 2,382,921</u>	<u>\$ 693,365</u>	<u>\$ 3,271,420</u>	<u>\$ 15,668,731</u>
\$ -	\$ 353,076	\$ 24,314	\$ 715,296
-	129,748	11,240	140,988
-	-	306,301	306,301
-	-	14,426	50,125
-	-	-	81,850
-	-	-	380,750
-	-	-	24,480
-	482,824	356,281	1,699,790
-	-	-	19,766
50,884	-	254,025	793,721
50,884	-	254,025	813,487
-	-	88	72,416
-	200,320	210,712	4,061,266
-	-	506,277	740,073
2,332,037	10,221	1,957,298	5,715,409
-	-	(13,261)	2,566,290
<u>2,332,037</u>	<u>210,541</u>	<u>2,661,114</u>	<u>13,155,454</u>
<u>\$ 2,382,921</u>	<u>\$ 693,365</u>	<u>\$ 3,271,420</u>	<u>\$ 15,668,731</u>

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

Total fund balances - governmental funds	\$ 13,155,454
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 governmental funds.	
Cost of capital assets	28,277,014
Less accumulated depreciation	(4,686,071)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Bonds payable	(12,510,000)
Plus premium on bonds	(133,665)
Compensated absences payable	(253,900)
Other postemployment benefits payable	(160,038)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Delinquent taxes	19,766
Special assessments	793,721
Governmental funds do not report a liability for accrued interest until due and payable.	<u>(137,153)</u>
Total net position - governmental activities	<u><u>\$ 24,365,128</u></u>

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

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

	101		225	402
	General	Debt Service	Park Dedication	Water Capital Improvements
REVENUES				
Taxes	\$ 2,854,136	\$ 527,424	\$ -	\$ -
Licenses and permits	714,601	-	-	-
Intergovernmental	286,501	12,087	-	-
Charges for services	555,784	-	1,006,385	1,367,004
Fines and forfeitures	121,187	-	-	-
Special assessments	13,921	195,338	-	-
Interest on investments	3,126	544	1,196	932
Miscellaneous	144,826	1,000	-	-
TOTAL REVENUES	4,694,082	736,393	1,007,581	1,367,936
EXPENDITURES				
Current				
General government	1,051,627	-	-	-
Public safety	2,159,303	-	-	-
Streets and highways	557,125	-	-	-
Sanitation and recycling	11,331	-	-	-
Culture and recreation	124,856	-	5,124	-
Economic development	-	-	-	-
Miscellaneous	38,551	-	-	-
Capital outlay				
General government	-	-	-	-
Public safety	2,403	-	-	-
Streets and highways	19,154	-	-	3,028
Culture and recreation	4,281	-	39,846	-
Economic development	-	-	-	-
Debt service				
Principal	-	465,000	-	-
Interest and other	-	277,136	-	-
Bond issuance costs	-	23,278	-	-
TOTAL EXPENDITURES	3,968,631	765,414	44,970	3,028
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	725,451	(29,021)	962,611	1,364,908
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	194,500	151,255	-	-
Bonds issued	-	1,170,000	-	-
Payment of refunded bonds	-	(655,000)	-	-
Premium on bonds issued	-	49,031	-	-
Transfers out	(914,948)	-	-	(332,940)
TOTAL OTHER FINANCING SOURCES (USES)	(720,448)	715,286	-	(332,940)
NET CHANGE IN FUND BALANCES	5,003	686,265	962,611	1,031,968
FUND BALANCES, JANUARY 1	2,646,876	1,503,318	731,836	383,885
FUND BALANCES, DECEMBER 31	\$ 2,651,879	\$ 2,189,583	\$ 1,694,447	\$ 1,415,853

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

403 Sewer Capital Improvements	408 Public Works/ Police Facility	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 379,428	\$ 3,760,988
-	-	-	714,601
-	-	169,450	468,038
343,523	-	9,540	3,282,236
-	-	23,278	144,465
5,291	-	81,270	295,820
2,297	2,743	2,572	13,410
-	-	8,050	153,876
<u>351,111</u>	<u>2,743</u>	<u>673,588</u>	<u>8,833,434</u>
-	-	-	1,051,627
-	-	5,753	2,165,056
-	-	384	557,509
-	-	-	11,331
-	-	45,163	175,143
-	-	212,154	212,154
-	-	3,516	42,067
-	-	32,955	32,955
-	931,385	124,272	1,058,060
-	2,173,233	230,224	2,425,639
-	-	185,608	229,735
-	-	1,659	1,659
-	-	-	465,000
-	-	-	277,136
-	-	-	23,278
<u>-</u>	<u>3,104,618</u>	<u>841,688</u>	<u>8,728,349</u>
<u>351,111</u>	<u>(3,101,875)</u>	<u>(168,100)</u>	<u>105,085</u>
-	-	16,485	16,485
-	-	814,948	1,160,703
-	-	-	1,170,000
-	-	-	(655,000)
-	-	-	49,031
-	-	(91,825)	(1,339,713)
<u>-</u>	<u>-</u>	<u>739,608</u>	<u>401,506</u>
351,111	(3,101,875)	571,508	506,591
<u>1,980,926</u>	<u>3,312,416</u>	<u>2,089,606</u>	<u>12,648,863</u>
<u>\$ 2,332,037</u>	<u>\$ 210,541</u>	<u>\$ 2,661,114</u>	<u>\$ 13,155,454</u>

CITY OF MEDINA, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

Total net change in fund balances - governmental funds	\$ 506,591
Amounts reported for governmental activities in the statement of activities are different because	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.	
Capital outlay	3,709,946
Depreciation expense	(715,257)
Governmental funds report a gain (loss) on sale of capital assets to the extent of cash exchanged, whereas the disposition of the assets book value is included in the total gain (loss) in the statement of activities.	
Disposals	(57,110)
Depreciation on disposals	51,110
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.	
Bonds issued	(1,170,000)
Premium on bonds issued	(49,031)
Principal repayments	1,120,000
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(28,890)
Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.	
Property taxes	(67,456)
Special assessments	(196,997)
Capital assets constructed in capital projects funds but intended for enterprise fund use are transferred in the government-wide financial statements.	(3,028)
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.	
Other postemployment benefits costs	(32,724)
Compensated absences	(19,625)
Change in net position - governmental activities	<u>\$ 3,047,529</u>

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

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

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 2,731,118	\$ 2,731,118	\$ 2,854,136	\$ 123,018
Licenses and permits	189,400	189,400	714,601	525,201
Intergovernmental	182,202	182,202	286,501	104,299
Charges for services	173,880	173,880	555,784	381,904
Fines and forfeitures	158,000	158,000	121,187	(36,813)
Special assessments	1,000	1,000	13,921	12,921
Interest on investments	20,000	20,000	3,126	(16,874)
Miscellaneous	126,325	126,325	144,826	18,501
TOTAL REVENUES	3,581,925	3,581,925	4,694,082	1,112,157
EXPENDITURES				
Current				
General government	959,673	959,673	1,051,627	(91,954)
Public safety				
Police	1,477,660	1,477,660	1,465,595	12,065
Building inspection	215,900	215,900	358,363	(142,463)
Fire	312,700	312,700	335,345	(22,645)
Streets and highways	563,550	563,550	557,125	6,425
Sanitation and recycling	17,479	17,479	11,331	6,148
Culture and recreation	148,288	148,288	124,856	23,432
Miscellaneous	19,500	19,500	38,551	(19,051)
Capital outlay	43,675	43,675	25,838	17,837
TOTAL EXPENDITURES	3,758,425	3,758,425	3,968,631	(210,206)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(176,500)	(176,500)	725,451	901,951
OTHER FINANCING SOURCES (USES)				
Transfers in	194,500	194,500	194,500	-
Transfers out	(18,000)	(18,000)	(914,948)	(896,948)
TOTAL OTHER FINANCING SOURCES (USES)	176,500	176,500	(720,448)	(896,948)
NET CHANGE IN FUND BALANCES	-	-	5,003	5,003
FUND BALANCES, JANUARY 1	2,646,876	2,646,876	2,646,876	-
FUND BALANCES, DECEMBER 31	\$ 2,646,876	\$ 2,646,876	\$ 2,651,879	\$ 5,003

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

CITY OF MEDINA, MINNESOTA
STATEMENTS OF NET POSITION - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise funds			
	601		602	
	Water		Sanitary Sewer	
	2013	2012	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 1,162,348	\$ 955,465	\$ 1,663,780	\$ 1,697,694
Cash with fiscal agent	3,745,792	2,221,514	-	-
Accounts receivable	130,056	199,839	54,984	50,696
Special assessments receivable	7,974	9,335	7,739	9,108
Due from other governments	1,248	332	523	630
Prepaid items	3,513	3,638	3,319	22,328
TOTAL CURRENT ASSETS	5,050,931	3,390,123	1,730,345	1,780,456
NONCURRENT ASSETS				
Capital assets				
Land	7,393	7,393	49,000	49,000
Infrastructure	4,101,708	4,101,708	1,864,139	1,864,139
Buildings	8,414,236	8,414,236	192,000	192,000
Improvements	-	-	-	-
Machinery and equipment	1,130,785	1,130,785	2,814,367	2,814,367
Construction in progress	56,448	53,420	128,147	4,200
Less: accumulated depreciation	(5,164,756)	(4,875,738)	(2,709,752)	(2,633,019)
TOTAL NONCURRENT ASSETS	8,545,814	8,831,804	2,337,901	2,290,687
TOTAL ASSETS	13,596,745	12,221,927	4,068,246	4,071,143

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

Business-type Activities - Enterprise funds			
Nonmajor			
603			
Storm Water		Totals	
2013	2012	2013	2012
\$ 316,878	\$ 159,302	\$ 3,143,006	\$ 2,812,461
-	-	3,745,792	2,221,514
848	(123)	185,888	250,412
5,555	12,457	21,268	30,900
159	24	1,930	986
1,381	1,347	8,213	27,313
324,821	173,007	7,106,097	5,343,586
-	-	56,393	56,393
47,811	47,811	6,013,658	6,013,658
-	-	8,606,236	8,606,236
71,685	71,685	71,685	71,685
11,087	11,087	3,956,239	3,956,239
-	-	184,595	57,620
(24,678)	(17,595)	(7,899,186)	(7,526,352)
105,905	112,988	10,989,620	11,235,479
430,726	285,995	18,095,717	16,579,065

CITY OF MEDINA, MINNESOTA
STATEMENTS OF NET POSITION - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise funds			
	601		602	
	Water		Sanitary Sewer	
	2013	2012	2013	2012
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 17,996	\$ 22,529	\$ 1,983	\$ 3,867
Accrued interest payable	102,181	81,685	-	-
Salaries payable	5,125	5,194	4,689	4,268
Due to other governments	4,784	4,178	766	1,069
Compensated absences payable - current	6,231	5,673	4,502	4,097
Bonds payable - current	2,655,000	570,000	-	-
TOTAL CURRENT LIABILITIES	2,791,317	689,259	11,940	13,301
NONCURRENT LIABILITIES				
Other postemployment benefits payable	12,728	10,024	9,143	7,132
Compensated absences payable	14,750	12,070	11,103	9,106
Bonds payable	5,488,148	6,572,821	-	-
TOTAL NONCURRENT LIABILITIES	5,515,626	6,594,915	20,246	16,238
TOTAL LIABILITIES	8,306,943	7,284,174	32,186	29,539
NET POSITION				
Net investment in capital assets	4,117,666	3,883,983	2,337,901	2,290,687
Unrestricted	1,172,136	1,053,770	1,698,159	1,750,917
TOTAL NET POSITION	\$ 5,289,802	\$ 4,937,753	\$ 4,036,060	\$ 4,041,604

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

Business-type Activities - Enterprise funds			
Nonmajor			
603			
Storm Water		Totals	
2013	2012	2013	2012
\$ 4,563	\$ 1,473	\$ 24,542	\$ 27,869
-	-	102,181	81,685
1,990	1,800	11,804	11,262
-	1,000	5,550	6,247
2,075	1,788	12,808	11,558
-	-	2,655,000	570,000
8,628	6,061	2,811,885	708,621
3,063	2,111	24,934	19,267
5,308	4,191	31,161	25,367
-	-	5,488,148	6,572,821
8,371	6,302	5,544,243	6,617,455
16,999	12,363	8,356,128	7,326,076
105,905	112,988	6,561,472	6,287,658
307,822	160,644	3,178,117	2,965,331
<u>\$ 413,727</u>	<u>\$ 273,632</u>	<u>\$ 9,739,589</u>	<u>\$ 9,252,989</u>

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

	Business-type Activities - Enterprise funds			
	601		602	
	Water		Sanitary Sewer	
	2013	2012	2013	2012
OPERATING REVENUES				
Charges for services	\$ 1,025,474	\$ 949,056	\$ 561,403	\$ 566,702
OPERATING EXPENSES				
Wages and salaries	142,605	135,968	116,526	108,923
Materials and supplies	118,325	85,121	3,369	6,656
Professional services	29,634	37,728	22,303	18,056
Repairs and maintenance	35,053	35,450	18,620	18,140
Insurance	5,778	7,501	889	5,426
Utilities	85,069	70,089	9,218	7,002
Depreciation	289,018	304,745	76,733	83,044
Sewer treatment charges	-	-	216,739	231,033
TOTAL OPERATING EXPENSES	705,482	676,602	464,397	478,280
OPERATING INCOME	319,992	272,454	97,006	88,422
NONOPERATING REVENUES (EXPENSES)				
Interest on investments	3,154	14,705	1,787	13,429
Miscellaneous	1,939	9,357	-	8,070
Bond issuance costs	(37,071)	(37,114)	-	-
Interest and service charges	(205,669)	(221,063)	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(237,647)	(234,115)	1,787	21,499
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	82,345	38,339	98,793	109,921
CAPITAL CONTRIBUTIONS FROM OTHER FUNDS	3,028	63,144	-	4,200
CAPITAL CONTRIBUTIONS	34,629	313,803	-	-
TRANSFERS IN	332,940	-	-	-
TRANSFERS OUT	(100,893)	(137,300)	(104,337)	(91,650)
CHANGE IN NET POSITION	352,049	277,986	(5,544)	22,471
NET POSITION, JANUARY 1	4,937,753	4,659,767	4,041,604	4,019,133
NET POSITION, DECEMBER 31	\$ 5,289,802	\$ 4,937,753	\$ 4,036,060	\$ 4,041,604

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

Business-type Activities - Enterprise funds			
Nonmajor			
603			
Storm Water		Totals	
2013	2012	2013	2012
\$ 190,009	\$ 179,322	\$ 1,776,886	\$ 1,695,080
54,747	40,439	313,878	285,330
1,115	1,353	122,809	93,130
38,239	40,805	90,176	96,589
332	521	54,005	54,111
-	973	6,667	13,900
-	-	94,287	77,091
7,083	7,084	372,834	394,873
-	-	216,739	231,033
101,516	91,175	1,271,395	1,246,057
88,493	88,147	505,491	449,023
302	1,212	5,243	29,346
-	6,815	1,939	24,242
-	-	(37,071)	(37,114)
-	-	(205,669)	(221,063)
302	8,027	(235,558)	(204,589)
88,795	96,174	269,933	244,434
-	550	3,028	67,894
-	-	34,629	313,803
100,000	-	432,940	-
(48,700)	(50,150)	(253,930)	(279,100)
140,095	46,574	486,600	347,031
273,632	227,058	9,252,989	8,905,958
\$ 413,727	\$ 273,632	\$ 9,739,589	\$ 9,252,989

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

	Business-type Activities - Enterprise funds			
	601 Water		602 Sanitary Sewer	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 1,097,641	\$ 804,730	\$ 558,591	\$ 570,667
Payments to suppliers	(277,661)	(232,336)	(254,316)	(304,247)
Payments to employees	(136,732)	(129,263)	(111,692)	(103,849)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	683,248	443,131	192,583	162,571
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	332,940	-	-	-
Transfers to other funds	(100,893)	(137,300)	(104,337)	(91,650)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	232,047	(137,300)	(104,337)	(91,650)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Acquisition of capital assets	-	(5,344)	(123,947)	-
Connection fees received	34,629	313,803	-	-
Re-characterization of revenue bonds	-	(1,400,000)	-	-
Proceeds from refunding bonds issued	1,520,000	2,195,000	-	-
Premium on refunding bonds issued	63,540	64,299	-	-
Payment to escrow for bond refunding	(1,545,979)	(2,221,514)	-	-
Bond issuance costs paid	(37,071)	(37,114)	-	-
Principal paid on bonds	(570,000)	(550,000)	-	-
Interest paid on bonds	(194,738)	(222,541)	-	-
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	(729,619)	(1,863,411)	(123,947)	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	21,207	(10,409)	1,787	13,429
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	206,883	(1,567,989)	(33,914)	84,350
CASH AND CASH EQUIVALENTS, JANUARY 1	955,465	2,523,454	1,697,694	1,613,344
CASH AND CASH EQUIVALENTS, DECEMBER 31	\$ 1,162,348	\$ 955,465	\$ 1,663,780	\$ 1,697,694

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

Business-type Activities - Enterprise funds			
Nonmajor			
603			
Storm Water		Totals	
2013	2012	2013	2012
\$ 195,805	\$ 192,067	\$ 1,852,037	\$ 1,567,464
(37,630)	(23,060)	(569,607)	(559,643)
(52,201)	(38,238)	(300,625)	(271,350)
105,974	130,769	981,805	736,471
100,000	-	432,940	-
(48,700)	(50,150)	(253,930)	(279,100)
51,300	(50,150)	179,010	(279,100)
-	(30,417)	(123,947)	(35,761)
-	-	34,629	313,803
-	-	-	(1,400,000)
-	-	1,520,000	2,195,000
-	-	63,540	64,299
-	-	(1,545,979)	(2,221,514)
-	-	(37,071)	(37,114)
-	-	(570,000)	(550,000)
-	-	(194,738)	(222,541)
-	(30,417)	(853,566)	(1,893,828)
302	1,212	23,296	4,232
157,576	51,414	330,545	(1,432,225)
159,302	107,888	2,812,461	4,244,686
<u>\$ 316,878</u>	<u>\$ 159,302</u>	<u>\$ 3,143,006</u>	<u>\$ 2,812,461</u>

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

	Business-type Activities - Enterprise funds			
	601 Water		602 Sanitary Sewer	
	2013	2012	2013	2012
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income	\$ 319,992	\$ 272,454	\$ 97,006	\$ 88,422
Adjustments to reconcile operating income to net cash provided (used) by operating activities				
Other items related to operations	1,939	9,357	-	8,070
Depreciation	289,018	304,745	76,733	83,044
(Increase) decrease in assets				
Accounts receivable	69,783	(153,475)	(4,288)	(3,551)
Due from other governments	(916)	76	107	(556)
Special assessments receivable	1,361	(284)	1,369	2
Prepaid items	125	(2,039)	19,009	(2,431)
Increase (decrease) in liabilities				
Accounts payable	(4,533)	5,784	(1,884)	(15,407)
Due to other governments	606	(192)	(303)	(96)
Salaries payable	(69)	982	421	818
Compensated absences payable	3,238	3,221	2,402	2,394
Other postemployment benefits payable	2,704	2,502	2,011	1,862
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 683,248</u>	<u>\$ 443,131</u>	<u>\$ 192,583</u>	<u>\$ 162,571</u>
SCHEDULE OF NONCASH CAPITAL FINANCING ACTIVITIES				
Contribution of assets from other funds	<u>\$ 3,028</u>	<u>\$ 63,144</u>	<u>\$ -</u>	<u>\$ 4,200</u>
Amortization of bond premium	<u>\$ 13,214</u>	<u>\$ 1,478</u>	<u>\$ -</u>	<u>\$ -</u>

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

Business-type Activities - Enterprise funds			
Nonmajor			
603			
Storm Water		Totals	
2013	2012	2013	2012
\$ 88,493	\$ 88,147	\$ 505,491	\$ 449,023
-	6,815	1,939	24,242
7,083	7,084	372,834	394,873
(971)	928	64,524	(156,098)
(135)	92	(944)	(388)
6,902	4,910	9,632	4,628
(34)	23,917	19,100	19,447
3,090	(4,325)	(3,327)	(13,948)
(1,000)	1,000	(697)	712
190	265	542	2,065
1,404	1,093	7,044	6,708
952	843	5,667	5,207
<u>\$ 105,974</u>	<u>\$ 130,769</u>	<u>\$ 981,805</u>	<u>\$ 736,471</u>
<u>\$ -</u>	<u>\$ 550</u>	<u>\$ 3,028</u>	<u>\$ 67,894</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,214</u>	<u>\$ 1,478</u>

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

	<u>Agency</u>
	810
	<u>Escrow</u>
ASSETS	
Cash and temporary investments	\$ 387,153
Accounts receivable	<u>22,388</u>
TOTAL ASSETS	<u><u>\$ 409,541</u></u>
LIABILITIES	
Accounts payable	<u><u>\$ 409,541</u></u>

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Medina, Minnesota (the City) operates under the “Optional Plan A” form of government as defined in the State of Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council Members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City.

The City has considered all potential units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization’s governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the City. Blended component units, although legally separate entities are, in substance, part of the City’s operations and so data from these units are combined with data of the City. The City has the following component unit:

Blended Component Unit. The Medina Economic Development Authority (MEDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of five members, all of which are City Council members, and has a December 31 year end. The EDA activities are blended and reported in a Capital Project fund due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements are not issued for this component unit.

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

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

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major governmental funds:

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

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

The *Park Dedication fund* accounts for the collection of park dedication fees that shall be used to purchase park land and/or funding of park facilities, in accordance with Minnesota Statutes.

The *Water Capital Improvement fund* accounts for the costs associated with replacement of the City's utility and road systems.

The *Sewer Capital Improvements fund* accounts for the costs associated with replacement of the City's utility and road systems.

The *Public Works/Police Facility fund* accounts for the costs associated with the public works/police facility project.

The City reports the following major proprietary funds:

The *Water fund* accounts for the activities of the City's water distribution system, which are financed by the water utility fee, and insure that user charges are sufficient to pay for those costs.

The *Sanitary Sewer fund* accounts for the activities of the City's wastewater collection operations which are financed by the sanitary sewer utility fee, and insure that user charges are sufficient to pay for those costs.

Additionally, the City reports the following fund types:

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

The *agency fund* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the City holds for others in an agency capacity.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements.

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Deposits and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

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

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

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

Investments of the City are reported at fair value. The Minnesota Municipal Money Market Fund (4M) operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. Financial statements of the 4M Fund can be obtained by contacting RBC Global Asset Management at 100 South Fifth Street Suite 2300, Minneapolis, MN 55402-1240.

Property taxes

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2013. The City annually certifies delinquent water, sewer and storm water accounts to the County for collection in the following year.

Special assessments

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

Interfund receivables and payables

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

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.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition on infrastructure assets are capitalized and reported in the government-wide financial statements.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all assets accounted for prospectively from the phase 3 GASB 34 implementation date. As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

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. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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

Assets	Useful Lives in Years
Buildings	20 to 40
Land improvements	20
Building improvements	20
Furniture and equipment	5 to 10
Light vehicles	3 to 5
Machinery and equipment	5 to 10
Heavy trucks	7 to 10
Infrastructure	25 to 40

Compensated absences

The City compensates employees who resign or retire in good standing for all unused vacation. Sick leave may be accumulated and banked to a maximum of 960 hours for full-time and regular part-time employees. For sick leave accumulated in excess of 960 hours, the employee may bank the hours in an account established by the City for retirement health insurance premiums. An employee who leaves employment voluntarily, with four or more years of service with the City and gives a 14 calendar day notice of termination of employment will be paid at the base rate of pay, one-third of accumulated sick leave hours. Any sick leave banked in excess of 960 hours will be forfeited. Two options are available in regards to accrued sick leave for an employee who voluntarily leaves after 20 or more years of service with the City. After giving at least a 14 day notice of termination of employment an employee may receive payment for one-half of all accrued sick leave at the employee's base rate of pay at the time of termination including sick leave banked in excess of 960 hours. A second option allows the employee to give the City at least 14 days' notice of termination of employment; which then allows the employee to place any accrued sick leave into the retirement health insurance account including sick leave banked in excess of 960 hours converted to a monetary value by using the employee's base rate of pay for that year.

Compensation time is also paid out upon termination. All hourly employees can earn compensation time for every hour of overtime they work. Each hour of overtime is accrued into 1.5 hours of compensation time. Also, a police employee who works any of the 11 holidays can accrue at a rate of 1.5 compensation hours per hour worked and be paid out for accruals over 80 hours.

Vacation, sick, and compensation time pay are considered expenditures in the year paid in the governmental fund statements. This differs from the proprietary and government-wide statements where vacation, sick, and compensation pay are expensed when earned.

The General fund is typically used to liquidate governmental compensated absences.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Postemployment benefits other than pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB Statement 45, at December 31, 2012.

Deferred inflows of resources

In addition to liabilities, the governmental funds balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

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

Net position

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Fund balance

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

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

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

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain an unrestricted fund balance in the General fund of the greater of (1) 50 percent of the next year's General fund property tax levy, or (2) a minimum of five months of the next year's budgeted expenditures of the General fund.

Comparative data/reclassifications

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

In July of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15th, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

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

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of expenditures over appropriations

For the year ended December 31, 2013, expenditures exceeded appropriations in the General fund by \$210,206, which was funded by actual revenues in excess of budget.

C. Deficit fund equity

The nonmajor governmental Cable Franchise fund had a deficit of \$13,261 at December 31, 2013. This deficit will be eliminated with future collections of franchise fees.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

As of December 31, 2013 the City's carrying amount of deposits was \$1,264,952 and the bank balance was \$1,190,618. Of the bank balance \$453,009 was covered by federal depository insurance. The remaining amount was covered by collateral held by the City's agent in the City's name.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

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

Investment Type	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Pooled investments			
Broker money market	N/A	less than 6 months	\$ 2,253,033
Minnesota Municipal Money Market Fund	N/A	less than 6 months	<u>3,870,108</u>
Total pooled investments			<u>6,123,141</u>
Nonpooled investments			
U.S. Government Agencies	AAA	more than 3 years	<u>1,368,174</u>
U.S. Treasury Securities	AAA	less than 6 months	2,235,078
U.S. Treasury Securities	AAA	6 months to 1 year	23,036
U.S. Treasury Securities	AAA	1 year to 3 years	<u>2,683,056</u>
Total U.S. Treasury Securities			<u>4,941,170</u>
Brokered Certificates of Deposit	N/A	less than 6 months	2,189,891
Brokered Certificates of Deposit	N/A	6 months to 1 year	1,150,657
Brokered Certificates of Deposit	N/A	1 year to 3 years	2,991,253
Brokered Certificates of Deposit	N/A	more than 3 years	<u>1,475,782</u>
Total brokered CD's			<u>7,807,583</u>
Total non-pooled investments			<u>14,116,927</u>
Total			<u><u>\$ 20,240,068</u></u>

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

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

N/A Indicate not applicable or available.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

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 has a policy in place to address custodial credit risk for deposits, stating all demand deposit accounts, including checking accounts and nonnegotiable certificates of deposit, in accordance with the GFOA Recommended Practices on the Collateralization of Public Deposits and Minnesota statutes 118A will be required to be fully collateralized.

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 will minimize interest rate rise by structuring the portfolio so that securities mature to meet cash requirements for ongoing operations and investing operating funds primarily in shorter term securities, money market mutual funds or similar investment pools and limiting the average maturity of the portfolio. The policy states the City will not directly invest in securities maturing more than 10 years from the date of purchase or in accordance with the state and local statutes and ordinances unless matched to a specific cash flow. The policy also states the investments will be diversified by investing in securities with varying maturities, continuously investing at least 10 percent of the portfolio in readily available funds such as LGIPs, money market funds to ensure that appropriate liquidity is maintained and never investing more than 20 percent of the portfolio in securities with final maturities greater than five years.

Credit Risk: This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State law limits investments in commercial paper and corporate bonds to be in the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy states the instruments that the City will invest in will be consistent with the GFOA Policy Statement on the State and Local Laws Concerning Investment Practices and Minnesota statutes 118A. It also states investments in derivatives shall not be allowed.

Concentration of Credit Risk: This is the risk of loss attributed to the magnitude of an investment in a single issuer. The City's investment policy states the City will limit investments to avoid over concentration in securities from a specific issuer or business sector, excluding U.S. Treasury securities and limiting investments in securities that have higher credit risks and investing in securities with varying maturities. The policy also states the City will diversify the investment portfolio so the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Cash summary

A reconciliation of cash as shown on the Statement of Net Position for the City follows:

Carrying amount of deposits	\$ 1,264,952
Investments	20,240,068
Cash on hand	<u>200</u>
Total	<u><u>\$ 21,505,220</u></u>
Government-wide	
Cash and temporary investments	\$ 16,176,897
Cash with fiscal agent	4,941,170
Fiduciary - agency	<u>387,153</u>
Total	<u><u>\$ 21,505,220</u></u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 774,778	\$ -	\$ -	\$ 774,778
Construction in progress	4,325,867	3,342,071	(46,485)	7,621,453
 Total capital assets, not being depreciated	 5,100,645	 3,342,071	 (46,485)	 8,396,231
 Capital assets, being depreciated				
Infrastructure	15,584,863	15,515	-	15,600,378
Buildings	1,856,201	-	-	1,856,201
Improvements	502,436	285,932	-	788,368
Machinery and equipment	1,583,061	109,885	(57,110)	1,635,836
 Total capital assets being depreciated	 19,526,561	 411,332	 (57,110)	 19,880,783
 Less accumulated depreciation for				
Infrastructure	(2,416,577)	(512,267)	-	(2,928,844)
Buildings	(487,913)	(55,069)	-	(542,982)
Improvements	(107,017)	(40,186)	-	(147,203)
Machinery and equipment	(1,010,417)	(107,735)	51,110	(1,067,042)
 Total accumulated depreciation	 (4,021,924)	 (715,257)	 51,110	 (4,686,071)
 Total capital assets, being depreciated, net	 15,504,637	 (303,925)	 (6,000)	 15,194,712
 Governmental activities capital assets, net	 <u>\$ 20,605,282</u>	 <u>\$ 3,038,146</u>	 <u>\$ (52,485)</u>	 <u>\$ 23,590,943</u>

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

Governmental activities	
General government	\$ 4,788
Public safety	41,580
Streets and highways	559,991
Culture and recreation	96,536
Economic development	12,362
 Total depreciation expense - governmental activities	 <u>\$ 715,257</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets, not being depreciated				
Land	\$ 56,393	\$ -	\$ -	\$ 56,393
Construction in progress	57,620	126,975	-	184,595
	<u>114,013</u>	<u>126,975</u>	<u>-</u>	<u>240,988</u>
Total capital assets, not being depreciated				
	<u>114,013</u>	<u>126,975</u>	<u>-</u>	<u>240,988</u>
Capital assets being depreciated				
Infrastructure	6,013,658	-	-	6,013,658
Buildings	8,606,236	-	-	8,606,236
Improvements	71,685	-	-	71,685
Machinery and equipment	3,956,239	-	-	3,956,239
	<u>18,647,818</u>	<u>-</u>	<u>-</u>	<u>18,647,818</u>
Total capital assets being depreciated				
	<u>18,647,818</u>	<u>-</u>	<u>-</u>	<u>18,647,818</u>
Less accumulated depreciation for				
Infrastructure	(2,364,037)	(110,921)	-	(2,474,958)
Buildings	(2,439,565)	(197,585)	-	(2,637,150)
Improvements	(8,509)	(3,584)	-	(12,093)
Machinery and equipment	(2,714,241)	(60,744)	-	(2,774,985)
	<u>(7,526,352)</u>	<u>(372,834)</u>	<u>-</u>	<u>(7,899,186)</u>
Total accumulated depreciation				
	<u>(7,526,352)</u>	<u>(372,834)</u>	<u>-</u>	<u>(7,899,186)</u>
Total capital assets, being depreciated, net				
	<u>11,121,466</u>	<u>(372,834)</u>	<u>-</u>	<u>10,748,632</u>
Business-type activities capital assets, net	<u>\$ 11,235,479</u>	<u>\$ (245,859)</u>	<u>\$ -</u>	<u>\$ 10,989,620</u>

Depreciation expense was charged to functions/programs of the business-type activities as follows:

Business-type activities	
Water	\$ 289,018
Sanitary Sewer	76,733
Storm Water	7,083
	<u>372,834</u>
Total depreciation expense - business-type activities	<u>\$ 372,834</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Interfund receivables, payables and transfers

Interfund balances

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

Receivable Fund	Payable Fund	Purpose	Amount
Sewer Capital Improvement Fund	Nonmajor governmental	Cash flow purposes	\$ 126,301
General Fund	Nonmajor governmental	Cash flow purposes	180,000
Total			<u>\$ 306,301</u>

Interfund transfers

The composition of interfund transfers for the year ended December 31, 2013 is as follows:

Fund	Transfer in					Total
	General	Debt Service	Nonmajor Governmental	Water	Storm Water	
Transfer out						
General	\$ -	\$ -	\$ 814,948	\$ -	\$ 100,000	\$ 914,948
Water Capital Improvement	-	-	-	332,940	-	332,940
Nonmajor governmental	15,000	76,825	-	-	-	91,825
Water	67,400	33,493	-	-	-	100,893
Sanitary Sewer	63,400	40,937	-	-	-	104,337
Storm Water	48,700	-	-	-	-	48,700
Total transfers out	<u>\$ 194,500</u>	<u>\$ 151,255</u>	<u>\$ 814,948</u>	<u>\$ 332,940</u>	<u>\$ 100,000</u>	<u>\$1,593,643</u>

The City annually budgets transfers for specific purposes. Annual transfers include, transfers made to cover funds annual operations, transfers for debt service payments, transfers made as part of capital improvement plans and other transfers made for various reasons. The City made the following one-time non-budgeted transfers for the year ended December 31, 2013:

- The General fund transferred \$796,948 to the non-major governmental funds and \$100,000 to the Storm Water fund to close out funds and for future capital improvements.
- The Water Capital Improvement fund transferred \$332,940 to the Water fund for a portion of debt service.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Long-term debt

General obligation improvement bonds

The City issues G.O. improvement bonds to finance various improvements and will be repaid from special assessments levied on the properties benefiting from the improvements, tax increment from the district and ad valorem tax levies. All special assessment debt is backed by the full faith and credit of the City. Each year the combined assessment and tax levy equals 105 percent of the amount required for debt service. The excess of 5 percent is to cover any delinquencies in tax or assessment payments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Improvement Bonds, Series 2011A	\$ 127,026	0.60 - 2.70 %	07/12/11	02/01/19	\$ 108,144
Taxable G.O. Improvement Bonds, Series 2011B	870,000	0.75 - 4.00	07/12/11	02/01/22	795,000
G.O. Improvement Bonds, Series 2010A	315,000	1.50 - 3.85	07/07/10	02/01/21	255,000
G.O. Improvement Bonds, Series 2008A	2,280,000	3.25 - 4.00	06/17/08	02/01/24	1,790,000
G.O. Capital Improvement Plan Bonds, Series 2012A	6,100,000	1.50 - 2.75	11/07/12	02/01/34	6,100,000
G.O. Water Revenue Bonds, Series 2007A, Recharacterized as Capital Improvement Plan Bonds	1,400,000	3.45 - 4.00	11/07/12	02/01/15	1,400,000
G.O. Crossover Refunding Bonds, Series 2013A	1,170,000	1.75 - 2.00	04/25/13	02/01/23	<u>1,170,000</u>
Total General Obligation Bonds					<u><u>\$ 11,618,144</u></u>

Annual debt service requirements to maturity for the general obligation improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 383,996	\$ 303,524	\$ 687,520
2015	1,724,148	263,038	1,987,186
2016	580,000	226,974	806,974
2017	595,000	212,909	807,909
2018	610,000	197,832	807,832
2019 - 2023	3,015,000	742,912	3,757,912
2024 - 2028	2,095,000	419,744	2,514,744
2029 - 2033	2,150,000	198,269	2,348,269
2034	<u>465,000</u>	<u>6,394</u>	<u>471,394</u>
Total	<u><u>\$ 11,618,144</u></u>	<u><u>\$ 2,571,596</u></u>	<u><u>\$ 14,189,740</u></u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

General obligation tax increment bonds

The G.O Refunding Bonds, Series 2012B were issued to refund tax increment bonds which were originally issued for storm water mitigation and road work within phase 1 of the TIF district. The bonds will be repaid with future tax increments collections.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Refunding Bonds, Series 2012B	\$ 650,000	1.50 %	11/07/12	02/01/21	<u>\$ 650,000</u>

Annual debt service requirements to maturity for the general obligation tax increment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 75,000	\$ 9,188	\$ 84,188
2015	80,000	8,025	88,025
2016	75,000	6,862	81,862
2017	80,000	5,700	85,700
2018	85,000	4,462	89,462
2019 - 2021	<u>255,000</u>	<u>5,888</u>	<u>260,888</u>
Total	<u>\$ 650,000</u>	<u>\$ 40,125</u>	<u>\$ 690,125</u>

G.O. revenue bonds

The following bonds were issued to finance capital improvements, and finance acquisition and construction of capital facilities. They will be repaid from future net revenues pledged from the Water fund and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require over 72 percent of net revenues from the Water fund. For 2013, principal and interest paid and total customer net revenues for the Water fund were \$745,307 and \$1,025,474, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds, Series 2005A	\$ 4,760,000	3.63 - 4.00 %	05/17/05	02/01/14	\$ 2,505,000
G.O. Water Revenue Bonds, Series 2007A	4,395,000	3.30 - 4.00	12/20/07	02/01/15	1,810,000
G.O. Water Revenue Crossover Refunding Bonds, Series 2012B	2,195,000	1.50	11/07/12	02/01/20	2,195,000
G.O. Water Revenue Crossover Refunding Bonds, Series 2013A	1,520,000	1.75 - 2.00	04/25/13	02/01/23	<u>1,520,000</u>
Total G.O. Revenue Bonds					<u>\$ 8,030,000</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Annual debt service requirements to maturity for the general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2014	\$ 2,655,000	\$ 183,862	\$ 2,838,862
2015	2,010,000	91,299	2,101,299
2016	540,000	52,563	592,563
2017	540,000	43,563	583,563
2018	550,000	34,488	584,488
2019 - 2023	1,735,000	57,104	1,792,104
Total	<u>\$ 8,030,000</u>	<u>\$ 462,879</u>	<u>\$ 8,492,879</u>

Equipment certificates

The City has issued the following certificate for the purchase of equipment. The equipment certificate will be repaid with ad valorem taxes or charges for service and are secured by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificates of 2011A	\$ 382,874	0.60 - 1.10 %	07/12/11	02/01/15	<u>\$ 241,856</u>

Annual debt service requirements to maturity for equipment certificates are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2014	\$ 121,004	\$ 1,813	\$ 122,818
2015	120,852	665	121,517
Total	<u>\$ 241,856</u>	<u>\$ 2,478</u>	<u>\$ 244,335</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Changes in long-term liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation					
improvement bonds	\$ 10,702,026	\$ 1,170,000	\$ (253,882)	\$ 11,618,144	\$ 383,996
General obligation					
equipment certificates	382,974	-	(141,118)	241,856	121,004
General obligation tax					
increment bonds	1,375,000	-	(725,000)	650,000	75,000
Unamortized premium on bonds	93,584	49,031	(8,950)	133,665	-
	<u>12,553,584</u>	<u>1,219,031</u>	<u>(1,128,950)</u>	<u>12,643,665</u>	<u>580,000</u>
Compensated absences					
payable	234,275	193,785	(174,160)	253,900	75,131
Other postemployment					
benefits payable	127,315	37,276	(4,553)	160,038	-
	<u>127,315</u>	<u>37,276</u>	<u>(4,553)</u>	<u>160,038</u>	<u>-</u>
Governmental activity					
long-term liabilities	<u>\$ 12,915,174</u>	<u>\$ 1,450,092</u>	<u>\$ (1,307,663)</u>	<u>\$ 13,057,603</u>	<u>\$ 655,131</u>
Business-type activities					
Bonds payable					
General obligations					
revenue bonds	\$ 7,080,000	\$ 1,520,000	\$ (570,000)	\$ 8,030,000	\$ 2,655,000
Unamortized premium on bonds	62,821	63,540	(13,213)	113,148	-
	<u>7,142,821</u>	<u>1,583,540</u>	<u>(583,213)</u>	<u>8,143,148</u>	<u>2,655,000</u>
Compensated absences					
payable	36,925	24,703	(17,659)	43,969	12,808
Other postemployment					
benefits payable	19,267	6,455	(788)	24,934	-
	<u>19,267</u>	<u>6,455</u>	<u>(788)</u>	<u>24,934</u>	<u>-</u>
Business-type activity					
long-term liabilities	<u>\$ 7,199,013</u>	<u>\$ 1,614,698</u>	<u>\$ (601,660)</u>	<u>\$ 8,212,051</u>	<u>\$ 2,667,808</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Crossover Refunding

On April 26, 2013 the City issued \$2,690,000 of G.O. Crossover Refunding Bonds, Series 2013A, bearing an average coupon rate of 1.90 percent, to provide resources for the advance crossover refunding of \$1,500,000 of the outstanding principal of the G.O. Water Revenue Bonds, Series 2007A on February 1, 2015, and the advance crossover refunding of \$1,160,000 of the outstanding principal of the G.O. Water Revenue Bonds, Series 2007A (Portion Re-characterized as Capital Improvement Plan Bonds) on February 1, 2015.

The proceeds of the Series 2013A Bonds were deposited in an escrow account which shall pay issuance costs and purchase securities bearing interest to provide sufficient funds to pay the interest on the 2013A bonds, pay the \$1,500,000 called G.O. Water Revenue Bonds, Series 2007A on February 1, 2015, and pay the \$1,160,000 called G.O. Water Revenue Bonds, Series 2007A (Portion Re-characterized as Capital Improvement Plan Bonds) on February 1, 2015. The City will continue to pay, as due, principal and interest on the 2007A Bonds at the rates and amounts specified to the call date (February 1, 2015). As a result of the refunding issue, the City will save \$225,389 in debt service payments and achieve an economic gain (the present value of the difference between the old and the new debt service) of \$210,013.

E. Components of fund balance

At December 31, 2013, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), City Council action (Committed), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Debt Service	Park Dedication	Water Capital Improvement	Sewer Capital Improvements	Public Works/ Police Facility	Other Governmental Funds	Total
Nonspendable								
Prepaid items	\$ 72,328	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 88	\$ 72,416
Restricted for								
Capital improvements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,320	\$ 14,348	\$ 214,668
Park improvements	-	-	1,460,651	-	-	-	-	1,460,651
Debt service	-	2,189,583	-	-	-	-	-	2,189,583
Police expenditures	-	-	-	-	-	-	96,543	96,543
Equipment replacement	-	-	-	-	-	-	99,821	99,821
Total restricted	\$ -	\$2,189,583	\$1,460,651	\$ -	\$ -	\$ 200,320	\$ 210,712	\$4,061,266
Committed to								
Park improvements	\$ -	\$ -	\$ 233,796	\$ -	\$ -	\$ -	\$ 55,317	\$ 289,113
Police expenditures	-	-	-	-	-	-	39,799	39,799
Field house	-	-	-	-	-	-	19,162	19,162
German liberal cemetery	-	-	-	-	-	-	93,889	93,889
Community event	-	-	-	-	-	-	6,191	6,191
Environmental	-	-	-	-	-	-	291,919	291,919
Total committed	\$ -	\$ -	\$ 233,796	\$ -	\$ -	\$ -	\$ 506,277	\$ 740,073
Assigned to								
Capital improvements	\$ -	\$ -	\$ -	\$ 1,415,853	\$ 2,332,037	\$ 10,221	\$1,072,554	\$4,830,665
Equipment replacement	-	-	-	-	-	-	884,744	884,744
Total assigned	\$ -	\$ -	\$ -	\$ 1,415,853	\$ 2,332,037	\$ 10,221	\$1,957,298	\$5,715,409

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

Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City of Medina 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 Minnesota statute are covered by the PEPFF.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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. 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 (800) 652-9026.

B. Funding policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2013. PEPFF members were required to contribute 9.60 percent of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.25 percent for Coordinated Plan GERF members, and 14.40 percent for PEPFF members. The City's contributions to the GERF for the year ended December 31, 2013, 2012 and 2011 were \$66,118, \$52,586 and \$52,981, respectively. The City's contributions to the PEPFF for the years ending December 31, 2013, 2012 and 2011 were \$114,542, \$121,732 and \$121,005, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan description

The City's defined benefit healthcare plan ("the Retiree Health Plan") provides healthcare insurance for eligible retirees and their spouses. The Retiree Health Plan is affiliated with the healthcare plan administered through LOGIS, an agent multiple-employer postemployment healthcare plan. LOGIS is a consortium of Minnesota local government units controlled by its members. LOGIS' Board of Directors is composed of one representative from each agency. LOGIS issues a publicly available financial report that includes financial statements and required supplementary information for the health plan. That report may be obtained by writing to LOGIS, 5750 Duluth Street, Golden Valley, MN 55422, or by calling (763) 543-2600.

B. Funding policy

The contribution requirements of plan members and the City are established and may be amended by LOGIS' Board of Directors. The required contributions are based on projected pay-as-you-go financing requirements. At the present time, retiree benefits are provided for two participating employees. The City does not contribute any of the cost of current year premiums for eligible retired plan members and their spouses. For fiscal year 2013, the City contributed \$5,341 to the plan. Retired plan members receiving benefits contribute 100 percent of their premium costs.

C. Annual other postemployment benefit cost and net other postemployment benefit obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC) of the City, 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 cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 42,792
Interest on net OPEB obligation	6,596
Adjustment to annual required contribution	<u>(5,657)</u>
Annual OPEB cost (expense)	43,731
Contributions made	<u>(5,341)</u>
Increase in net OPEB obligation	38,390
Net OPEB obligation - beginning of year	<u>146,582</u>
Net OPEB obligation - end of year	<u><u>\$ 184,972</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended December 31, 2013, 2012 and 2011 follows:

Year Ending	Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/13	\$ 43,731	12.2 %	\$ 184,972
12/31/12	41,969	8.9	146,582
12/31/11	41,479	20.5	108,343

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

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

D. Funded status and funding progress

As of December 31, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$309,844, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$1,566,920, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 20 percent.

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

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 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, 2012 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments. The initial healthcare trend rate was 9 percent, reduced by decrements to an ultimate rate of 5 percent after twelve years. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2013, was thirty years.

Note 6: OTHER INFORMATION

A. Risk management

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

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

B. Legal debt margin

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The 2013 taxable market value of property was \$1,228,946,015 and the debt limit was \$36,868,380. There City has \$241,856 of debt applicable to this limit at year end.

C. Tax increment districts

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

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF MEDINA, MINNESOTA
REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2013

Schedule of funding progress for the postemployment benefit plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/12	\$ -	\$ 309,844	\$ 309,844	- %	\$ 1,566,920	20 %
12/31/11	-	270,565	270,565	-	1,510,284	18
12/31/10	-	271,842	271,842	-	1,516,368	18

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

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
ASSETS			
Cash and temporary investments	\$ 775,230	\$ 2,100,040	\$ 2,875,270
Receivables			
Accounts	1,702	-	1,702
Special assessments	-	254,025	254,025
Due from other governments	-	140,335	140,335
Prepaid items	88	-	88
	<u>88</u>	<u>-</u>	<u>88</u>
TOTAL ASSETS	<u><u>\$ 777,020</u></u>	<u><u>\$ 2,494,400</u></u>	<u><u>\$ 3,271,420</u></u>
LIABILITIES			
Accounts payable	\$ 7,352	\$ 16,962	\$ 24,314
Retainage payable	-	11,240	11,240
Due to other funds	180,000	126,301	306,301
Due to other governments	21	14,405	14,426
	<u>21</u>	<u>14,405</u>	<u>14,426</u>
TOTAL LIABILITIES	<u>187,373</u>	<u>168,908</u>	<u>356,281</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - assessments	<u>-</u>	<u>254,025</u>	<u>254,025</u>
FUND BALANCES			
Nonspendable	88	-	88
Restricted	96,543	114,169	210,712
Committed	506,277	-	506,277
Assigned	-	1,957,298	1,957,298
Unassigned	(13,261)	-	(13,261)
	<u>(13,261)</u>	<u>-</u>	<u>(13,261)</u>
TOTAL FUND BALANCES	<u>589,647</u>	<u>2,071,467</u>	<u>2,661,114</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 777,020</u></u>	<u><u>\$ 2,494,400</u></u>	<u><u>\$ 3,271,420</u></u>

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

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes			
Tax increments	\$ -	\$ 379,428	\$ 379,428
Intergovernmental	-	169,450	169,450
Charges for services	9,540	-	9,540
Fines and forfeitures	23,278	-	23,278
Special assessments	-	81,270	81,270
Interest on investments	816	1,756	2,572
Miscellaneous	8,050	-	8,050
	<u>41,684</u>	<u>631,904</u>	<u>673,588</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
Public safety	5,753	-	5,753
Streets and highways	-	384	384
Culture and recreation	32,193	12,970	45,163
Economic development	-	212,154	212,154
Miscellaneous	3,516	-	3,516
Capital outlay			
General government	-	32,955	32,955
Public safety	37,379	86,893	124,272
Streets and highways	-	230,224	230,224
Culture and recreation	16,158	169,450	185,608
Economic development	-	1,659	1,659
	<u>94,999</u>	<u>746,689</u>	<u>841,688</u>
TOTAL EXPENDITURES			
DEFICIENCY OF REVENUES			
UNDER EXPENDITURES	<u>(53,315)</u>	<u>(114,785)</u>	<u>(168,100)</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	-	16,485	16,485
Transfers in	2,000	812,948	814,948
Transfers out	(15,000)	(76,825)	(91,825)
	<u>(13,000)</u>	<u>752,608</u>	<u>739,608</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGE IN FUND BALANCES	(66,315)	637,823	571,508
FUND BALANCES, JANUARY 1	<u>655,962</u>	<u>1,433,644</u>	<u>2,089,606</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 589,647</u></u>	<u><u>\$ 2,071,467</u></u>	<u><u>\$ 2,661,114</u></u>

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

	226 Municipal Park	227 Field House	235 Police Forfeiture	236 Police Reserve Equipment
ASSETS				
Cash and temporary investments	\$ 59,167	\$ 19,162	\$ 122,070	\$ 14,678
Accounts receivable	-	-	-	-
Prepaid items	-	-	-	-
TOTAL ASSETS	<u>\$ 59,167</u>	<u>\$ 19,162</u>	<u>\$ 122,070</u>	<u>\$ 14,678</u>
LIABILITIES				
Accounts payable	\$ 3,850	\$ -	\$ 385	\$ -
Due to other funds	-	-	-	-
Due to other governments	-	-	21	-
TOTAL LIABILITIES	<u>3,850</u>	<u>-</u>	<u>406</u>	<u>-</u>
FUND BALANCES				
Nonspendable	-	-	-	-
Restricted	-	-	96,543	-
Committed	55,317	19,162	25,121	14,678
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>55,317</u>	<u>19,162</u>	<u>121,664</u>	<u>14,678</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 59,167</u>	<u>\$ 19,162</u>	<u>\$ 122,070</u>	<u>\$ 14,678</u>

238 German Liberal Cemetery	240 Community Event	250 Cable Franchise	204 Environmental	Total
\$ 94,889	\$ 6,191	\$ 167,154	\$ 291,919	\$ 775,230
-	-	1,702	-	1,702
88	-	-	-	88
<u>\$ 94,977</u>	<u>\$ 6,191</u>	<u>\$ 168,856</u>	<u>\$ 291,919</u>	<u>\$ 777,020</u>
\$ 1,000	\$ -	\$ 2,117	\$ -	\$ 7,352
-	-	180,000	-	180,000
-	-	-	-	21
<u>1,000</u>	<u>-</u>	<u>182,117</u>	<u>-</u>	<u>187,373</u>
88	-	-	-	88
-	-	-	-	96,543
93,889	6,191	-	291,919	506,277
-	-	(13,261)	-	(13,261)
<u>93,977</u>	<u>6,191</u>	<u>(13,261)</u>	<u>291,919</u>	<u>589,647</u>
<u>\$ 94,977</u>	<u>\$ 6,191</u>	<u>\$ 168,856</u>	<u>\$ 291,919</u>	<u>\$ 777,020</u>

CITY OF MEDINA, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING SCHEDULE OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2013

	226 Municipal Park	227 Field House	235 Police Forfeiture	236 Police Reserve Equipment
REVENUES				
Charges for services	\$ -	\$ -	\$ -	\$ 750
Fines and forfeitures	-	-	23,278	-
Interest on investments	71	24	172	17
Miscellaneous	-	1,829	-	-
	<u>71</u>	<u>1,853</u>	<u>23,450</u>	<u>767</u>
TOTAL REVENUES	<u>71</u>	<u>1,853</u>	<u>23,450</u>	<u>767</u>
EXPENDITURES				
Current				
Public safety	-	-	2,052	3,701
Culture and recreation	4,339	7,639	-	-
Miscellaneous	-	-	-	-
Capital outlay				
Public safety	-	-	37,379	-
Culture and recreation	16,158	-	-	-
	<u>20,497</u>	<u>7,639</u>	<u>39,431</u>	<u>3,701</u>
TOTAL EXPENDITURES	<u>20,497</u>	<u>7,639</u>	<u>39,431</u>	<u>3,701</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(20,426)</u>	<u>(5,786)</u>	<u>(15,981)</u>	<u>(2,934)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	(15,000)	-
	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(15,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(20,426)	(5,786)	(30,981)	(2,934)
FUND BALANCES, JANUARY 1	<u>75,743</u>	<u>24,948</u>	<u>152,645</u>	<u>17,612</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 55,317</u></u>	<u><u>\$ 19,162</u></u>	<u><u>\$ 121,664</u></u>	<u><u>\$ 14,678</u></u>

238 German Liberal Cemetery	240 Community Event	250 Cable Franchise	204 Environmental	Total
\$ 8,790	\$ -	\$ -	\$ -	\$ 9,540
-	-	-	-	23,278
95	8	120	309	816
-	6,221	-	-	8,050
<u>8,885</u>	<u>6,229</u>	<u>120</u>	<u>309</u>	<u>41,684</u>
-	-	-	-	5,753
-	6,834	13,381	-	32,193
3,516	-	-	-	3,516
-	-	-	-	37,379
-	-	-	-	16,158
<u>3,516</u>	<u>6,834</u>	<u>13,381</u>	<u>-</u>	<u>94,999</u>
<u>5,369</u>	<u>(605)</u>	<u>(13,261)</u>	<u>309</u>	<u>(53,315)</u>
-	2,000	-	-	2,000
-	-	-	-	(15,000)
<u>-</u>	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>(13,000)</u>
5,369	1,395	(13,261)	309	(66,315)
<u>88,608</u>	<u>4,796</u>	<u>-</u>	<u>291,610</u>	<u>655,962</u>
<u>\$ 93,977</u>	<u>\$ 6,191</u>	<u>\$ (13,261)</u>	<u>\$ 291,919</u>	<u>\$ 589,647</u>

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

	401 General Capital Improvement	406 Tax Increment 1-9	407 TH 55 Intersection	411 Equipment Replacement
ASSETS				
Cash and temporary investments	\$ 384,443	\$ 14,750	\$ -	\$ 986,004
Special assessments receivable	-	-	-	-
Due from other governments	-	1,161	-	-
	<u>-</u>	<u>1,161</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 384,443</u></u>	<u><u>\$ 15,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 986,004</u></u>
LIABILITIES				
Accounts payable	\$ 1,069	\$ 128	\$ -	\$ 1,439
Retainage payable	-	-	-	-
Due to other funds	-	-	-	-
Due to other governments	-	1,435	-	-
	<u>-</u>	<u>1,435</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,069</u>	<u>1,563</u>	<u>-</u>	<u>1,439</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - assessments	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted	-	14,348	-	99,821
Assigned	383,374	-	-	884,744
	<u>383,374</u>	<u>-</u>	<u>-</u>	<u>884,744</u>
TOTAL FUND BALANCES	<u>383,374</u>	<u>14,348</u>	<u>-</u>	<u>984,565</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 384,443</u></u>	<u><u>\$ 15,911</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 986,004</u></u>

419	420	421	
Loretto	Road	Lake	
Ponds	Improvement	Independence	Total
		Outlet	
\$ -	\$ 694,841	\$ 20,002	\$ 2,100,040
-	254,025	-	254,025
139,143	31	-	140,335
<u>\$ 139,143</u>	<u>\$ 948,897</u>	<u>\$ 20,002</u>	<u>\$ 2,494,400</u>
\$ 844	\$ 13,482	\$ -	\$ 16,962
11,240	-	-	11,240
126,301	-	-	126,301
-	-	12,970	14,405
<u>138,385</u>	<u>13,482</u>	<u>12,970</u>	<u>168,908</u>
-	254,025	-	254,025
-	-	-	114,169
758	681,390	7,032	1,957,298
<u>758</u>	<u>681,390</u>	<u>7,032</u>	<u>2,071,467</u>
<u>\$ 139,143</u>	<u>\$ 948,897</u>	<u>\$ 20,002</u>	<u>\$ 2,494,400</u>

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

	401 General Capital Improvement	406 Tax Increment 1-9	407 TH 55 Intersection	411 Equipment Replacement
REVENUES				
Taxes				
Tax increments	\$ -	\$ 379,428	\$ -	\$ -
Intergovernmental	-	-	-	-
Special assessments	-	-	-	-
Interest on investments	382	(170)	(28)	865
TOTAL REVENUES	382	379,258	(28)	865
EXPENDITURES				
Current				
Streets and highways	-	-	384	-
Culture and recreation	-	-	-	-
Economic development	-	212,154	-	-
Capital outlay				
General government	28,224	-	-	4,731
Public safety	-	-	-	86,893
Streets and highways	169	-	-	741
Culture and recreation	-	-	-	-
Economic development	-	1,659	-	-
TOTAL EXPENDITURES	28,393	213,813	384	92,365
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(28,011)	165,445	(412)	(91,500)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	16,485
Transfers in	111,000	-	81,948	500,000
Transfer out	-	(76,825)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	111,000	(76,825)	81,948	516,485
NET CHANGE IN FUND BALANCES	82,989	88,620	81,536	424,985
FUND BALANCES, JANUARY 1	300,385	(74,272)	(81,536)	559,580
FUND BALANCES, DECEMBER 31	\$ 383,374	\$ 14,348	\$ -	\$ 984,565

419	420	421	
Loretto Ponds	Road Improvement	Lake Independence Outlet	Total
<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ 379,428
169,450	-	-	169,450
-	81,270	-	81,270
(81)	786	2	1,756
<hr/>	<hr/>	<hr/>	<hr/>
169,369	82,056	2	631,904
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	384
-	-	12,970	12,970
-	-	-	212,154
-	-	-	32,955
-	-	-	86,893
-	229,314	-	230,224
169,450	-	-	169,450
-	-	-	1,659
<hr/>	<hr/>	<hr/>	<hr/>
169,450	229,314	12,970	746,689
<hr/>	<hr/>	<hr/>	<hr/>
(81)	(147,258)	(12,968)	(114,785)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	16,485
-	100,000	20,000	812,948
-	-	-	(76,825)
<hr/>	<hr/>	<hr/>	<hr/>
-	100,000	20,000	752,608
<hr/>	<hr/>	<hr/>	<hr/>
(81)	(47,258)	7,032	637,823
839	728,648	-	1,433,644
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 758</u>	<u>\$ 681,390</u>	<u>\$ 7,032</u>	<u>\$ 2,071,467</u>

CITY OF MEDINA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013			2012
	Budgeted Amounts		Actual Amounts	Actual Amounts
	Original	Final		
REVENUES				
Taxes				
Property taxes	\$ 2,731,118	\$ 2,731,118	\$ 2,854,136	\$ 2,627,003
Licenses and permits	189,400	189,400	714,601	369,765
Intergovernmental				
Federal	15,000	15,000	35,449	16,758
State				
Property tax credits	-	-	2,763	2,596
Police state aid	70,500	70,500	76,187	73,863
Fire state aid	30,000	30,000	32,654	34,561
PERA aid	1,775	1,775	1,773	(2)
Other grants and aids	51,927	51,927	124,125	72,198
County				
Other grants and aids	13,000	13,000	13,550	550
Total	182,202	182,202	286,501	104,299
Charges for services				
General government	21,300	21,300	204,299	182,999
Public safety	130,380	130,380	323,782	193,402
Public works	4,200	4,200	3,734	(466)
Culture and recreation	18,000	18,000	23,969	5,969
Total	173,880	173,880	555,784	381,904
Fines and forfeitures	158,000	158,000	121,187	(36,813)
Special assessments	1,000	1,000	13,921	12,921
Interest on investments	20,000	20,000	3,126	(16,874)
Miscellaneous				
Contributions and donations	20,000	20,000	28,950	8,950
Other	106,325	106,325	115,876	9,551
Total	126,325	126,325	144,826	18,501
TOTAL REVENUES	3,581,925	3,581,925	4,694,082	1,112,157
				3,754,370

CITY OF MEDINA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 18,593	\$ 18,593	\$ 18,390	\$ 203	\$ 18,578
Other services and charges	6,750	6,750	6,074	676	6,802
Total	25,343	25,343	24,464	879	25,380
City administrator					
Personal services	465,485	465,485	350,972	114,513	337,335
Supplies	6,350	6,350	5,188	1,162	4,872
Other services and charges	92,855	92,855	174,450	(81,595)	131,949
Total	564,690	564,690	530,610	34,080	474,156
Elections					
Personal services	-	-	-	-	5,953
Supplies	250	250	176	74	243
Other services and charges	750	750	-	750	3,215
Total	1,000	1,000	176	824	9,411
Assessing					
Supplies	-	-	89	(89)	257
Other services and charges	77,825	77,825	78,322	(497)	75,629
Total	77,825	77,825	78,411	(586)	75,886
Planning and zoning					
Personal services	133,040	133,040	141,646	(8,606)	143,722
Supplies	550	550	-	550	338
Other services and charges	42,125	42,125	30,322	11,803	34,917
Total	175,715	175,715	171,968	3,747	178,977
PW/PD facility					
Supplies	-	-	2,563	(2,563)	-
Other services and charges	27,000	27,000	154,012	(127,012)	6,011
Total	27,000	27,000	156,575	(129,575)	6,011

CITY OF MEDINA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
General government - continued					
Other general government					
Supplies	\$ 8,750	\$ 8,750	\$ 9,389	\$ (639)	\$ 8,157
Other services and charges	79,350	79,350	80,034	(684)	77,526
Total	88,100	88,100	89,423	(1,323)	85,683
Total general government	959,673	959,673	1,051,627	(91,954)	855,504
Public safety					
Police					
Personal services	1,251,410	1,251,410	1,241,829	9,581	1,190,301
Supplies	72,700	72,700	80,914	(8,214)	78,519
Other services and charges	153,550	153,550	142,852	10,698	150,443
Total	1,477,660	1,477,660	1,465,595	12,065	1,419,263
Building inspection					
Personal services	100,150	100,150	85,857	14,293	88,275
Supplies	-	-	154	(154)	383
Other services and charges	115,750	115,750	272,352	(156,602)	160,863
Total	215,900	215,900	358,363	(142,463)	249,521
Fire					
Other services and charges	312,700	312,700	335,345	(22,645)	307,860
Total public safety	2,006,260	2,006,260	2,159,303	(153,043)	1,976,644
Streets and highways					
Streets					
Personal services	206,950	206,950	201,207	5,743	189,479
Supplies	266,500	266,500	248,807	17,693	257,554
Other services and charges	90,100	90,100	107,111	(17,011)	82,338
Total	563,550	563,550	557,125	6,425	529,371
Sanitation and recycling					
Personal services	8,329	8,329	8,128	201	7,963
Supplies	-	-	363	(363)	-
Other services and charges	9,150	9,150	2,840	6,310	2,074
Total sanitation and recycling	17,479	17,479	11,331	6,148	10,037

CITY OF MEDINA, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013
(With comparative actual amounts for the year ended December 31, 2012)

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation					
Personal services	\$ 50,738	\$ 50,738	\$ 49,544	\$ 1,194	\$ 47,377
Supplies	21,700	21,700	5,418	16,282	14,708
Other services and charges	75,850	75,850	69,894	5,956	67,265
Total culture and recreation	148,288	148,288	124,856	23,432	129,350
Miscellaneous					
Unallocated insurance					
Other services and charges	19,500	19,500	38,551	(19,051)	19,790
Total current expenditures	3,714,750	3,714,750	3,942,793	(228,043)	3,520,696
Capital outlay					
Public safety	43,675	43,675	2,403	41,272	-
Streets and highways	-	-	19,154	(19,154)	47,599
Culture and recreation	-	-	4,281	(4,281)	-
Total capital outlay	43,675	43,675	25,838	17,837	47,599
TOTAL EXPENDITURES	3,758,425	3,758,425	3,968,631	(210,206)	3,568,295
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(176,500)	(176,500)	725,451	901,951	186,075
OTHER FINANCING SOURCES (USES)					
Transfers in	194,500	194,500	194,500	-	344,100
Transfers out	(18,000)	(18,000)	(914,948)	(896,948)	(18,000)
TOTAL OTHER FINANCING SOURCES (USES)	176,500	176,500	(720,448)	(896,948)	326,100
NET CHANGE IN FUND BALANCES	-	-	5,003	5,003	512,175
FUND BALANCES, JANUARY 1	2,646,876	2,646,876	2,646,876	-	2,134,701
FUND BALANCES, DECEMBER 31	\$ 2,646,876	\$ 2,646,876	\$ 2,651,879	\$ 5,003	\$ 2,646,876

CITY OF MEDINA, MINNESOTA
DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	306 G.O. Bonds 2008 Uptown Hamel	312 G.O. Improvement Bonds 2010A	313 Hunter South Improvement Bonds 2011B	314 2011 Equipment Certificates
ASSETS				
Cash and temporary investments	\$ 243,947	\$ 76,105	\$ 54,403	\$ 111,807
Cash with fiscal agent	-	-	-	-
Receivables				
Delinquent taxes	-	201	127	704
Special assessments	123,743	14,180	4,812	-
Due from other governments	-	547	224	2,392
TOTAL ASSETS	<u><u>\$ 367,690</u></u>	<u><u>\$ 91,033</u></u>	<u><u>\$ 59,566</u></u>	<u><u>\$ 114,903</u></u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	\$ -	\$ 201	\$ 127	\$ 704
Unavailable revenue - special assessments	123,743	14,180	4,812	-
TOTAL DEFERRED INFLOWS OF RESOURCES	123,743	14,381	4,939	704
FUND BALANCES				
Restricted for debt service	<u>243,947</u>	<u>76,652</u>	<u>54,627</u>	<u>114,199</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 367,690</u></u>	<u><u>\$ 91,033</u></u>	<u><u>\$ 59,566</u></u>	<u><u>\$ 114,903</u></u>

315 G.O. Bonds 2005 Uptown Hamel	316 Hunter North Improvement Bonds 2011B	318 G.O. Capital Improvement Bonds 2007A	319 G.O. Capital Improvement Bonds 2012A	320 G.O. Refunding Bonds 2012B	Total
\$ -	\$ 270,026	\$ 154,520	\$ 67,602	\$ 5,362	\$ 983,772
-	-	1,195,378	-	-	1,195,378
-	487	1,150	894	-	3,563
-	168,496	-	-	92,624	403,855
-	1,156	3,439	2,675	-	10,433
<u>\$ -</u>	<u>\$ 440,165</u>	<u>\$ 1,354,487</u>	<u>\$ 71,171</u>	<u>\$ 97,986</u>	<u>\$ 2,597,001</u>
\$ -	\$ 487	\$ 1,150	\$ 894	\$ -	\$ 3,563
-	168,496	-	-	92,624	403,855
-	168,983	1,150	894	92,624	407,418
-	271,182	1,353,337	70,277	5,362	2,189,583
<u>\$ -</u>	<u>\$ 440,165</u>	<u>\$ 1,354,487</u>	<u>\$ 71,171</u>	<u>\$ 97,986</u>	<u>\$ 2,597,001</u>

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

	306 G.O. Bonds 2008 Uptown Hamel	312 G.O. Improvement Bonds 2010A	313 Hunter South Improvement Bonds 2011B	314 2011 Equipment Certificates
REVENUES				
Taxes				
General property taxes	\$ -	\$ 29,525	\$ 11,854	\$ 132,269
Intergovernmental	-	-	-	-
Special assessments	30,490	2,562	1,477	-
Interest on investments	228	60	48	25
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>30,718</u>	<u>32,147</u>	<u>13,379</u>	<u>132,294</u>
EXPENDITURES				
Debt service				
Principal	130,000	30,000	18,882	141,118
Interest and other	74,635	8,123	2,534	2,946
Bond issuance costs	-	-	-	-
TOTAL EXPENDITURES	<u>204,635</u>	<u>38,123</u>	<u>21,416</u>	<u>144,064</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(173,917)</u>	<u>(5,976)</u>	<u>(8,037)</u>	<u>(11,770)</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	61,825	-	-	-
Bond issued	-	-	-	-
Payment of refunded bonds	-	-	-	-
Premium on bonds issued	-	-	-	-
Transfer out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>61,825</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(112,092)	(5,976)	(8,037)	(11,770)
FUND BALANCES, JANUARY 1	<u>356,039</u>	<u>82,628</u>	<u>62,664</u>	<u>125,969</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 243,947</u></u>	<u><u>\$ 76,652</u></u>	<u><u>\$ 54,627</u></u>	<u><u>\$ 114,199</u></u>

315 G.O. Bonds 2005 Uptown Hamel	316 Hunter North Improvement Bonds 2011B	318 G.O. Capital Improvement Bonds 2007A	319 G.O. Capital Improvement Bonds 2012A	320 G.O. Refunding Bonds 2012B	Total
\$ -	\$ 55,823	\$ 167,599	\$ 130,354	\$ -	\$ 527,424
-	12,087	-	-	-	12,087
20,865	139,944	-	-	-	195,338
(9)	156	31	8	(3)	544
-	-	1,000	-	-	1,000
<u>20,856</u>	<u>208,010</u>	<u>168,630</u>	<u>130,362</u>	<u>(3)</u>	<u>736,393</u>
70,000	75,000	-	-	-	465,000
13,509	22,575	52,913	92,648	7,253	277,136
-	-	23,278	-	-	23,278
<u>83,509</u>	<u>97,575</u>	<u>76,191</u>	<u>92,648</u>	<u>7,253</u>	<u>765,414</u>
<u>(62,653)</u>	<u>110,435</u>	<u>92,439</u>	<u>37,714</u>	<u>(7,256)</u>	<u>(29,021)</u>
15,000	-	41,867	32,563	12,618	163,873
-	-	1,170,000	-	-	1,170,000
(655,000)	-	-	-	-	(655,000)
-	-	49,031	-	-	49,031
(12,618)	-	-	-	-	(12,618)
<u>(652,618)</u>	<u>-</u>	<u>1,260,898</u>	<u>32,563</u>	<u>12,618</u>	<u>715,286</u>
(715,271)	110,435	1,353,337	70,277	5,362	686,265
<u>715,271</u>	<u>160,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,503,318</u>
<u>\$ -</u>	<u>\$ 271,182</u>	<u>\$ 1,353,337</u>	<u>\$ 70,277</u>	<u>\$ 5,362</u>	<u>\$ 2,189,583</u>

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

	Total		Percent Increase (Decrease)
	2013	2012	
REVENUES			
Taxes	\$ 3,760,988	\$ 3,327,590	13.02 %
Licenses and permits	714,601	369,765	93.26
Intergovernmental	468,038	282,075	65.93
Charges for services	3,282,236	1,113,545	194.76
Fines and forfeitures	144,465	186,408	(22.50)
Special assessments	295,820	270,450	9.38
Interest on investments	13,410	65,726	(79.60)
Miscellaneous	153,876	317,973	(51.61)
TOTAL REVENUES	<u>\$ 8,833,434</u>	<u>\$ 5,933,532</u>	48.87 %
Per Capita	\$ 1,745	\$ 1,207	44.58 %
EXPENDITURES			
Current			
General government	\$ 1,051,627	\$ 855,504	22.92 %
Public safety	2,165,056	1,984,615	9.09
Streets and highways	557,509	535,443	4.12
Sanitation and recycling	11,331	10,037	12.89
Culture and recreation	175,143	144,953	20.83
Economic development	212,154	214,975	(1.31)
Miscellaneous	42,067	20,318	107.04
Capital outlay			
General government	32,955	8,408	291.95
Public safety	1,058,060	1,453,776	(27.22)
Streets and highways	2,425,639	3,107,074	(21.93)
Culture and recreation	229,735	205,047	12.04
Economic development	1,659	7,891	(78.98)
Debt service			
Principal	465,000	220,000	111.36
Interest and other	277,136	148,118	87.10
Bond issuance costs	23,278	87,235	(73.32)
TOTAL EXPENDITURES	<u>\$ 8,728,349</u>	<u>\$ 9,003,394</u>	(3.05) %
Per Capita	\$ 1,724	\$ 1,831	(5.85) %
Total Long-term Indebtedness	\$ 12,510,000	\$ 12,460,000	0.40 %
Per Capita	2,471	2,535	(2.49)
General Fund Balance - December 31	\$ 2,651,879	\$ 2,646,876	0.19 %
Per Capita	524	538	(2.70)

The purpose of this report is to provide a summary of financial information concerning the City of Medina to interested citizens. The complete financial statements may be examined at City Hall, 2052 County Road 24, Medina, Minnesota 55340-9790. Questions about this report should be directed to the Finance Director at (763) 473-4643.

OTHER REPORTS

CITY OF MEDINA
MEDINA, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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AUDITOR'S REPORT ON LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Medina, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Medina, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated April 28, 2014.

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

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

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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
April 28, 2014