

STATE OF MINNESOTA

Office of the State Auditor



Rebecca Otto
State Auditor

Reporting and Publishing Requirements

City Audited Financial Statements

**For Cities Reporting in Accordance with
Generally Accepted Accounting Principles**

Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

Audit Practice - conducts financial and legal compliance audits of local governments;

Government Information - collects and analyzes financial information for cities, towns, counties, and special districts;

Legal/Special Investigations - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

Pension - monitors investment, financial, and actuarial reporting for approximately 700 public pension funds; and

Tax Increment Financing - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

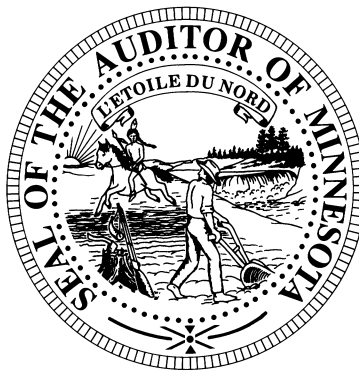
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Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

Introduction

Reporting Requirements for Cities Over 2,500 in Population

The Legislature adopted Minn. Stat. § 471.697, to improve the financial reporting, including the uniformity of financial data submitted, of cities with populations over 2,500. The law is applicable to both statutory and home rule charter cities, and assigns the responsibility for preparing and publishing annual financial reports to city clerks or finance officers.

In addition, the Governmental Accounting Standards Board (GASB) issued Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*; Statement No. 54 - *Fund Balance Reporting and Governmental Fund Type Definitions*; Statement No. 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; Statement No. 65 - *Items Previously Reported as Assets and Liabilities*; and Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*. These statements established new financial reporting requirements for state and local governments throughout the United States. The reporting requirements prescribed in this publication reflect the financial presentations defined in GASB Statements 34, 54, 63, 65, and 68.

The city clerk or finance officer must prepare a detailed statement of the city's operations in a format prescribed by the State Auditor. The format is presented in this manual on pages 4 - 7. The statement must be published within 210 days after the close of the calendar year in a qualified newspaper of general circulation in the city. If there is no such newspaper, the statement shall be posted in three of the most public places in the city as directed by the city council.

In addition, a copy of the audited financial statements and the Local Government Financial Reporting Form must be submitted to the Office of the State Auditor within 180 days after the close of the calendar year.

Enforcement Provisions

Cities are statutorily required to submit a copy of the financial statement and the Local Government Financial Reporting Form to the Office of the State Auditor in order to receive local government aid. If a city fails to comply with the applicable requirements, the State Auditor is authorized by the law to:

- A. Notify the Minnesota Department of Revenue (DOR) that the city did not comply with the reporting requirements. Local government aid to the city will be withheld until the Office of the State Auditor notifies DOR that the city has complied with the reporting requirements. Minn. Stat. § 477A.017. If the city fails to comply by September 30 of the reporting year, aids may be permanently forfeited for that reporting year.
- B. Send staff auditors to the city or to contract with independent auditors in order to complete the appropriate reports. The costs related to completing and filing the financial statement or report will be charged to the city. If any city fails to pay such cost within 30 days of billing, the amount shall be deducted from any state-shared taxes or aids due the city. Minn. Stat. § 471.699.

Form and Style of Financial Statements

Pursuant to Minnesota Statute § 471.697

The State Auditor is authorized by Minn. Stat. § 471.697 to prescribe the form of the financial statements for cities over 2,500 in population. Such reports must contain financial statements and disclosures that present the results of city operations in detailed statements. This statement must be submitted to the State Auditor within 180 days of the close of the calendar year.

The Governmental Accounting Standards Board Statement 34 established new financial reporting standards for state and local governments. The financial statement described in this manual is designed to meet these requirements and accounting standards issued after Statement 34. In addition, the financial statement should provide the level of detail necessary to complete the Local Government Financial Reporting Form.

The sample summary report and financial statements, beginning on page 9, meets the publication requirements of Minn. Stat. § 471.697, subd. 1 (a). The reporting and publication formats shown in these statements, including the level of detail, are the minimum requirements as prescribed by the State Auditor.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

Description of City Audited Financial Statement

The items in the prescribed city audited financial statement are based on generally accepted accounting principles.

Independent Auditor's Report (Opinion)

Management's Discussion and Analysis

The Management's Discussion and Analysis provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions. The use of graphs, charts, and tables are encouraged to assist the reader in understanding the information.

Basic Financial Statements

Statement of Net Position

The statement is in the format defined by GASB Statements 34 and 63. This statement is on a government-wide basis and includes columns for the governmental activities, business activities (enterprise funds), and a total column for the primary government. An additional column is shown for any discretely presented component units.

Statement of Activities

This statement is in the format defined by GASB Statement 34. The statement should present financial information for governmental activities at the level of detail presented in the fund financial statements. In general, that means at the functional category level. Functional categories are General Government, Public Safety, Public Works, Health, Sanitation, Cemetery, Culture and Recreation, Community Development, Interest, and similar activities of government.

For business-type activities, the statement should present at least the level of detail for different activities.

Fund Financial Statements

Balance Sheet - Governmental Funds

This statement is in the format of a balance sheet. Each major governmental fund is shown in a separate column. All other governmental funds are combined and shown in a single column. The last column is a total for all governmental funds. GASB Statement 34, as amended, defines the criteria used to determine which funds are major funds. The General Fund is always a major fund.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position - Governmental Activities

This summary reconciliation to the government-wide financial statements can be presented at the bottom of the Balance Sheet - Governmental Funds or in an accompanying schedule.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

The format of this statement is revenues, expenditures, other financing sources and uses, special items, and the change in fund balance. Revenues are classified by source and expenditures are classified by character and function. Each major governmental fund is shown in a separate column. All other governmental funds are combined and shown in a single column. The last column is a total for all governmental funds.

Reconciliation of the Statements of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

This reconciliation can be included as an individual statement or at the end of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund and Major Special Revenue Funds (can be presented as Required Supplementary Information)

The General Fund and major special revenue fund statements present a detailed statement of revenues, classified by source; expenditures, classified by function; transfers; and fund balances. Columns should include the original budget, the final budget, the actual amount, and the variance with the final budget. The General Fund statement should provide the level of detail necessary to complete the Local Government Financial Reporting Form.

Statement of Net Position - Proprietary Funds

This statement is in a balance sheet format. Each major enterprise fund is shown in a separate column. All other enterprise funds are combined and shown in a single column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is presented to the right of the "Total Enterprise Funds" column. GASB Statement 34 defines the criteria used to determine which funds are major funds.

Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds

This statement is in an operating statement format. Each major enterprise fund is shown in a separate column. All other enterprise funds are combined and shown in a single column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is presented to the right of the "Total Enterprise Funds" column.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

Statement of Cash Flows - Proprietary Funds

This statement is based on the provisions of GASB Statement 9. Each major enterprise fund is shown in a separate column. All other enterprise funds are combined and shown in a single column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is presented to the right of the “Total Enterprise Funds” column.

Statement of Fiduciary Net Position

The statement of fiduciary net position should include information about the assets, liabilities, and net position for each fiduciary fund type.

Statement of Changes in Fiduciary Net Position

The statement of changes in fiduciary net position should include information about the additions to, deductions from, and net increase (or decrease) for the year in net position for each fiduciary fund type.

Notes to the Financial Statements

The notes to the financial statements should communicate information essential for the fair presentation of the financial statements.

Supplementary Information

Individual Fund Statements - Major Funds

Individual fund statements present a detailed statement of revenues, classified by source; expenditures, classified by function; transfers; and fund balances. A detail statement for each major fund is required. Major fund statements should provide the level of detail necessary to complete the Local Government Financial Reporting Form.

Individual Fund Statements - Nonmajor Funds

Individual fund statements present a detailed statement of revenues, classified by source; expenditures, classified by function; transfers; and fund balances. A detail statement for each nonmajor special revenue fund, each nonmajor debt service fund, each nonmajor capital projects fund, and each nonmajor permanent fund should be shown. Individual fund statements are not required if the combining statements provide the level of detail necessary to complete the Local Government Financial Reporting Form.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

Individual Fund Statements - Enterprise Funds

Individual fund statements present a balance sheet, a detailed operating statement, and a statement of cash flows. An operating statement and a statement of cash flows for each enterprise fund is required. Individual fund statements are not required if the combining statement provides the level of detail necessary to complete the Local Government Financial Reporting Form.

Supplementary Schedules

Individual Fund Statements - Component Units

Individual fund statements present a detailed statement of revenues, classified by source; expenditures, classified by function; transfers; and fund balances. A detail statement for each component unit is required. Individual statements for the component units are not required if separate statements for the component units are submitted.

Statement of City Indebtedness

The Statement of City Indebtedness is a schedule of indebtedness by type. Each bond issue should be listed separately. The schedule should show the principal balance at the beginning of the year, the amount paid, and the principal balance at the end of the year. This statement may be included in the Notes to the Financial Statements.

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Publication Requirements

**Cities Reporting in Accordance with
Generally Accepted Accounting Principles**

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**Description of City Summary Financial Report
and Statements for Publication**

The prescribed publishing requirements for a city reporting on the GAAP basis of accounting consists of a summary financial report and three statements as described below. Examples of the summary financial report and statements begin on page 9.

Summary Financial Report

The summary financial report provides information on the revenues, expenditures, and long-term indebtedness for all governmental funds. This report should also include the fund balances for the General and Special Revenue Funds. A comparison to the prior year with a percent change should also be included on the summary statement.

Statement of Net Position - Proprietary Funds

This statement is in a balance sheet format. Each major enterprise fund is shown in a separate column. All other enterprise funds are combined and shown in a single column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column. GASB Statement 34, as amended, defines the criteria used to determine which funds are major funds.

Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds

This statement is in an operating statement format. Each enterprise fund is shown in a separate column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column.

Statement of Cash Flows - Proprietary Funds

This statement is based on the provisions of GASB Statement 9. Each enterprise fund is shown in a separate column. The total for all enterprise funds is the next column. If the city has an internal service fund, it is shown as the last column.

The water, sewer, refuse disposal, electric, gas, and heat utilities, along with municipal hospitals, nursing homes and liquor stores are required to be reported as enterprise funds.

NOTE: The transactions associated with the implementation of GASB Statement No. 68 - *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, are not included in the Summary Financial Statements. If pension costs are allocated to individual proprietary funds, these transactions should be included in the Summary Financial Statements.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

CITY OF STOLEN BASE

SUMMARY FINANCIAL REPORT

The purpose of this report is to provide a summary of financial information concerning the City of Stolen Base to interested citizens. The complete financial statements may be examined at the City Hall, 51 Elm Street. Questions about this report should be directed to Ms. Wendy Thompson, Clerk at (651) 555-1234.

REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS (GOVERNMENTAL FUNDS)

	<u>Total 20X2</u>	<u>Total 20X1</u>	<u>Percent Increase (Decrease)</u>
Revenues			
Property Taxes	\$ 85,650	\$ 83,945	2.03%
Special Assessments	131,701	121,587	8.32%
Licenses and Permits	2,300	1,900	21.05%
Intergovernmental	482,168	137,649	250.29%
Charges for Services	13,716	11,586	18.38%
Fines and Forfeits	4,128	3,268	26.32%
Investment Earnings	18,755	13,958	34.37%
Miscellaneous	134,003	75,985	76.35%
Total Revenues	\$ 872,421	\$ 449,878	93.92%
Per Capita	\$ 581.23	\$ 302.13	92.37%
Expenditures			
Current			
General Government	\$ 30,317	\$ 29,985	1.11%
Public Safety	51,146	48,526	5.40%
Streets and Highways	31,256	27,483	13.73%
Sanitation	10,700	10,500	1.90%
Cemetery	4,411	4,325	1.99%
Culture and Recreation	15,159	14,582	3.96%
Airport	2,560	2,689	-4.80%
Debt Service			
Principal	20,000	20,000	0.00%
Interest and Other Charges	24,779	25,248	-1.86%
Capital Outlay	780,723	126,895	515.25%
Total Expenditures	\$ 971,051	\$ 310,233	213.01%
Per Capita	\$ 646.94	\$ 208.35	210.50%
Total Long-term Indebtedness	\$ 1,789,360	\$ 1,436,956	24.52%
Per Capita	\$ 1,192.11	\$ 965.05	23.53%
General Fund and Special Revenue Funds Committed, Assigned, and Unassigned Fund Balance - December 31	\$ 116,928	\$ 87,061	34.31%
Per Capita	\$ 77.90	\$ 58.47	33.23%

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

CITY OF STOLEN BASE

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 20XX

	Enterprise Funds			Totals
	Water	Sewer	Liquor	
Assets				
Current Assets				
Cash and Cash Equivalents	\$ 29,447	\$ 11,210	\$ 9,546	\$ 50,203
Investments	-	108,852	15,000	123,852
Accounts Receivables, Net	1,250	6,378	-	7,628
Accrued Interest Receivable	791	2,091	-	2,882
Due from Other Governments	-	5,000	-	5,000
Inventories	4,200	-	18,043	22,243
Prepaid Expenses	7,312	406	1,934	9,652
Total Current Assets	\$ 43,000	\$ 133,937	\$ 44,523	\$ 221,460
Noncurrent Assets				
Restricted Cash and Cash Equivalents				
Cash and Cash Equivalents	\$ 15,315	\$ -	\$ 3,589	\$ 18,904
Investments	\$ 47,075	\$ -	\$ -	\$ 47,075
Capital Assets				
Land	\$ 32,163	\$ 36,215	\$ 26,395	\$ 94,773
Buildings	85,977	98,524	75,000	259,501
Machinery and Equipment	1,985,464	542,632	15,800	2,543,896
Less: Accumulated Depreciation	(1,023,663)	(181,782)	(54,749)	(1,260,194)
Capital Assets, Net	\$ 1,079,941	\$ 495,589	\$ 62,446	\$ 1,637,976
Total Noncurrent Assets	\$ 1,142,331	\$ 495,589	\$ 66,035	\$ 1,703,955
Total Assets	\$ 1,185,331	\$ 629,526	\$ 110,558	\$ 1,925,415
Liabilities				
Current Liabilities				
Accounts Payable	\$ 2,538	\$ 2,734	\$ 2,564	\$ 7,836
Sales Tax Payable	1,127	-	-	1,127
Accrued Salaries Payable	1,589	2,555	1,858	6,002
Accrued Payroll Liabilities	361	782	524	1,667
Due to Other Funds	-	-	282	282
Compensated Absences	525	297	420	1,242
Bonds, Notes, and Loans Payable	20,000	-	5,000	25,000
Total Current Liabilities	\$ 26,140	\$ 6,368	\$ 10,648	\$ 43,156

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

CITY OF STOLEN BASE

**STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 20XX**

	Enterprise Funds			Totals
	Water	Sewer	Liquor	
Liabilities (Continued)				
Current Liabilities Payable from Restricted Assets				
Accrued Bond Interest Payable	\$ 4,564	\$ -	\$ 69	\$ 4,633
Noncurrent Liabilities				
Compensated Absences	\$ 3,250	\$ 895	\$ 1,536	\$ 5,681
Bonds, Notes, and Loans Payable	470,000	-	10,000	480,000
Total Noncurrent Liabilities	\$ 473,250	\$ 895	\$ 11,536	\$ 485,681
Total Liabilities	\$ 503,954	\$ 7,263	\$ 22,253	\$ 533,470
Net Position				
Net Investment in Capital Assets	\$ 589,941	\$ 495,589	\$ 47,446	\$ 1,132,976
Restricted for Debt Service	57,826	-	3,520	61,346
Unrestricted	33,610	126,674	37,339	197,623
Total Net Position	\$ 681,377	\$ 622,263	\$ 88,305	\$ 1,391,945

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

CITY OF STOLEN BASE

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 20XX**

	Enterprise Funds			
	Water	Sewer	Liquor	Total
Operating Revenues				
Charges for Services	\$ 73,926	\$ 32,485	\$ 139,291	\$ 245,702
Less: Cost of Sales	-	-	(81,057)	(81,057)
Connection Fees	2,720	-	-	2,720
Miscellaneous	-	150	1,804	1,954
Total Operating Revenues	\$ 76,646	\$ 32,635	\$ 60,038	\$ 169,319
Operating Expenses				
Personal Services	\$ 14,024	\$ 13,286	\$ 30,154	\$ 57,464
Health and Life Insurance Contributions	1,705	996	3,784	6,485
Pension Contributions	65	56	2,305	2,426
Utilities	7,452	9,586	1,792	18,830
Repairs and Maintenance	13,909	7,438	1,228	22,575
Supplies	5,774	768	3,100	9,642
Insurance Claims and Expenses	5,188	1,140	5,826	12,154
Testing	-	840	-	840
Other Expenses	1,660	691	105	2,456
Depreciation	23,857	11,654	2,894	38,405
Total Operating Expenses	\$ 73,634	\$ 46,455	\$ 51,188	\$ 171,277
Operating Income (Loss)	\$ 3,012	\$ (13,820)	\$ 8,850	\$ (1,958)
Nonoperating Revenues (Expenses)				
Interest and Investment Revenue	\$ 9,108	\$ 11,347	\$ 1,378	\$ 21,833
Property Taxes	2,677	-	-	2,677
Special Assessments	8,543	-	-	8,543
Federal Grants	-	-	-	-
Market Value Credits	657	-	-	657
Other State Grants	-	-	-	-
County and Local Unit Grants	-	-	-	-
Miscellaneous Revenue	-	-	1,895	1,895
Interest Expense	(25,500)	-	(1,100)	(26,600)
Miscellaneous Expense	(210)	-	(52)	(262)
Total Nonoperating Revenues (Expenses)	\$ (4,725)	\$ 11,347	\$ 2,121	\$ 8,743
Net Income (Loss) Before Contributions and Transfers	\$ (1,713)	\$ (2,473)	\$ 10,971	\$ 6,785
Capital Contributions	-	-	-	-
Transfers In	6,200	-	-	6,200
Transfers Out	-	-	(10,000)	(10,000)
Change in Net Position	\$ 4,487	\$ (2,473)	\$ 971	\$ 2,985
Total Net Position - Beginning	676,890	624,736	87,334	1,388,960
Total Net Position - Ending	\$ 681,377	\$ 622,263	\$ 88,305	\$ 1,391,945

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

CITY OF STOLEN BASE

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 20XX

	Enterprise Funds			
	Water	Sewer	Liquor	Totals
Cash Flows From Operating Activities				
Receipts From Customers	\$ 75,036	\$ 31,348	\$ 141,095	\$ 247,479
Payments to Suppliers	(35,620)	(21,388)	(98,739)	(155,747)
Payments to Employees	(13,677)	(12,428)	(28,991)	(55,096)
Internal Activity - Payments to Other Funds	-	-	-	-
Other Receipts (Payments)	11,877	-	1,895	13,772
Net Cash Provided by (Used in) Operating Activities	\$ 37,616	\$ (2,468)	\$ 15,260	\$ 50,408
Cash Flows from Noncapital Financing Activities				
Transfers From (To) Other Funds	\$ 6,200	\$ -	\$ (10,000)	\$ (3,800)
Cash Flows From Capital and Related Financing Activities				
Proceeds From Capital Debt	\$ -	\$ -	\$ -	\$ -
Capital Contributions	-	-	-	-
Purchases of Capital Assets	(5,061)	(2,241)	(725)	(8,027)
Principal Paid on Capital Debt	(20,000)	-	(5,000)	(25,000)
Interest Paid on Capital Debt	(25,710)	-	(1,152)	(26,862)
Other Receipts (Payments)	-	-	-	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	\$ (50,771)	\$ (2,241)	\$ (6,877)	\$ (59,889)
Cash Flows From Investing Activities				
Proceeds From Sales and Maturities of Investments	\$ -	\$ -	\$ -	\$ -
Purchase of Investments	-	(11,000)	(10,000)	(21,000)
Interest and Dividends	9,108	11,347	1,378	21,833
Net Cash Provided by (Used in) Investing Activities	\$ 9,108	\$ 347	\$ (8,622)	\$ 833
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,153	\$ (4,362)	\$ (10,239)	\$ (12,448)
Cash and Cash Equivalents - Beginning of the Year	42,609	15,572	23,374	81,555
Cash and Cash Equivalents - End of the Year	\$ 44,762	\$ 11,210	\$ 13,135	\$ 69,107
Cash and Cash Equivalents				
Current Assets	\$ 29,447	\$ 11,210	\$ 9,546	\$ 50,203
Restricted Assets	15,315	-	3,589	18,904
Total Cash and Cash Equivalents - End of Year	\$ 44,762	\$ 11,210	\$ 13,135	\$ 69,107

Appendix

Applicable Minnesota Statutes

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Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

MINNESOTA STATUTES § 471.697 - FINANCIAL REPORTS; FILING; CITIES, TOWNS OF 2,500.

Subdivision 1. All operations except some hospitals, nursing homes.

In any city with a population of more than 2,500 according to the latest federal census, or town with a population of more than 2,500 according to the latest federal census with an annual revenue of (1) \$670,500 or more in 2004, or (2) \$670,500 adjusted for inflation using the annual implicit price deflator for state and local expenditures as published by the United States Department of Commerce in 2005 and after, the city clerk, chief financial officer, town clerk, or town clerk-treasurer shall:

(a) Prepare a financial report covering the city's or town's operations including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions during the preceding fiscal year after the close of the fiscal year. Cities shall publish the report or a summary of the report, in a form as prescribed by the state auditor, in a qualified newspaper of general circulation in the city or, if there is none, post copies in three of the most public places in the city, no later than 30 days after the report is due in the office of the state auditor. The report shall contain financial statements and disclosures which present the city's or town's financial position and the results of city or town operations in conformity with generally accepted accounting principles. The report shall include such information and be in such form as may be prescribed by the state auditor;

(b) File the financial report in the clerk's or financial officer's office for public inspection and present it to the city council or town board after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and

(c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city or town and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b). A copy of the audited financial statement along with any management letter or other written findings or comments by the auditor must be provided to each city council member and the mayor, or to each town board member, no later than 30 days after the report is required to be submitted to the state auditor and presented at a scheduled meeting of the city council or town board prior to October 31 of the year in which the report is submitted to the state auditor.

A municipal hospital or nursing home established before June 6, 1979, whose fiscal year is not a calendar year on August 1, 1980, is not subject to this subdivision but shall submit to the state auditor a detailed statement of its financial affairs audited by a certified public accountant, a public accountant or the state auditor no later than 120 days after the close of its fiscal year. It may also submit a summary financial report for the calendar year.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

MINNESOTA STATUTES § 471.698 - FINANCE REPORT, FILE, PUBLISH OR POST; CITIES UNDER 2,500.

Subdivision 1. All operations except some hospitals, nursing homes.

In any city with a population of less than 2,500 according to the latest federal census, the city clerk or chief financial officer shall:

(a) prepare a detailed statement of the financial affairs of the city including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions in the style and form prescribed by the state auditor, for the preceding fiscal year showing all money received, with the sources, and respective amounts thereof; all disbursements for which orders have been drawn upon the treasurer; the amount of outstanding and unpaid orders; all accounts payable; all indebtedness; contingent liabilities; all accounts receivable; the amount of money remaining in the treasury; and all items necessary to show accurately the revenues and expenditures and financial position of the city;

(b) file the statement in the clerk's or financial officer's office for the public inspection and present it to the city council within 45 days after the close of the fiscal year;

(c)(1) publish the statement, or a summary of the statement in a form as prescribed by the state auditor, within 90 days after the close of the fiscal year in a qualified newspaper of general circulation in the city; or

(2) if there is no qualified newspaper of general circulation in the city, the clerk shall, at the direction of the city council, post copies in three of the most public places in the city. It is not necessary to publish individual disbursements of less than \$300, if disbursements aggregating \$1,000 or more to any person, firm, or other entity are set forth in a schedule of major disbursements showing amounts paid out, to whom, and for what purpose, and are made a part of and published with the financial statement; and

(d) submit within 90 days after the close of the fiscal year a copy of the statement to the state auditor in such summary form as the state auditor may prescribe.

A municipal hospital or nursing home established before June 6, 1979, whose fiscal year is not a calendar year on August 1, 1980, is not subject to this subdivision but shall submit to the state auditor a detailed statement of its financial affairs audited by a certified public accountant, a public accountant or the state auditor no later than 120 days after the close of its fiscal year. It may also submit a summary financial report for the calendar year.

Subd. 2. May comply with section [471.697](#).

Any city described in subdivision 1 may comply with the provisions of section [471.697](#), in which case the provisions of subdivision 1 shall not apply to the city.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

MINNESOTA STATUTES § 412.02 - CITY ELECTIONS; OFFICERS, TERMS, VACANCIES, CITY EMPLOYEES.

Subd. 3. Clerk, treasurer combined; audit standards.

(a) In cities operating under the standard plan of government the council may by ordinance adopted at least 60 days before the next regular city election combine the offices of clerk and treasurer in the office of clerk-treasurer, but such an ordinance shall not be effective until the expiration of the term of the incumbent treasurer or when an earlier vacancy occurs. After the effective date of the ordinance, the duties of the treasurer and deputy treasurer as prescribed by this chapter shall be performed by the clerk-treasurer or a duly appointed deputy. The offices of clerk and treasurer may be reestablished by ordinance.

(b) If the offices of clerk and treasurer are combined as provided by this section and the city's annual revenue for all governmental and enterprise funds combined is more than the amount in paragraph (c), the council shall provide for an annual audit of the city's financial affairs by the state auditor or a public accountant in accordance with minimum auditing procedures prescribed by the state auditor. If the offices of clerk and treasurer are combined and the city's annual revenue for all governmental and enterprise funds combined is the amount in paragraph (c), or less, the council shall provide for an audit of the city's financial affairs by the state auditor or a public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years, which audit shall be for a one-year period to be determined at random by the person conducting the audit.

(c) For the purposes of paragraph (b), the amount in 2004 is \$150,000, and in 2005 and after, \$150,000 adjusted for inflation using the annual implicit price deflator for state and local expenditures as published by the United States Department of Commerce.

Reporting and Publishing Requirements - Audits on the GAAP Basis of Accounting

MINNESOTA STATUTES § 412.591 - DUTIES OF CLERK AND TREASURER; MAY BE COMBINED.

Subdivision 1. Clerk not on council; transition.

The clerk shall perform all the duties imposed on the clerk in cities generally but shall not be a member of the council, except that when Optional Plan A is first adopted in any city, the incumbent clerk shall continue to be a member of the council until the expiration of the term.

Subd. 1a. If treasurer, duties unchanged.

The duties of the treasurer if that office exists shall not be affected by adoption of Optional Plan A.

Subd. 2. Combining, uncombining clerk-treasurer.

Cities operating under Optional Plan A may, by an ordinance effective after the expiration of the term of the incumbent treasurer at the date of adoption of Optional Plan A, combine the offices of clerk and treasurer in the office of clerk-treasurer and thereafter the duties of the treasurer as prescribed by this chapter shall be performed by the clerk-treasurer. The offices of clerk and treasurer may be reestablished by ordinance.

Subd. 3. Audit standards if combined.

(a) If the offices of clerk and treasurer are combined as provided by this section, and the city's annual revenue for all governmental and enterprise funds combined is more than the amount in paragraph (b), the council shall provide for an annual audit of the city's financial affairs by the state auditor or a certified public accountant in accordance with minimum procedures prescribed by the state auditor. If the offices of clerk and treasurer are combined and the city's annual revenue for all governmental and enterprise funds combined is the amount in paragraph (b), or less, the council shall provide for an audit of the city's financial affairs by the state auditor or a certified public accountant in accordance with minimum audit procedures prescribed by the state auditor at least once every five years, which audit shall be for a one-year period to be determined at random by the person conducting the audit.

(b) For the purposes of paragraph (a), the amount in 2004 is \$150,000, and in 2005 and after, \$150,000 adjusted for inflation using the annual implicit price deflator for state and local expenditures as published by the United States Department of Commerce.