

CITY OF LITCHFIELD, MINNESOTA  
AUDITED FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2013

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

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CITY OF LITCHFIELD, MINNESOTA

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>PAGE</u>
ELECTED AND APPOINTED OFFICIALS	1
INDEPENDENT AUDITOR'S REPORT	2-4
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	5-11
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13
Balance Sheet - Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	18
Statement of Net Position - Proprietary Funds	19-20
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	21
Statement of Cash Flows - Proprietary Funds	22-23
Statement of Fiduciary Net Position	24
Statement of Changes in Fiduciary Net Position	24
Notes to the Financial Statements	25-55
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress and Employer Contributions - Other Postemployment Benefits Plan	56

CITY OF LITCHFIELD, MINNESOTA

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION	
COMBINING STATEMENTS OF NONMAJOR FUNDS	
Combining Balance Sheet - Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	58
Combining Balance Sheet - Nonmajor Governmental Funds - Special Revenue	59-60
Combining Balance Sheet - Nonmajor Governmental Funds - Debt Service	61
Combining Balance Sheet - Nonmajor Governmental Funds - Capital Projects	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Special Revenue	63-64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Debt Service	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds - Capital Projects	66
INDIVIDUAL FUND STATEMENTS	
Balance Sheet - General Fund	67
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	68
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Detail - General Fund	69-72
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Trail Project Special Revenue Fund	73
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Golf Course Special Revenue Fund	74
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Small Cities Rehabilitation Special Revenue Fund	75
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Airport Special Revenue Fund	76
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Civic Arena Special Revenue Fund	77

CITY OF LITCHFIELD, MINNESOTA

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION (Cont'd)	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - TIF District No. 1-2 Pleasant View Special Revenue Fund	78
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - TIF District No. 3-1 Longfellow Square Special Revenue Fund	79
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - TIF District No. 4-4 Terraceview Drive Special Revenue Fund	80
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - TIF District No. 4-12 Towmaster Special Revenue Fund	81
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Infrastructure Street Special Revenue Fund	82
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Cemetery Special Revenue Fund	83
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Permanent Improvement Revolving Special Revenue Fund	84
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Community Reinvestment Special Revenue Fund	85
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Highway 12 Beautification Special Revenue Fund	86
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - Lake Ripley Improvement Special Revenue Fund	87
Liquor Enterprise Fund	
Statement of Net Position	88
Statement of Revenues, Expenses and Changes in Net Position	89
Sewer Enterprise Fund	
Statement of Net Position	90
Statement of Revenues, Expenses and Changes in Net Position	91
Electric Enterprise Fund	
Statement of Net Position	92
Statement of Revenues, Expenses and Changes in Net Position	93

CITY OF LITCHFIELD, MINNESOTA

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION (Cont'd)	
Water Enterprise Fund	
Statement of Net Position	94
Statement of Revenues, Expenses and Changes in Net Position	95
Capital Improvement Revolving Internal Service Fund	
Statement of Net Position	96
Statement of Revenues, Expenses and Changes in Net Position	97
Private Purpose Trust Funds	
Statement of Fiduciary Net Position	98
Statement of Changes in Fiduciary Net Position	99
FINANCIAL SCHEDULES	
G.O. Bonds, Series 2007A	100
G.O. CIP Bonds, Series 2011B	101
G.O. Improvement Bonds, Series 2006A	102
G.O. Refunding Improvement Bonds, Series 2009B	103
G.O. Improvement and Refunding Bonds, Series 2011C	104
Public Project Lease Revenue Bonds, Series 2005A	105
Public Project Lease Revenue Bonds, Series 2007B	106
G.O. Housing Development Bonds, Series 2011A	107
G.O. Sewer System Bonds, Series 2011D	108
G.O. Improvement Bonds, Series 2013A	109
1999 Water Treatment Loan	110
2001 Wastewater Treatment Loan	111
2009 Clean Water Revolving Fund Loan	112
2009 Wastewater Infrastructure Fund Loan	113

CITY OF LITCHFIELD, MINNESOTA

TABLE OF CONTENTS  
DECEMBER 31, 2013

	<u>PAGE</u>
SUPPLEMENTARY INFORMATION (Cont'd)	
Electric Utility Revenue Bonds, Series 2008A	114
Electric Revenue Bonds, Series 2009C	115
Assessment Payable	116
Certificates of Indebtedness - 2006	117
Certificates of Indebtedness - 2007	118
Certificates of Indebtedness - 2009	119
COMPLIANCE SECTION	
Independent Auditor's Report on Minnesota Legal Compliance	120
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	121-122
Schedule of Findings	123

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CITY OF LITCHFIELD, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
DECEMBER 31, 2013

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

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 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. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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401 Atlantic Avenue
820 Sibley Avenue N
2351 Connecticut Avenue
P.O. Box 570
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of December 31, 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 accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in the Note 19 to the basic financial statements, for the year ended December 31, 2013, the City adopted the new accounting guidance of Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets & Liabilities*. Our opinion is not modified with respect to this matter.

### **Report on Partial Comparative Information**

We have previously audited the City's 2012 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated May 20, 2013. In our opinion, the partial comparative information presented herein as of and for the year ended December 31, 2012 is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Funding Progress and Employer Contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The statements and schedules as listed in the table of contents as supplementary information *and the Elected and Appointed Officials section* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 16, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Conway, Deuth & Schmiesing, PLLP*

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

June 16, 2014

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

This section of the basic financial statements of the City of Litchfield (the City) presents a discussion and analysis of the City's financial performance during the fiscal year ended December 31, 2013. Please read it in conjunction with the City's basic financial statements following this section.

**Financial Highlights**

- The assets of the City exceeded liabilities by \$50.7 million. Of this amount, \$15.2 million may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net position increased by \$1,421,579 mostly due to increases in the Sewer and Electric Funds of \$417,197 and \$571,902 respectively.
- The City's governmental funds reported combined ending fund balances of \$6.1 million. Of this total amount, approximately 20% is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1.2 million, or 30% of total General Fund expenditures of \$4.1 million.

**Using This Annual Report**

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

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

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

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

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

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

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

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

**The City's Most Significant Funds: Fund Financial Statements**

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

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

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

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

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

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

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

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25-55 of this report.

**Supplementary Information**

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

**Statement of Net Position**

The City's net position was \$50,651,214 on December 31, 2013 (see details in Table 1). This was an increase of \$1,421,579 or 2.9% from \$49,229,635 at December 31, 2012.

Table 1 Comparative Condensed Statement of Net Position				
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and Other Assets	\$ 7,834,449	\$ 7,927,798	\$ 21,422,910	\$ 13,403,239
Capital Assets	21,646,018	22,084,506	57,003,430	56,812,018
Total Assets	<u>\$ 29,480,467</u>	<u>\$ 30,012,304</u>	<u>\$ 78,426,340</u>	<u>\$ 70,215,257</u>
Current and Other Liabilities	\$ 336,256	\$ 502,878	\$ 1,810,009	\$ 2,107,710
Long-Term Liabilities	10,145,784	10,755,094	44,963,544	37,632,244
Total Liabilities	<u>10,482,040</u>	<u>11,257,972</u>	<u>46,773,553</u>	<u>39,739,954</u>
Net Position				
Net Investment in Capital Assets	14,351,018	14,204,506	19,693,980	19,663,920
Restricted	1,388,967	1,586,223		
Unrestricted	3,258,442	2,963,603	11,958,807	10,811,383
Total Net Position	<u>18,998,427</u>	<u>18,754,332</u>	<u>31,652,787</u>	<u>30,475,303</u>
Total Liabilities and Net Position	<u>\$ 29,480,467</u>	<u>\$ 30,012,304</u>	<u>\$ 78,426,340</u>	<u>\$ 70,215,257</u>

**Governmental Activities**

Net position of the City's governmental activities increased by \$244,095, or 1.3%. This is mainly due to unspent municipal state aid received for streets and the accumulation of resources for a future project.

**Business-Type Activities**

The net position of our business-type activities increased by \$1,177,484, or 3.9%. The increase was due to the following funds change in net position: Liquor Fund \$113,628, Sewer Fund \$417,197, Electric Fund \$571,902, and Water Fund \$74,757.

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

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

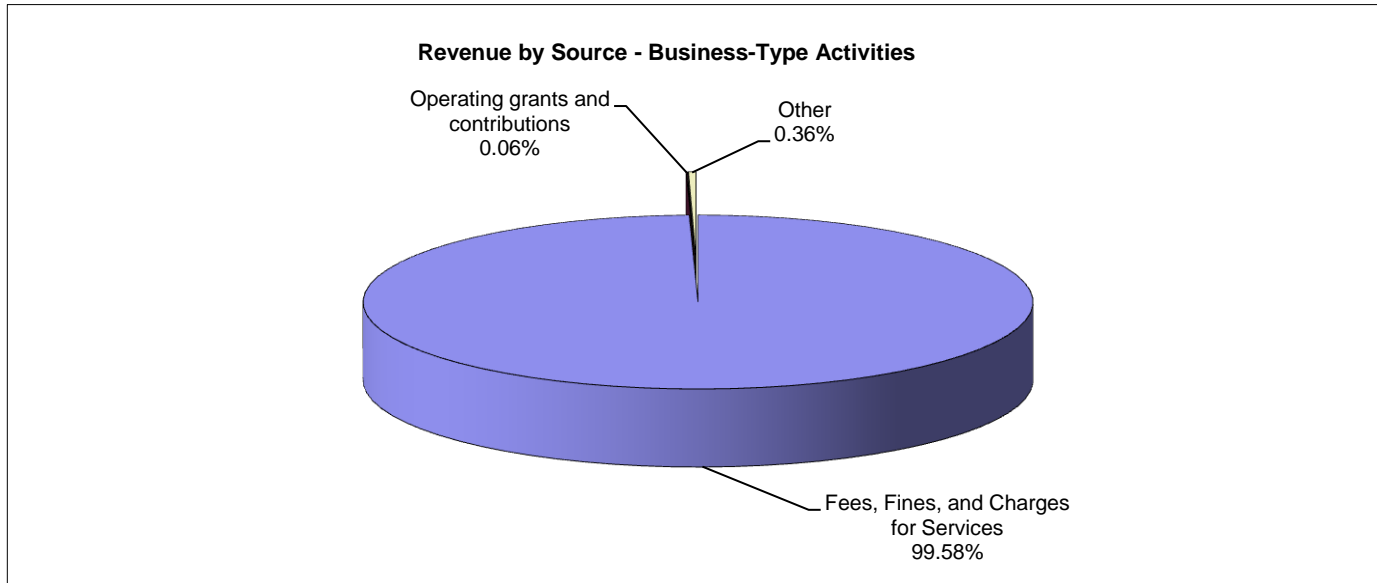
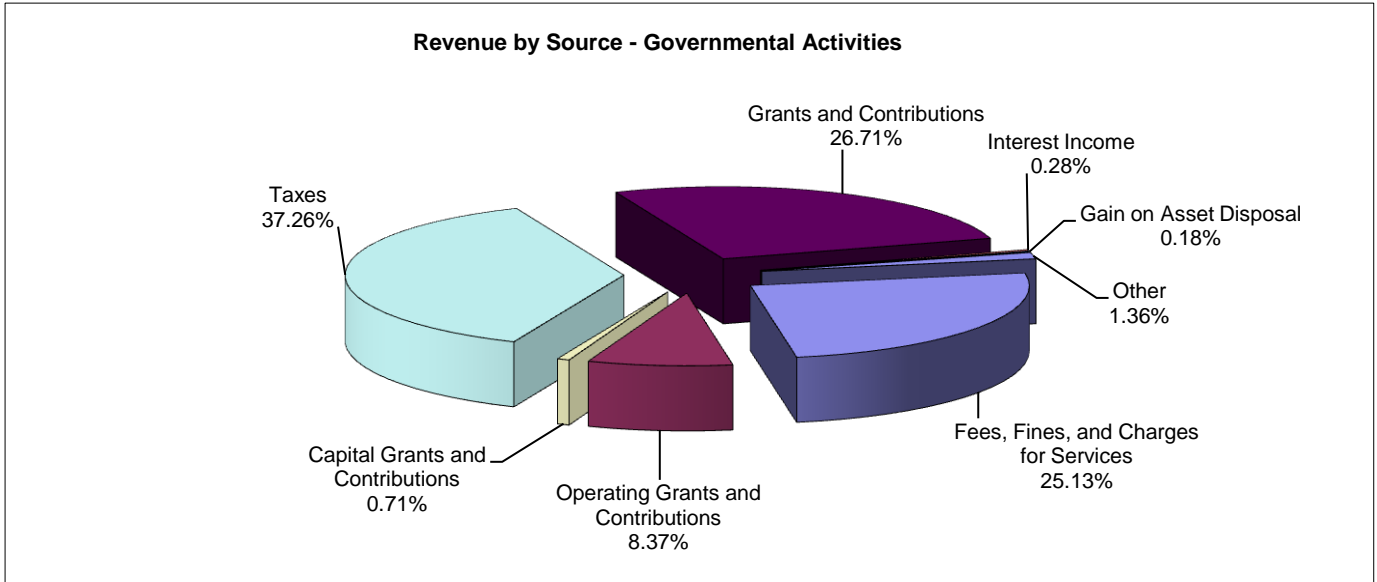
	Governmental Activities		Business-Type Activities	
	2013	2012	2013	2012
<b>REVENUES</b>				
Program Revenues				
Fees, Fines, and Charges for Services	\$ 1,503,907	\$ 1,143,923	\$ 16,290,860	\$ 15,439,185
Operating Grants and Contributions	500,756	117,858	9,148	
Capital Grants and Contributions	42,385	543,918		
General Revenues				101,111
Taxes	2,229,159	2,299,621		
Grants and Contributions	1,598,265	1,648,263		
Interest Income	16,859	3,240		5,219
Other	81,216	124,707	59,690	116,581
Gain on Asset Disposal	10,765			
Total Revenues	<u>5,983,312</u>	<u>5,881,530</u>	<u>16,359,698</u>	<u>15,662,096</u>
<b>EXPENSES</b>				
General Government	1,103,359	1,194,395		
Public Safety	1,855,376	1,731,276		
Public Works	1,441,086	1,136,033		
Airport	191,308	100,879		
Culture and Recreation	1,528,935	1,271,165		
Economic Development	187,714	294,079		
Interest on Long-Term Debt	345,223	428,639		
Liquor Store			1,952,071	1,932,207
Sewer Utility			2,656,966	2,237,417
Electric Utility			8,838,533	8,234,561
Water Utility			820,860	941,951
Total Expenses	<u>6,653,001</u>	<u>6,156,466</u>	<u>14,268,430</u>	<u>13,346,136</u>
Change in Net Position before Transfers	(669,689)	(274,936)	2,091,268	2,315,960
<b>TRANSFERS</b>	<u>913,784</u>	<u>417,731</u>	<u>(913,784)</u>	<u>(417,731)</u>
Change in Net Position	244,095	142,795	1,177,484	1,898,229
<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>	18,754,332	18,836,704	30,475,303	28,885,629
<b>PRIOR PERIOD ADJUSTMENT</b>		<u>(225,167)</u>		<u>(308,555)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	<u>18,754,332</u>	<u>18,611,537</u>	<u>30,475,303</u>	<u>28,577,074</u>
<b>NET POSITION, END OF YEAR</b>	<u>\$ 18,998,427</u>	<u>\$ 18,754,332</u>	<u>\$ 31,652,787</u>	<u>\$ 30,475,303</u>

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

**Governmental Activities**

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



CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

**Financial Analysis of the City's Funds**

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$6,099,764 an increase of \$110,297 from prior year fund balance of \$5,989,467. Approximately 20% of this total (\$1,223,890) constitutes unassigned fund balance. The remainder of the fund balance (\$4,875,874) is not available for new spending because it is either 1) nonspendable (\$114,931), 2) restricted (\$1,061,689), or 3) assigned (\$3,699,254).

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,229,398, an increase of \$15,777 from the 2012 unassigned fund balance of \$1,213,621. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 30 percent of the total General Fund expenditures.

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

Unrestricted net position in the respective proprietary funds are Liquor - \$95,061, Sewer - \$3,260,131, Electric - \$7,097,723, and Water - \$1,505,892. The proprietary funds that had an increase in total net position for the year were the Liquor, Sewer, Electric and Water Funds. The largest increases in net position occurred in the Sewer Fund (\$417,197) and the Electric Fund (\$571,902). Sewer Fund expenses were far less than budgeted and the Electric Fund revenues were greater than budgeted.

**General Fund Budgetary Highlights**

Over the course of the year, the City of Litchfield City Council did not revise the budget. The General Fund budget included sufficient revenues to cover expenditures predicting an increase in fund balance. Additional transfers to other funds along with greater than expected revenues and less than budgeted expenditures resulted in a fund balance increase of \$63,165.

**Capital Assets**

At the end of 2013, the City of Litchfield had \$116.7 million invested in a broad range of capital assets. Refer to Note 7 of the Notes to the Financial Statements for a schedule showing the City's capital asset activity.

**Long-Term Debt**

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

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

CITY OF LITCHFIELD, MINNESOTA

MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2013

**Economic Factors and Next Year's Budget**

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

**Contacting the City's Financial Management**

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

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## BASIC FINANCIAL STATEMENTS

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CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Governmental	Business-Type	Totals	
	Activities	Activities	2013	2012
<b>ASSETS</b>				
Cash and Investments	\$ 6,422,461	\$ 18,566,028	\$ 24,988,489	\$ 17,601,184
Cash with Fiscal Agent	500,004	656,928	1,156,932	666,942
Receivables (Net)	651,184	1,451,537	2,102,721	2,080,506
Due from Other Governmental Units	70,121		70,121	113,492
Inventories	35,594	633,239	668,833	562,425
Prepaid Items	79,337	58,665	138,002	128,068
Net OPEB Asset	75,748	56,513	132,261	178,420
Capital Assets				
Assets Not Being Depreciated	1,940,104	17,711,069	19,651,173	20,918,084
Other Capital Assets, Net of Depreciation	19,705,914	39,292,361	58,998,275	57,978,440
<b>Total Assets</b>	<b>\$ 29,480,467</b>	<b>\$ 78,426,340</b>	<b>\$ 107,906,807</b>	<b>\$ 100,227,561</b>
<b>LIABILITIES AND NET POSITION</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 72,854	\$ 498,678	\$ 571,532	\$ 615,196
Contracts Payable		746,682	746,682	1,147,961
Accrued Salaries	91,392	77,892	169,284	145,458
Accrued Interest Payable	125,938	401,067	527,005	556,488
Deposits Payable		40,650	40,650	40,775
Due to Other Governmental Units	46,072	45,040	91,112	104,710
Noncurrent Liabilities				
Due Within One Year	803,926	1,901,687	2,705,613	2,659,690
Due in More than One Year	9,341,858	43,061,857	52,403,715	45,727,648
<b>Total Liabilities</b>	<b>10,482,040</b>	<b>46,773,553</b>	<b>57,255,593</b>	<b>50,997,926</b>
<b>Net Position</b>				
Net Investment in Capital Assets	14,351,018	19,693,980	34,044,998	33,868,426
Restricted for Tax Increment	122,932		122,932	122,334
Restricted for Debt Service	1,266,035		1,266,035	1,463,889
Unrestricted	3,258,442	11,958,807	15,217,249	13,774,986
<b>Total Net Position</b>	<b>18,998,427</b>	<b>31,652,787</b>	<b>50,651,214</b>	<b>49,229,635</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 29,480,467</b>	<b>\$ 78,426,340</b>	<b>\$ 107,906,807</b>	<b>\$ 100,227,561</b>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF ACTIVITIES  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals	
							2013	2012
<b>GOVERNMENTAL ACTIVITIES</b>								
General Government	\$ 1,103,359	\$ 228,743	\$	\$	\$ (874,616)	\$	\$ (874,616)	\$ (995,925)
Public Safety	1,855,376	199,524	164,619	40,001	(1,451,232)		(1,451,232)	(1,391,888)
Public Works	1,441,086	4,742	150,820		(1,285,524)		(1,285,524)	(1,010,705)
Airport	191,308	109,764		2,384	(79,160)		(79,160)	314,670
Culture and Recreation	1,528,935	528,037	185,317		(815,581)		(815,581)	(847,377)
Economic Development	187,714				(187,714)		(187,714)	(294,079)
Interest on Long-Term Debt	345,223	433,097			87,874		87,874	(75,464)
Total Governmental Activities	6,653,001	1,503,907	500,756	42,385	(4,605,953)	0	(4,605,953)	(4,300,768)
<b>BUSINESS-TYPE ACTIVITIES</b>								
Liquor	1,952,071	2,120,313				168,242	168,242	218,085
Sewer	2,656,966	3,170,476				513,510	513,510	824,892
Electric	8,838,533	10,027,304				1,188,771	1,188,771	1,144,113
Water	820,860	972,767	9,148			161,055	161,055	7,069
Total Business-Type Activities	14,268,430	16,290,860	9,148	0	0	2,031,578	2,031,578	2,194,159
Total	\$ 20,921,431	\$ 17,794,767	\$ 509,904	\$ 42,385	(4,605,953)	2,031,578	(2,574,375)	(2,106,609)
<b>GENERAL REVENUES</b>								
Taxes								
Property Taxes, Levied for General Purposes					1,733,378		1,733,378	1,789,653
Property Taxes, Levied for Debt Service					495,781		495,781	509,968
Grants and Contributions not Restricted to Specific Programs					1,598,265		1,598,265	1,598,265
Interest Income					16,859		16,859	8,459
Other					81,216	59,690	140,906	241,288
Gain on Asset Disposal					10,765		10,765	
TRANSFERS					913,784	(913,784)		
Total General Revenues and Transfers					4,850,048	(854,094)	3,995,954	4,147,633
Change in Net Position					244,095	1,177,484	1,421,579	2,041,024
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED					18,754,332	30,475,303	49,229,635	47,722,333
PRIOR PERIOD ADJUSTMENT								(533,722)
NET POSITION, BEGINNING OF YEAR, AS RESTATED					18,754,332	30,475,303	49,229,635	47,188,611
NET POSITION, END OF YEAR					\$ 18,998,427	\$ 31,652,787	\$ 50,651,214	\$ 49,229,635

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds	
			2013	2012
<b>ASSETS</b>				
Cash and Investments	\$ 3,041,858	\$ 2,451,436	\$ 5,493,294	\$ 5,518,928
Cash with Fiscal Agent		500,004	500,004	550,150
Receivables				
Accounts	45,084	61,569	106,653	37,958
Contracts		36,000	36,000	40,000
Interest	7,451		7,451	
Delinquent Property Taxes	44,978	9,718	54,696	112,153
Special Assessments	2,886	443,498	446,384	516,139
Due from Other Governmental Units	23,617	41,325	64,942	95,686
Inventories		35,594	35,594	22,613
Prepaid Items	49,572	29,765	79,337	83,264
Due from Other Funds	5,958	5,314	11,272	21,690
	<u>\$ 3,221,404</u>	<u>\$ 3,614,223</u>	<u>\$ 6,835,627</u>	<u>\$ 6,998,581</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 44,594	\$ 24,786	\$ 69,380	\$ 46,378
Contracts Payable				166,339
Accrued Salaries	89,798	1,594	91,392	88,424
Due to Other Governmental Units	44,476	1,596	46,072	57,991
Due to Other Funds		11,272	11,272	21,690
Total Liabilities	<u>178,868</u>	<u>39,248</u>	<u>218,116</u>	<u>380,822</u>
<b>Deferred Inflows of Resources</b>				
<b>Unavailable Revenue</b>				
Accounts		16,667	16,667	
Delinquent Property Taxes	44,978	9,718	54,696	112,153
Special Assessments	2,886	443,498	446,384	516,139
Total Deferred Inflows of Resources	<u>47,864</u>	<u>469,883</u>	<u>517,747</u>	<u>628,292</u>
<b>Fund Balance</b>				
Nonspendable	49,572	65,359	114,931	105,877
Restricted		1,061,689	1,061,689	1,192,301
Assigned	1,715,702	1,983,552	3,699,254	3,490,406
Unassigned	1,229,398	(5,508)	1,223,890	1,200,883
Total Fund Balance	<u>2,994,672</u>	<u>3,105,092</u>	<u>6,099,764</u>	<u>5,989,467</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,221,404</u>	<u>\$ 3,614,223</u>	<u>\$ 6,835,627</u>	<u>\$ 6,998,581</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2013  
WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
Total Fund Balances - Governmental Funds	\$ 6,099,764	\$ 5,989,467
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.		
Governmental Capital Assets	29,123,108	28,873,079
Less: Accumulated Depreciation	(9,795,790)	(9,181,706)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Accounts	16,667	
Delinquent Property Taxes	54,696	112,153
Special Assessments	446,384	516,139
Internal service funds are used by management to charge the costs of equipment to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		
	2,439,572	2,274,038
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.		
Net OPEB Asset	75,748	97,881
Bonds and Notes Payable	(8,990,000)	(9,665,000)
Termination Benefits	(220,936)	
Compensated Absences	(124,848)	(125,094)
Accrued Interest Payable	(125,938)	(136,625)
	<u>2,439,572</u>	<u>2,274,038</u>
Total Net Position - Governmental Activities	<u>\$ 18,998,427</u>	<u>\$ 18,754,332</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Nonmajor Governmental Funds	Total Governmental Funds	
			2013	2012
<b>REVENUES</b>				
Property Taxes	\$ 1,734,521	\$ 414,709	\$ 2,149,230	\$ 2,168,252
Special Assessments		99,832	99,832	98,288
Licenses and Permits	138,798		138,798	96,289
Intergovernmental	1,730,630	229,962	1,960,592	2,265,039
Charges for Services	230,948	1,021,532	1,252,480	973,687
Fines and Forfeits	19,688		19,688	19,550
Interest Income	16,729	130	16,859	2,883
Miscellaneous	68,800	199,426	268,226	126,103
<b>Total Revenues</b>	<b>3,940,114</b>	<b>1,965,591</b>	<b>5,905,705</b>	<b>5,750,091</b>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	844,230	94,262	938,492	983,740
Public Safety	1,733,124		1,733,124	1,693,219
Public Works	861,978	32,398	894,376	763,344
Airport		140,891	140,891	47,811
Culture and Recreation	618,903	605,178	1,224,081	1,090,168
Economic Development	3,400	47,670	51,070	56,990
<b>Capital Outlay</b>				
Public Safety		16,572	16,572	1,387,999
Public Works		3,001	3,001	96,732
Airport		4,622	4,622	397,194
Culture and Recreation		299,175	299,175	14,371
Economic Development		136,644	136,644	237,089
<b>Debt Service</b>				
Principal		675,000	675,000	305,000
Interest and Other Charges		323,035	323,035	621,038
<b>Total Expenditures</b>	<b>4,061,635</b>	<b>2,378,448</b>	<b>6,440,083</b>	<b>7,694,695</b>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	<b>(121,521)</b>	<b>(412,857)</b>	<b>(534,378)</b>	<b>(1,944,604)</b>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale or Compensation for Property				8,793
Transfers In	676,275	719,728	1,396,003	1,174,854
Transfers Out	(491,589)	(259,739)	(751,328)	(675,920)
<b>Total Other Financing Sources (Uses)</b>	<b>184,686</b>	<b>459,989</b>	<b>644,675</b>	<b>507,727</b>
<b>Net Change in Fund Balances</b>	<b>63,165</b>	<b>47,132</b>	<b>110,297</b>	<b>(1,436,877)</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>2,931,507</b>	<b>3,057,960</b>	<b>5,989,467</b>	<b>7,426,344</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 2,994,672</b>	<b>\$ 3,105,092</b>	<b>\$ 6,099,764</b>	<b>\$ 5,989,467</b>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2013  
WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
Total Net Change in Fund Balances - Governmental Funds	\$ 110,297	\$ (1,436,877)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds reported capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.		
Capital Outlay	322,737	1,612,051
Depreciation Expense	(686,792)	(631,309)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
Certain Accounts Receivable	16,667	
Delinquent Property Taxes	(57,457)	(6,889)
Notes		(20,589)
Special Assessments	(69,755)	(62,960)
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.		
Net OPEB Asset	(22,133)	(25,760)
Termination Benefits	(220,936)	
Compensated Absences	246	(10,870)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Principal Retirement of Long-Term Debt	675,000	555,000
Change in Accrued Interest Payable	10,687	(19,396)
Internal service funds are used by management to charge the costs of equipment to the individual funds. The net revenue (expenditure) of the internal service fund is reported with governmental activities.		
	<u>165,534</u>	<u>190,395</u>
Change in Net Position - Governmental Activities	<u>\$ 244,095</u>	<u>\$ 142,796</u>

See Accompanying Notes to the Financial Statements



CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			Over (Under) Final Budget	2012
	Budgeted Amounts		Actual		Actual
	Original	Final			
<b>REVENUES</b>					
Taxes	\$ 1,734,490	\$ 1,734,490	\$ 1,734,521	\$ 31	\$ 1,749,697
Licenses and Permits	66,725	66,725	138,798	72,073	96,289
Intergovernmental	1,672,765	1,672,765	1,730,630	57,865	1,700,636
Charges for Services	159,650	159,650	230,948	71,298	218,947
Fines and Forfeits	21,000	21,000	19,688	(1,312)	19,550
Interest Income	15,000	15,000	16,729	1,729	1,479
Miscellaneous	1,500	1,500	68,800	67,300	43,999
Total Revenues	<u>3,671,130</u>	<u>3,671,130</u>	<u>3,940,114</u>	<u>268,984</u>	<u>3,830,597</u>
<b>EXPENDITURES</b>					
Current					
General Government	1,171,890	1,171,890	844,230	(327,660)	904,198
Public Safety	1,710,195	1,710,195	1,733,124	22,929	1,693,219
Public Works	871,352	871,352	861,978	(9,374)	749,253
Culture and Recreation	591,469	591,469	618,903	27,434	623,525
Economic Development			3,400	3,400	4,826
Capital Outlay					
Public Safety	4,000	4,000		(4,000)	
Culture and Recreation					14,371
Total Expenditures	<u>4,348,906</u>	<u>4,348,906</u>	<u>4,061,635</u>	<u>(287,271)</u>	<u>3,989,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(677,776)	(677,776)	(121,521)	556,255	(158,795)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale or Compensation for Property	2,000	2,000		(2,000)	8,793
Transfers In	703,775	703,775	676,275	(27,500)	606,102
Transfers Out	(15,000)	(15,000)	(491,589)	(476,589)	(543,070)
Total Other Financing Sources (Uses)	<u>690,775</u>	<u>690,775</u>	<u>184,686</u>	<u>(506,089)</u>	<u>71,825</u>
Net Change in Fund Balances	<u>\$ 12,999</u>	<u>\$ 12,999</u>	63,165	<u>\$ 50,166</u>	(86,970)
FUND BALANCE, BEGINNING OF YEAR			<u>2,931,507</u>		<u>3,018,477</u>
FUND BALANCE, END OF YEAR			<u>\$ 2,994,672</u>		<u>\$ 2,931,507</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Fund		
	Liquor	Sewer	Electric	Water	Totals		2013	2012
					2013	2012		
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and Investments	\$ 238,126	\$ 10,718,386	\$ 6,127,375	\$ 1,482,141	\$ 18,566,028	\$ 10,698,630	\$ 929,167	\$ 843,490
Cash with Fiscal Agent		656,928			656,928	656,928		
Accounts Receivable (Net)	650	323,268	1,039,109	88,510	1,451,537	1,374,256		
Due from Other Governmental Units						8,270	5,179	9,536
Inventories	251,465		381,774		633,239	539,812		
Prepaid Items	5,547	14,719	28,217	10,182	58,665	44,804		
Due from Other Funds			349,116		349,116			
Total Current Assets	<u>495,788</u>	<u>11,713,301</u>	<u>7,925,591</u>	<u>1,580,833</u>	<u>21,715,513</u>	<u>13,322,700</u>	<u>934,346</u>	<u>853,026</u>
<b>Noncurrent Assets</b>								
<b>Capital Assets</b>								
Assets Not Being Depreciated	112,600	16,777,420	526,774	294,275	17,711,069	18,641,483		
Other Capital Assets, Net of Depreciation	1,313,029	14,470,837	18,597,243	4,911,252	39,292,361	38,170,535	2,318,700	2,393,133
Net OPEB Asset	6,296	12,591	31,491	6,135	56,513	80,539		
Total Noncurrent Assets	<u>1,431,925</u>	<u>31,260,848</u>	<u>19,155,508</u>	<u>5,211,662</u>	<u>57,059,943</u>	<u>56,892,557</u>	<u>2,318,700</u>	<u>2,393,133</u>
Total Assets	<u>\$ 1,927,713</u>	<u>\$ 42,974,149</u>	<u>\$ 27,081,099</u>	<u>\$ 6,792,495</u>	<u>\$ 78,775,456</u>	<u>\$ 70,215,257</u>	<u>\$ 3,253,046</u>	<u>\$ 3,246,159</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2013	2012
					2013	2012		
<b>LIABILITIES AND NET POSITION</b>								
<b>Liabilities</b>								
<b>Current Liabilities</b>								
Accounts Payable	\$ 3,605	\$ 27,813	\$ 461,593	\$ 5,667	\$ 498,678	\$ 561,697	\$ 3,474	\$ 7,121
Contracts Payable	15,265	731,417			746,682	981,622		
Accrued Salaries	8,172	23,885	39,414	6,421	77,892	57,034		
Accrued Interest Payable		128,623	251,233	21,211	401,067	419,863		
Deposits Payable				40,650	40,650	40,775		
Due to Other Governmental Units	19,645	19	24,619	757	45,040	46,719		
Due to Other Funds	349,116				349,116			
Current Portion of Long-Term Debt		984,920	660,000	256,767	1,901,687	1,829,690	160,000	155,000
Total Current Liabilities	395,803	1,896,677	1,436,859	331,473	4,060,812	3,937,400	163,474	162,121
<b>Noncurrent Liabilities</b>								
Long-Term Debt, Net of Current Portion	11,220	27,945,467	13,707,499	1,397,671	43,061,857	35,802,554	650,000	810,000
Total Liabilities	407,023	29,842,144	15,144,358	1,729,144	47,122,669	39,739,954	813,474	972,121
<b>Net Position</b>								
Net Investment in Capital Assets	1,425,629	9,871,874	4,839,018	3,557,459	19,693,980	19,663,920	1,508,700	1,428,133
Unrestricted	95,061	3,260,131	7,097,723	1,505,892	11,958,807	10,811,383	930,872	845,905
Total Net Position	1,520,690	13,132,005	11,936,741	5,063,351	31,652,787	30,475,303	2,439,572	2,274,038
Total Liabilities and Net Position	\$ 1,927,713	\$ 42,974,149	\$ 27,081,099	\$ 6,792,495	\$ 78,775,456	\$ 70,215,257	\$ 3,253,046	\$ 3,246,159

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds						Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	Totals		2013	2012
					2013	2012		
<b>OPERATING REVENUES</b>								
Sales	\$ 2,120,313	\$	\$	\$	\$ 2,120,313	\$ 2,150,292	\$	\$
Cost of Goods Sold	(1,607,104)				(1,607,104)	(1,572,416)		
Gross Profit on Sales	513,209	0	0	0	513,209	577,876	0	0
Charges for Services		3,170,476	9,985,054	972,767	14,128,297	13,249,166	359,612	317,357
Other			42,250		42,250	39,727		
Total Operating Revenues	513,209	3,170,476	10,027,304	972,767	14,683,756	13,866,769	359,612	317,357
<b>OPERATING EXPENSES</b>								
Salaries and Benefits	227,212	419,721	908,839	166,132	1,721,904	1,642,437		
Supplies	12,913	328,730			341,643	336,144		
Other Services and Charges	103,542	824,256			927,798	661,730	130,230	94,674
Purchased Power			6,176,462	69,579	6,246,041	5,555,010		
Production			93,149	39,289	132,438	251,505		
Distribution			158,404	121,516	279,920	452,284		
Administrative and General			219,908	39,672	259,580	399,033		
Depreciation	1,300	531,262	676,048	319,809	1,528,419	1,333,823	442,039	452,828
Total Operating Expenses	344,967	2,103,969	8,232,810	755,997	11,437,743	10,631,966	572,269	547,502
Operating Income (Loss)	168,242	1,066,507	1,794,494	216,770	3,246,013	3,234,803	(212,657)	(230,145)
<b>NONOPERATING REVENUES (EXPENSES)</b>								
Taxes							137,386	138,258
Intergovernmental				9,148	9,148		40,001	40,000
Interest Income						5,219		357
Refunds and Reimbursements			15,197		15,197	22,922		
Miscellaneous Revenue	4,386	11,695	28,412		44,493	93,659		
Gain on Disposal of Asset							10,765	29,466
Interest Expense		(552,997)	(605,610)	(64,863)	(1,223,470)	(1,101,887)	(32,425)	(37,754)
Loss on Disposal of Asset						(39,867)	(47,008)	
Miscellaneous Expense			(113)		(113)		(450)	(450)
Total Nonoperating Revenues (Expenses)	4,386	(541,302)	(562,114)	(55,715)	(1,154,745)	(1,019,954)	108,269	169,877
Income (Loss) Before Capital Contributions and Transfers	172,628	525,205	1,232,380	161,055	2,091,268	2,214,849	(104,388)	(60,268)
<b>CAPITAL CONTRIBUTIONS</b>		242		571	813	432,977		
<b>TRANSFERS</b>								
Transfers In		100,000			100,000	100,000	269,922	250,663
Transfers Out	(59,000)	(208,250)	(660,478)	(86,869)	(1,014,597)	(849,597)		
Total Transfers	(59,000)	(108,250)	(660,478)	(86,869)	(914,597)	(749,597)	269,922	250,663
Change in Net Position	113,628	417,197	571,902	74,757	1,177,484	1,898,229	165,534	190,395
<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>	1,407,062	12,714,808	11,364,839	4,988,594	30,475,303	28,885,629	2,274,038	2,098,677
<b>PRIOR PERIOD ADJUSTMENT</b>						(308,555)		(15,034)
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>	1,407,062	12,714,808	11,364,839	4,988,594	30,475,303	28,577,074	2,274,038	2,083,643
<b>NET POSITION, END OF YEAR</b>	\$ 1,520,690	\$ 13,132,005	\$ 11,936,741	\$ 5,063,351	\$ 31,652,787	\$ 30,475,303	\$ 2,439,572	\$ 2,274,038

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2013	2012	2013	2012
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>								
Receipts from Customers	\$ 2,119,673	\$ 3,172,821	\$ 9,952,978	\$ 968,107	\$ 16,213,579	\$ 15,551,979	\$ 359,612	\$ 317,357
Payments to Suppliers	(1,756,669)	(1,133,475)	(6,801,875)	(274,616)	(9,966,635)	(9,142,361)	(133,877)	(101,475)
Payments to Employees	(225,080)	(409,574)	(876,082)	(161,364)	(1,672,100)	(1,623,691)		
Net Cash Provided (Used) by Operating Activities	137,924	1,629,772	2,275,021	532,127	4,574,844	4,785,927	225,735	215,882
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>								
Taxes							141,743	138,258
Intergovernmental				9,148	9,148	14,297	40,001	39,172
Other Receipts	4,386	11,695	43,609		59,690	116,581		
Other Disbursements			(113)		(113)		(450)	(450)
Interfund Loans	349,116		(349,116)					
Transfers In from Other Funds		100,000			100,000	100,000	269,922	250,663
Transfers Out to Other Funds	(59,000)	(208,250)	(660,478)	(86,869)	(1,014,597)	(849,597)		
Net Cash Provided (Used) by Noncapital Financing Activities	294,502	(96,555)	(966,098)	(77,721)	(845,872)	(618,719)	451,216	427,643
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>								
Acquisition and Construction of Capital Assets	(438,855)	(1,365,085)	(99,236)	(50,782)	(1,953,958)	(2,575,068)	(403,849)	(379,182)
Principal Reduction on Long-Term Debt		(925,000)	(640,000)	(248,766)	(1,813,766)	(1,859,767)	(155,000)	(155,000)
Net Proceeds of Bonds, Notes and Certificates		9,149,079			9,149,079	739,151		
Interest and Fiscal Agent Fees Paid on Bonds and Notes		(560,329)	(614,360)	(68,240)	(1,242,929)	(1,109,091)	(32,425)	(37,754)
Net Cash Provided (Used) for Capital and Related Financing Activities	(438,855)	6,298,665	(1,353,596)	(367,788)	4,138,426	(4,804,775)	(591,274)	(571,936)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>								
Interest Income						5,219		357
Net Increase (Decrease) in Cash and Cash Equivalents	(6,429)	7,831,882	(44,673)	86,618	7,867,398	(632,348)	85,677	71,946
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	244,555	3,543,432	6,172,048	1,395,523	11,355,558	11,987,906	843,490	771,544
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 238,126</u>	<u>\$ 11,375,314</u>	<u>\$ 6,127,375</u>	<u>\$ 1,482,141</u>	<u>\$ 19,222,956</u>	<u>\$ 11,355,558</u>	<u>\$ 929,167</u>	<u>\$ 843,490</u>
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS</b>								
Cash and Investments	\$ 238,126	\$ 10,718,386	\$ 6,127,375	\$ 1,482,141	\$ 18,566,028	\$ 10,698,630	\$ 929,167	\$ 843,490
Cash with Fiscal Agent		656,928			656,928	656,928		
Total Cash and Cash Investments	<u>\$ 238,126</u>	<u>\$ 11,375,314</u>	<u>\$ 6,127,375</u>	<u>\$ 1,482,141</u>	<u>\$ 19,222,956</u>	<u>\$ 11,355,558</u>	<u>\$ 929,167</u>	<u>\$ 843,490</u>

See Accompanying Notes to the Financial Statements

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 YEAR ENDED DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-Type Activities - Enterprise Funds				Totals		Governmental Activities - Internal Service Fund	
	Liquor	Sewer	Electric	Water	2013	2012	2013	2012
RECONCILIATION OF OPERATING INCOME (LOSS) TO CASH FLOWS FROM OPERATING ACTIVITIES								
Operating Income (Loss)	\$ 168,242	\$ 1,066,507	\$ 1,794,494	\$ 216,770	\$ 3,246,013	\$ 3,234,803	\$ (212,657)	\$ (230,145)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities								
Depreciation	1,300	531,262	676,048	319,809	1,528,419	1,333,823	442,039	452,828
(Increase) Decrease in Assets								
Accounts Receivable (Net)	(640)	2,345	(74,326)	(4,660)	(77,281)	112,794		
Inventories	(33,199)		(60,228)		(93,427)	(58,580)		
Prepaid Items	(2,230)	1,691	(7,013)	(6,309)	(13,861)	(1,030)		
Net OPEB Asset	2,197	8,641	10,991	2,197	24,026	21,399		
Increase (Decrease) in Liabilities								
Accounts Payable	2,213	17,801	(88,636)	5,603	(63,019)	113,469	(3,647)	(6,801)
Accrued Salaries	(276)	10,086	10,778	270	20,858	(2,653)		
Deposits Payable				(125)	(125)	7,731		
Due to Other Governmental Units	106	19	1,925	(3,729)	(1,679)	24,171		
Termination Benefits		(19,274)			(19,274)			
Compensated Absences	211	10,694	10,988	2,301	24,194			
Net Cash Provided (Used) by Operating Activities	<u>\$ 137,924</u>	<u>\$ 1,629,772</u>	<u>\$ 2,275,021</u>	<u>\$ 532,127</u>	<u>\$ 4,574,844</u>	<u>\$ 4,785,927</u>	<u>\$ 225,735</u>	<u>\$ 215,882</u>

CITY OF LITCHFIELD, MINNESOTA  
STATEMENT OF FIDUCIARY NET POSITION  
DECEMBER 31, 2013

	Private Purpose Trust Funds
ASSETS	
Current Assets	
Cash	\$ 224,406
Accounts Receivable	63
	63
Total Current Assets	\$ 224,469
NET POSITION	
Held in Trust for Other Purposes	\$ 224,469

CITY OF LITCHFIELD, MINNESOTA  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
YEAR ENDED DECEMBER 31, 2013

	Private Purpose Trust Funds
ADDITIONS	
Donations	\$ 562
DEDUCTIONS	
Repairs and Maintenance	55
Change in Net Position	507
NET POSITION, BEGINNING OF YEAR	223,962
NET POSITION, END OF YEAR	\$ 224,469

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CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

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

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

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

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

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

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

Blended Component Unit

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

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

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

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

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

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

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

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

The City reports the following major governmental fund:

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

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

The City reports the following major enterprise funds:

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

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

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

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

Additionally, the City reports the following proprietary fund:

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

Additionally, the City reports the following fiduciary funds:

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

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

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

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

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

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

D. DEPOSITS AND INVESTMENTS

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

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

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

Cash and investments at December 31, 2013, were comprised of deposits, non-negotiable certificates of deposits, government bonds and notes, government asset backed/CMO securities, money market mutual fund, and cash with escrow agent.

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

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

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

D. DEPOSITS AND INVESTMENTS (Cont'd)

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

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

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

E. RECEIVABLES AND PAYABLES

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

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

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

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

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

F. PREPAID ITEMS

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

G. INVENTORIES

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

H. CAPITAL ASSETS

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

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

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

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

I. UNEARNED REVENUE

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

J. COMPENSATED ABSENCES

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

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

K. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

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

L. TERMINATION BENEFITS

During 2009 and 2013, the City offered certain employees an early retirement incentive which qualifies as a termination benefit under the Governmental Accounting Standards Board Statement No. 47, *Accounting for Termination Benefits*. The employee receiving benefits from the 2009 option elected to receive the cash equivalent of one year of health insurance premiums in lieu of remaining on the City's insurance policy. These payments will continue through year 2015 depending on the individual employee's agreement. The employees receiving benefits from the 2013 option elected to continue participation on the City's group insurance plan. When calculating the liability, the City used the current cost of annual health insurance premiums and increased that cost by 10% for each subsequent year. As of December 31, 2013, the City's termination benefit liability was \$254,367.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

M. LONG-TERM OBLIGATIONS

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

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

N. FUND BALANCE

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

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

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

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

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

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

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



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

O. NET POSITION

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

P. USE OF ESTIMATES

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

Q. PRIOR YEAR INFORMATION

The basic financial statements include certain prior-year partial comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2012, from which the partial information was derived.

NOTE 2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

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

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

A. BUDGETARY INFORMATION (Cont'd)

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

Encumbrance accounting is not used.

B. DEFICIT FUND BALANCES

The following funds had deficit balances at December 31, 2013:

Nonmajor Governmental Funds		
Special Revenue		
TIF District No. 4-4 Terraceview Drive	\$	(2,254)
Capital Projects		
Memorial Park Playground		(3,254)

The deficits will be eliminated by collection of tax increment and future revenues.

C. EXPENDITURES EXCEEDING APPROPRIATIONS

For the year ended December 31, 2013, the following funds had expenditures that exceeded appropriations:

	<u>Expenditure</u>	<u>Appropriations</u>
Nonmajor Governmental Funds		
Special Revenue		
Golf Course	\$ 384,221	\$ 228,000
Small Cities Rehabilitation	3,633	
Airport	140,891	108,250
TIF District No. 1-2 Pleasant View	2,300	
Infrastructure Street	32,398	
Cemetery	79,222	51,200
Permanent Improvement Revolving	15,040	
Community Reinvestment	34,075	
Highway 12 Beautification	669	
Lake Ripley Improvement	4,679	

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 3. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

Custodial Credit Risk - Deposits: As of December 31, 2013, the City's bank balances were not exposed to custodial credit risk because they were fully insured through the FDIC as well as collateralized with securities held by the pledging financial institution's trust department or agent and in the City's name.

Cash in Bank Accounts	\$ 18,158,525
Non-Negotiable Certificates of Deposit	7,050,000
ATM	3,740
Petty Cash	630
Cash with Fiscal Agent	<u>500,004</u>
Total Deposits	<u><u>\$ 25,712,899</u></u>

B. INVESTMENTS

As of December 31, 2013, the City had the following investments:

	Market Value	Interest Rate Risk Maturity Date	Credit Risk Moody's Credit Rating
Government Bonds	\$ 293,951	Varies	AAA
Government Notes	156,705	Varies	AAA
Government Asset Backed/CMO Securities	952	Varies	N/A
Money Market Mutual Fund	<u>205,320</u>	N/A	N/A
Total Investments	<u><u>\$ 656,928</u></u>		

The following is a summary of total deposits and investments:

Deposits (Note 3.A.)	\$ 25,712,899
Investments	<u>656,928</u>
Total Deposits and Investments	<u><u>\$ 26,369,827</u></u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 3. DEPOSITS AND INVESTMENTS (Cont'd)

B. INVESTMENTS (Cont'd)

Deposits and investments are presented in the December 31, 2013, basic financial statements as follows:

Statement of Net Position	
Cash and Investments	\$ 24,988,489
Cash with Fiscal Agent	1,156,932
Statement of Fiduciary Net Position	
Cash	<u>224,406</u>
Total Cash and Investments	<u><u>\$ 26,369,827</u></u>

NOTE 4. RECEIVABLES

Receivables as of December 31, 2013, are as follows:

	Total Receivables	Amounts not Scheduled for Collection During the Subsequent Year
<u>Governmental Activities</u>		
Accounts	\$ 106,653	\$ 16,667
Contracts	36,000	
Interest	7,451	
Delinquent Property Taxes	54,696	
Special Assessments	<u>446,384</u>	<u>350,769</u>
Total Governmental Activities	<u><u>\$ 651,184</u></u>	<u><u>\$ 367,436</u></u>
<u>Business-Type Activities</u>		
Accounts	<u><u>\$ 1,451,537</u></u>	<u><u>\$ 0</u></u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 5. INVENTORIES

Inventories as of December 31, 2013, are as follows:

Governmental Activities

Golf Course	
Pro Shop	\$ 10,279
Airport	
Fuel Inventory	25,315
	<hr/>
Total Governmental Activities	<u>\$ 35,594</u>

Business-Type Activities

Electric	
Transformers	\$ 271,996
Line Inventory	109,778
Liquor	251,465
	<hr/>
Total Business-Type Activities	<u>\$ 633,239</u>

NOTE 6. DUE FROM OTHER GOVERNMENTAL UNITS

Due from other governmental units as of December 31, 2013, consists of the following:

Governmental Activities

Meeker County	\$ 34,438
State of Minnesota	1,779
Federal	33,904
	<hr/>
Total Governmental Activities	<u>\$ 70,121</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 7. CAPITAL ASSETS

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

Governmental Activities	Beginning Balance	Increase	Decrease	Ending Balance
Capital Assets, Not Being Depreciated				
Land	\$ 1,824,293	\$	\$	\$ 1,824,293
Easements	10,428			10,428
Construction in Progress	441,880	128,763	(465,260)	105,383
Total Capital Assets, Not Being Depreciated	2,276,601	128,763	(465,260)	1,940,104
Capital Assets, Being Depreciated				
Buildings	9,667,094	16,752	(157,321)	9,526,525
Improvements Other than Buildings	16,583,304	448,688		17,031,992
Machinery and Equipment	7,442,836	648,190	(140,068)	7,950,958
Total Capital Assets, Being Depreciated	33,693,234	1,113,630	(297,389)	34,509,475
Less Accumulated Depreciation for				
Buildings	2,874,273	209,743	(110,314)	2,973,702
Improvements Other than Buildings	5,922,054	451,844		6,373,898
Machinery and Equipment	5,089,002	467,244	(100,285)	5,455,961
Total Accumulated Depreciation	13,885,329	1,128,831	(210,599)	14,803,561
Total Capital Assets, Being Depreciated, Net	19,807,905	(15,201)	(86,790)	19,705,914
Governmental Activities Net Capital Assets	<u>\$ 22,084,506</u>	<u>\$ 113,562</u>	<u>\$ (552,050)</u>	<u>\$ 21,646,018</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 7. CAPITAL ASSETS (Cont'd)

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

<u>Business-Type Activities</u>	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
<b>Capital Assets, Not Being Depreciated</b>				
Land	\$ 622,555	\$ 112,600	\$	\$ 735,155
Construction in Progress	18,018,928	1,660,075	(2,703,089)	16,975,914
Total Capital Assets, Not Being Depreciated	18,641,483	1,772,675	(2,703,089)	17,711,069
<b>Capital Assets, Being Depreciated</b>				
Buildings	29,646,760	1,308,974		30,955,734
Improvements Other than Buildings	20,119,480	1,613,840	(331,867)	21,401,453
Machinery and Equipment	10,083,867	59,298		10,143,165
Total Capital Assets, Being Depreciated	59,850,107	2,982,112	(331,867)	62,500,352
<b>Less Accumulated Depreciation for</b>				
Buildings	5,640,842	739,401		6,380,243
Improvements Other than Buildings	10,246,042	499,685		10,745,727
Machinery and Equipment	5,792,688	289,333		6,082,021
Total Accumulated Depreciation	21,679,572	1,528,419	0	23,207,991
Total Capital Assets, Being Depreciated, Net Business-Type Activities	38,170,535	1,453,693	(331,867)	39,292,361
Net Capital Assets	<u>\$ 56,812,018</u>	<u>\$ 3,226,368</u>	<u>\$ (3,034,956)</u>	<u>\$ 57,003,430</u>

Depreciation expense was charged to functions/programs as follows:

<b>Governmental Activities</b>	
General Government	\$ 160,740
Public Safety	172,379
Public Works	554,303
Airport	50,417
Culture and Recreation	190,992
Total Depreciation Expense - Governmental Activities	<u>\$ 1,128,831</u>
<b>Business-Type Activities</b>	
Liquor	\$ 1,300
Sewer	531,262
Electric	676,048
Water	319,809
Total Depreciation Expense - Business-Type Activities	<u>\$ 1,528,419</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. INTERFUND RECEIVABLES AND PAYABLES

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

Receivable Fund	Payable Fund	Amount
General	Nonmajor Governmental Funds	\$ 5,958
Nonmajor Governmental Funds	Nonmajor Governmental Funds	5,314
Electric	Liquor	349,116
Total Interfund Balances		<u>\$ 360,388</u>

The purpose of the above interfund loans was to cover deficit cash balances.

B. INTERFUND TRANSFERS

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

	Transfer In				Total
	General	Nonmajor Governmental Funds	Sewer	Internal Service	
Transfer Out					
General	\$	\$ 246,589	\$	\$ 245,000	\$ 491,589
Electric	430,478	130,000	100,000		660,478
Sewer	178,250	30,000			208,250
Water	56,869	30,000			86,869
Liquor		59,000			59,000
Nonmajor Governmental Funds	10,678	224,139		24,922	259,739
Total Interfund Transfers	<u>\$ 676,275</u>	<u>\$ 719,728</u>	<u>\$ 100,000</u>	<u>\$ 269,922</u>	<u>\$ 1,765,925</u>

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



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 9. LONG-TERM DEBT

A. GENERAL OBLIGATION BONDS

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

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

B. COMPONENTS OF LONG-TERM DEBT

	<u>Interest Rates</u>	<u>Final Maturity</u>	<u>Balance Outstanding</u>
<u>Governmental Activities</u>			
G.O. Bonds			
General Obligation Bonds, Series 2007A	3.70-3.85%	02/01/2018	\$ 120,000
General Obligation Bonds, Series 2007A	3.70-4.40%	02/01/2028	300,000
General Obligation CIP Bonds, Series 2011B	2.00-4.125%	02/01/2032	3,155,000
G.O. Special Assessment Bonds			
G.O. Improvement Bonds, Series 2006A	3.85-4.15%	02/01/2022	380,000
G.O. Refunding Improvement Bonds, Series 2009B	2.50-4.00%	02/01/2018	140,000
G.O. Improvement and Refunding Bonds, Series 2011C	1.00-3.70%	02/01/2027	825,000
G.O. Revenue Bonds			
Public Project Lease Revenue Bonds, Series 2005A	4.00-4.70%	02/01/2026	1,200,000
Public Project Lease Revenue Bonds, Series 2007B	4.75-5.10%	02/01/2028	485,000
G.O. Housing Development Bonds, Series 2011A	2.00-3.40%	02/01/2022	2,505,000
Capital Equipment Notes			690,000
Termination Benefits			220,936
Compensated Absences			124,848
			<u>124,848</u>
Total Governmental Activities			<u>\$ 10,145,784</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

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

	Interest Rates	Final Maturity	Balance Outstanding
<u>Business-Type Activities</u>			
G.O. Bonds			
G.O. Sewer System Bonds, Series 2011D	1.00-4.10%	02/01/2032	\$ 1,515,000
G.O. Special Assessment Bonds			
G.O. Improvement Bonds, Series 2013A	3.00-4.00%	02/01/2035	8,865,000
G.O. Revenue Notes			
1999 Water Treatment Loan	3.540%	08/20/2019	1,589,000
2001 Wastewater Treatment Loan	2.680%	08/20/2022	5,755,000
2009 Clean Water Revolving Fund Loan	2.652%	08/20/2029	6,560,048
2009 Wastewater Infrastructure Fund Loan	0.000%	08/20/2042	6,000,000
Revenue Bonds			
Electric Utility Revenue Bonds, Series 2008A	3.50-4.40%	02/01/2029	8,610,000
Electric Utility Revenue Bonds, Series 2009C	3.50-5.00%	02/01/2029	5,675,000
Assessment Payable	5.00%	01/01/2017	59,067
Bond Premium			167,637
Termination Benefits			33,431
Compensated Absences			134,361
			\$ 44,963,544
Total Business-Type Activities			

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

Capital Equipment Notes:

On March 1, 2006, the City issued a Certificate of Indebtedness in the amount of \$180,000 for a term of ten years at an interest rate of 3.90% per annum. Principal payments are due on February 6 and interest payments are due on March 1 and September 1 of each year until year 2016. As of December 31, 2013, the balance remaining was \$54,000.

On February 28, 2007, the City issued a Certificate of Indebtedness in the amount of \$568,000 for a term of ten years at an interest rate of 4.10% per annum. Principal and interest payments are due February 28 and interest payments are due on August 28 of each year until year 2017. As of December 31, 2013, the balance remaining was \$226,000.

On May 14, 2009, the City issued General Obligation Equipment Certificates in the amount of \$650,000 for a term of ten years at an interest rate ranging from 2.00% to 4.00%. Principal and interest payments are due February 1 and interest payments are due on August 1 of each year until year 2019. As of December 31, 2013, the balance remaining was \$410,000.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

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

2009 Refunding Transaction

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

Refunding Transaction - 2011A

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

Refunding Transaction - 2011C

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

Water Treatment Loan - 1999

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

Wastewater Treatment Loan - 2001

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

Wastewater Treatment Loan - 2009

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

C. MINIMUM DEBT PAYMENTS

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

Year Ending December 31	Governmental Activities			
	G.O. Bonds		G.O. Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 155,000	\$ 121,535	\$ 140,000	\$ 38,954
2015	160,000	117,748	140,000	35,673
2016	165,000	113,788	130,000	32,295
2017	170,000	109,698	135,000	28,800
2018	170,000	105,233	140,000	24,850
2019-2023	840,000	450,038	470,000	69,103
2024-2028	1,030,000	286,434	190,000	14,430
2029-2032	885,000	74,853		
	<u>\$ 3,575,000</u>	<u>\$ 1,379,327</u>	<u>\$ 1,345,000</u>	<u>\$ 244,105</u>

Year Ending December 31	Governmental Activities			
	G.O. Revenue Bonds		Capital Equipment Notes	
	Principal	Interest	Principal	Interest
2014	\$ 340,000	\$ 138,524	\$ 140,000	\$ 22,890
2015	350,000	129,486	140,000	18,031
2016	360,000	120,124	140,000	13,016
2017	370,000	110,100	125,000	8,178
2018	385,000	98,973	70,000	4,400
2019-2023	1,840,000	288,500	75,000	1,500
2024-2028	545,000	51,295		
	<u>\$ 4,190,000</u>	<u>\$ 937,002</u>	<u>\$ 690,000</u>	<u>\$ 68,015</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Business-Type Activities			
	G.O. Bonds		G.O. Special Assessment Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 60,000	\$ 45,830	\$	\$ 191,651
2015	65,000	45,075		299,975
2016	65,000	44,165	345,000	294,800
2017	65,000	43,060	350,000	284,375
2018	65,000	41,760	350,000	273,875
2019-2023	360,000	182,898	1,880,000	1,204,825
2024-2028	425,000	122,260	2,165,000	901,925
2029-2033	410,000	34,448	2,585,000	499,188
2034-2035			1,190,000	48,000
	<u>\$ 1,515,000</u>	<u>\$ 559,496</u>	<u>\$ 8,865,000</u>	<u>\$ 3,998,614</u>

Year Ending December 31	Business-Type Activities			
	G.O. Revenue Notes		Revenue Bonds	
	Principal	Interest	Principal	Interest
2014	\$ 1,151,000	\$ 384,457	\$ 660,000	\$ 591,410
2015	1,183,000	351,623	680,000	567,598
2016	1,218,000	317,856	705,000	542,629
2017	1,252,000	283,076	730,000	515,323
2018	1,288,000	247,311	760,000	485,523
2019-2023	5,025,000	727,566	4,280,000	1,926,073
2024-2028	2,292,000	251,177	5,270,000	899,041
2029-2033	2,375,048	13,129	1,200,000	27,750
2034-2038	2,350,000			
2039-2042	1,770,000			
	<u>\$ 19,904,048</u>	<u>\$ 2,576,195</u>	<u>\$ 14,285,000</u>	<u>\$ 5,555,347</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

C. MINIMUM DEBT PAYMENTS (Cont'd)

Year Ending December 31	Business-Type Activities Assessment Payable	
	Principal	Interest
2014	\$ 14,767	\$ 2,953
2015	14,767	2,215
2016	14,767	1,477
2017	14,766	738
	<u>\$ 59,067</u>	<u>\$ 7,383</u>

D. CHANGES IN LONG-TERM LIABILITIES

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental Activities</u>					
G.O. Bonds	\$ 3,730,000	\$	\$ (155,000)	\$ 3,575,000	\$ 155,000
G.O. Special Assessment Bonds	1,555,000		(210,000)	1,345,000	140,000
G.O. Revenue Bonds	4,520,000		(330,000)	4,190,000	340,000
Capital Equipment Notes	825,000		(135,000)	690,000	140,000
Termination Benefits Compensated Absences	125,094	220,936	(125,156)	220,936	28,926
Total Governmental Activities	<u>\$ 10,755,094</u>	<u>\$ 345,846</u>	<u>\$ (955,156)</u>	<u>\$ 10,145,784</u>	<u>\$ 803,926</u>
<u>Business-Type Activities</u>					
G.O. Bonds	\$ 1,555,000	\$	\$ (40,000)	\$ 1,515,000	\$ 60,000
G.O. Special Assessment Bonds		8,865,000		8,865,000	
G.O. Revenue Notes	20,915,539	107,509	(1,119,000)	19,904,048	1,151,000
Revenue Bonds	14,925,000		(640,000)	14,285,000	660,000
Assessments Payable	73,834		(14,767)	59,067	14,767
Bond Premium		168,300	(663)	167,637	
Termination Benefits Compensated Absences	52,705		(19,274)	33,431	15,920
Total Business-Type Activities	<u>\$ 37,632,244</u>	<u>\$ 9,269,009</u>	<u>\$ (1,937,709)</u>	<u>\$ 44,963,544</u>	<u>\$ 1,901,687</u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

E. CONDUIT DEBT OBLIGATIONS

In 2006 and 2011, the City issued conduit debt obligations. These obligations do not constitute an indebtedness of the City and are not a charge against its general credit or taxing powers. The obligations are payable solely from revenues of the respective entities to which the proceeds were remitted. As of December 31, 2013, the aggregate balance outstanding was \$2,165,179.

F. PLEDGED REVENUES

<u>Bond Issue/ Use of Proceeds/ Type</u>	<u>Percent of Total Debt Service</u>	<u>Term of Pledge</u>	<u>Remaining Principal and Interest</u>	<u>Principal and Interest Paid</u>	<u>Pledged Revenue Received</u>
<u>Governmental Activities</u>					
Public Project Lease Revenue Bonds, Series 2005A City Hall Lease Payments	100%	2006-2026	\$ 1,592,261	\$ 121,755	\$ 123,859
Public Project Lease Revenue Bonds, Series 2007B Auditorium Improvements Lease Payments	100%	2008-2028	\$ 688,329	\$ 46,950	\$ 41,135
<u>Business-Type Activities</u>					
Electric Utility Revenue Bonds, Series 2008A Improvements Utility Charges	100%	2009-2029	\$ 11,856,599	\$ 716,945	\$ 9,985,054
Electric Utility Revenue Bonds, Series 2009C Improvements Utility Charges	100%	2010-2029	\$ 7,983,748	\$ 536,515	\$ 9,985,054

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 10. RISK MANAGEMENT

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

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

The City's workers' compensation insurance policy is retrospectively rated. With this type of policy, final premiums are determined after loss experience is known. The amount of premium adjustment for 2013 is estimated to be immaterial based on workers' compensation rates and salaries for the year.

At December 31, 2013, there are no other claims liabilities reported in the financial statements based on the requirements of accounting standards, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

NOTE 11. CITY OF LITCHFIELD FIRE RELIEF ASSOCIATION

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

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

NOTE 12. DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. PLAN DESCRIPTION

All full-time and certain part-time employees of the City of Litchfield are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by PEPFF.



CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

A. PLAN DESCRIPTION (Cont'd)

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GEF 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 GEF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

B. FUNDING POLICY

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2013. PEPFF members were required to contribute 9.6% of their annual covered salary in 2013.

In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 14.4% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2013, 2012, and 2011, were \$133,861, \$132,623, and \$128,598, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2013, 2012, and 2011, were \$84,384, \$84,276, and \$82,897, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 13. DEFINED CONTRIBUTION PLAN

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

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

Total contributions made by the City of Litchfield during fiscal year 2013 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$ 15,746	\$ 31,989	5.0%	5.0%	5.0%

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION

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

A. PLAN DESCRIPTION

The City operates a single-employer defined benefit plan ("the Plan") that provides health, dental, and life insurance to eligible employees and their families through the City's commercial insurance plans. There are 39 active participants and 3 retired participants. Benefit and eligibility provisions are established through negotiations between the City and employee groups including a union. The union contract is renegotiated each two-year bargaining period. The Plan does not issue a publicly available financial report.

B. FUNDING POLICY

Contribution requirements are also negotiated between the City and employees. The City contributes 0% - 100% of the cost of current-year premiums for eligible retired plan members and their spouses. For 2013, the City contributed \$28,324 to the Plan. The Plan is financed on a pay-as-you-go basis.

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION

The City's annual other postemployment benefit (OPEB) costs (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 71,301
Interest on Net OPEB Obligation	(7,137)
Adjustment to Annual Required Contribution	10,319
Annual OPEB Cost (Expense)	<u>74,483</u>
Contributions Made	<u>(28,324)</u>
(Increase) Decrease in Net OPEB Asset	46,159
Net OPEB Asset - Beginning of Year	<u>(178,420)</u>
Net OPEB Asset - End of Year	<u><u>\$ (132,261)</u></u>

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

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

C. ANNUAL OPEB COST AND NET OPEB OBLIGATION (Cont'd)

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

Fiscal Year Ended	Annual OPEB Cost	Annual Plan Sponsor Contribution	Percentage of Annual OPEB Cost Contributed	Net OPEB Asset
12/31/2013	\$ 74,483	\$ 28,324	38%	\$ 132,261
12/31/2012	73,585	26,629	36%	178,420
12/31/2011	72,176	52,613	73%	225,579

D. FUNDED STATUS AND FUNDING PROGRESS

As of December 31, 2011, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$657,210 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$657,210. The covered payroll (annual payroll of active employees covered by the Plan) was \$2,221,809 and the ratio of the UAAL to the covered payroll of 29.60%.

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

E. ACTUARIAL METHODS AND ASSUMPTIONS

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

In the December 31, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumption included a 4.0% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 10% reduced by decrements to an ultimate rate of 5% after ten years. The UAAL is being amortized as a level dollar amount on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 15. PUBLIC UTILITIES FUND - POWER AGREEMENTS

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

NOTE 16. COMMITMENT

The City has the following projects in progress as of December 31, 2013:

<u>Project</u>	<u>Original Contract Amount</u>	<u>Remaining Commitment</u>
2013 Wastewater Treatment Facility Improvements	\$ 3,028,898	\$ 2,733,698
2013 Wastewater System Improvements	7,364,700	7,364,700
Liquor Store Building	903,432	11,405

NOTE 17. RECLASSIFICATIONS

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

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 18. FUND BALANCE

The following is a summary of fund balance components at December 31, 2013:

	General	Nonmajor Governmental Funds	Total
Nonspendable			
Inventories	\$	\$ 35,594	\$ 35,594
Prepaid Items	49,572	29,765	79,337
Total Nonspendable	<u>49,572</u>	<u>65,359</u>	<u>114,931</u>
Restricted for			
Tax Increment		122,932	122,932
Debt Service		938,757	938,757
Total Restricted	<u>0</u>	<u>1,061,689</u>	<u>1,061,689</u>
Assigned			
Hazardous Building Improvements	43,476		43,476
Dial-A-Ride	101,871		101,871
GAR Hall Improvements	118,608		118,608
Public Access	16,078		16,078
Tree Management	100,024		100,024
Capital Outlay	1,335,645		1,335,645
Fund Operations		1,983,552	1,983,552
Total Assigned	<u>1,715,702</u>	<u>1,983,552</u>	<u>3,699,254</u>
Unassigned	<u>1,229,398</u>	<u>(5,508)</u>	<u>1,223,890</u>
	<u>\$ 2,994,672</u>	<u>\$ 3,105,092</u>	<u>\$ 6,099,764</u>

NOTE 19. PRIOR PERIOD ADJUSTMENT

The beginning net position of the governmental activities and the business-type activities has been decreased to reflect a change in accounting principle. The City implemented GASB 65, *Items Previously Reported as Assets and Liabilities* which reclassifies deferred charges as outflows of resources. Beginning governmental activities net position for the year ended 2012 has been restated from \$18,836,704 to \$18,611,537 (a decrease of \$225,167). Beginning business-type activities net position for the year ended 2012 has been restated from \$28,885,629 to \$28,577,074 (a decrease of \$308,555). The combined beginning net position for the year ended 2012 has been restated from \$47,722,333 to \$47,188,611 (a decrease of \$533,722).

CITY OF LITCHFIELD, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2013

NOTE 19. PRIOR PERIOD ADJUSTMENT (Cont'd)

In addition, the related change in net position for the year ended December 31, 2012, of the governmental activities and the business-type activities has been decreased to reflect the change in accounting principle. The 2012 change in net position for the governmental activities was adjusted from \$124,959 to \$142,795 (an increase of \$17,836). The 2012 change in net position for the business-type activities was adjusted from \$1,876,384 to \$1,898,229 (an increase of \$21,845). The combined 2012 change in net position for the governmental and business-type activities has been restated from \$2,001,343 to \$2,041,024 (an increase of \$39,681).

In addition, the 2012 balance of \$628,292 was reclassified from Deferred Revenues to Deferred Inflows of Resources to conform to the current year's presentation with the implementation of GASB 65.

NOTE 20. SUBSEQUENT EVENT

On February 3, 2014, the City issued \$1,980,000 General Obligation Utility Revenue Bonds, Series 2014A to finance various improvements to the water system.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FUNDING PROGRESS AND EMPLOYER CONTRIBUTIONS  
OTHER POSTEMPLOYMENT BENEFITS PLAN  
DECEMBER 31, 2013

Schedule of Funding Progress

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

Schedule of Employer Contributions

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

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

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SUPPLEMENTARY INFORMATION

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COMBINING STATEMENTS OF NONMAJOR FUNDS

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CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Special Revenue	Debt Service	Capital Projects	Totals	
				2013	2012
<b>ASSETS</b>					
Cash and Investments	\$ 1,456,457	\$ 705,480	\$ 289,499	\$ 2,451,436	\$ 2,443,898
Cash with Fiscal Agent		227,507	272,497	500,004	550,150
Receivables					
Accounts	61,569			61,569	4,486
Contracts	36,000			36,000	40,000
Delinquent Property Taxes		9,718		9,718	21,098
Special Assessments		443,498		443,498	509,449
Due from Other Governmental Units	1,201	6,220	33,904	41,325	77,145
Inventories	35,594			35,594	22,613
Prepaid Items	29,765			29,765	42,136
Due from Other Funds	5,314			5,314	
	<u>\$ 1,625,900</u>	<u>\$ 1,392,423</u>	<u>\$ 595,900</u>	<u>\$ 3,614,223</u>	<u>\$ 3,710,975</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 24,786	\$	\$	\$ 24,786	\$ 83,656
Accrued Salaries	1,594			1,594	5,358
Due to Other Governmental Units	1,596			1,596	2,143
Due to Other Funds	2,254	450	8,568	11,272	21,690
Total Liabilities	<u>30,230</u>	<u>450</u>	<u>8,568</u>	<u>39,248</u>	<u>112,847</u>
<b>Deferred Inflows of Resources</b>					
<b>Unavailable Revenue</b>					
Accounts	16,667			16,667	
Delinquent Property Taxes		9,718		9,718	21,098
Special Assessments		443,498		443,498	509,449
Total Deferred Inflows of Resources	<u>16,667</u>	<u>453,216</u>	<u>0</u>	<u>469,883</u>	<u>530,547</u>
<b>Fund Balance</b>					
Nonspendable	65,359			65,359	64,749
Restricted	122,932	938,757		1,061,689	1,192,301
Assigned	1,392,966		590,586	1,983,552	1,813,648
Unassigned	(2,254)		(3,254)	(5,508)	(3,117)
Total Fund Balance	<u>1,579,003</u>	<u>938,757</u>	<u>587,332</u>	<u>3,105,092</u>	<u>3,067,581</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 1,625,900</u>	<u>\$ 1,392,423</u>	<u>\$ 595,900</u>	<u>\$ 3,614,223</u>	<u>\$ 3,710,975</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Special Revenue	Debt Service	Capital Projects	Totals	
				2013	2012
<b>REVENUES</b>					
Property Taxes	\$ 44,934	\$ 369,775	\$	\$ 414,709	\$ 418,555
Special Assessments		99,832		99,832	98,288
Intergovernmental	177,579	49,999	2,384	229,962	564,403
Charges for Services	620,476	401,056		1,021,532	754,740
Interest Income		130		130	1,144
Miscellaneous	48,393		151,033	199,426	82,104
Total Revenues	<u>891,382</u>	<u>920,792</u>	<u>153,417</u>	<u>1,965,591</u>	<u>1,919,234</u>
<b>EXPENDITURES</b>					
Current					
General Government	94,262			94,262	79,542
Public Works	32,398			32,398	14,091
Airport	140,891			140,891	47,811
Culture and Recreation	605,178			605,178	466,643
Economic Development	47,670			47,670	52,164
Capital Outlay					
Public Safety			16,572	16,572	
Public Works			3,001	3,001	96,732
Airport			4,622	4,622	397,194
Culture and Recreation			299,175	299,175	
Economic Development			136,644	136,644	237,089
Debt Service					
Principal		675,000		675,000	305,000
Interest and Other Charges	105	322,930		323,035	621,038
Total Expenditures	<u>920,504</u>	<u>997,930</u>	<u>460,014</u>	<u>2,378,448</u>	<u>2,317,304</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(29,122)	(77,138)	(306,597)	(412,857)	(398,070)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In	174,508	107,495	437,725	719,728	568,752
Transfers Out	(90,678)	(161,567)	(7,494)	(259,739)	(132,850)
Total Other Financing Sources (Uses)	<u>83,830</u>	<u>(54,072)</u>	<u>430,231</u>	<u>459,989</u>	<u>435,902</u>
Net Change in Fund Balances	54,708	(131,210)	123,634	47,132	37,832
FUND BALANCE, BEGINNING OF YEAR	<u>1,524,295</u>	<u>1,069,967</u>	<u>463,698</u>	<u>3,057,960</u>	<u>3,029,749</u>
FUND BALANCE, END OF YEAR	<u>\$ 1,579,003</u>	<u>\$ 938,757</u>	<u>\$ 587,332</u>	<u>\$ 3,105,092</u>	<u>\$ 3,067,581</u>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Trail Project	Golf Course	Small Cities Rehabilitation	Airport	Civic Arena	TIF District No. 1-2 Pleasant View	TIF District No. 3-1 Longfellow Square	TIF District No. 4-4 Terraceview Drive	TIF District No. 4-12 Towmaster
<b>ASSETS</b>									
Cash and Investments	\$ 1,294		\$ 127,613	\$ 186,623	\$ 164,844	\$ 91,106	\$ 15,217		\$ 33,778
Receivables									
Accounts		354			40,915				
Contracts									
Due from Other Governmental Units									
Inventories		10,279		25,315					
Prepaid Items		20,734		6,296	2,199				
Due from Other Funds				5,314					
<b>Total Assets</b>	<b>\$ 1,294</b>	<b>\$ 31,367</b>	<b>\$ 127,613</b>	<b>\$ 223,548</b>	<b>\$ 207,958</b>	<b>\$ 91,106</b>	<b>\$ 15,217</b>	<b>\$ 0</b>	<b>\$ 33,778</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>									
<b>Liabilities</b>									
Accounts Payable	\$	\$ 168	\$	\$ 1,086	\$ 7,584	\$	\$	\$	\$ 15,852
Accrued Salaries Payable					1,594				
Due to Other Governmental Units					279	1,317			
Due to Other Funds								2,254	
<b>Total Liabilities</b>	<b>0</b>	<b>168</b>	<b>0</b>	<b>1,086</b>	<b>9,457</b>	<b>1,317</b>	<b>0</b>	<b>2,254</b>	<b>15,852</b>
<b>Deferred Inflows of Resources</b>									
Unavailable Revenue									
Accounts									
<b>Fund Balance</b>									
Nonspendable		31,013		31,611	2,199				
Restricted						89,789	15,217		17,926
Assigned	1,294	186	127,613	190,851	196,302				
Unassigned								(2,254)	
<b>Total Fund Balance</b>	<b>1,294</b>	<b>31,199</b>	<b>127,613</b>	<b>222,462</b>	<b>198,501</b>	<b>89,789</b>	<b>15,217</b>	<b>(2,254)</b>	<b>17,926</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 1,294</b>	<b>\$ 31,367</b>	<b>\$ 127,613</b>	<b>\$ 223,548</b>	<b>\$ 207,958</b>	<b>\$ 91,106</b>	<b>\$ 15,217</b>	<b>\$ 0</b>	<b>\$ 33,778</b>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Infrastructure	Cemetery	Permanent	Community	Highway 12	Lake Ripley	Totals	
	Street		Improvement	Reinvestment	Beautification	Improvement	2013	2012
			Revolving					
<b>ASSETS</b>								
Cash and Investments	\$ 515,562	\$ 153,285	\$ 10,439	\$ 140,470	\$ 857	\$ 15,369	\$ 1,456,457	\$ 1,442,476
Receivables								
Accounts		300		20,000			61,569	4,486
Contracts				36,000			36,000	40,000
Due from Other Governmental Units			1,201				1,201	17
Inventories							35,594	22,613
Prepaid Items		536					29,765	42,136
Due from Other Funds							5,314	
<b>Total Assets</b>	<b>\$ 515,562</b>	<b>\$ 154,121</b>	<b>\$ 11,640</b>	<b>\$ 196,470</b>	<b>\$ 857</b>	<b>\$ 15,369</b>	<b>\$ 1,625,900</b>	<b>\$ 1,551,728</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>								
<b>Liabilities</b>								
Accounts Payable	\$	\$ 44	\$	\$ 52	\$	\$	\$ 24,786	\$ 16,815
Accrued Salaries Payable							1,594	5,358
Due to Other Governmental Units							1,596	2,143
Due to Other Funds							2,254	3,117
<b>Total Liabilities</b>	<b>0</b>	<b>44</b>	<b>0</b>	<b>52</b>	<b>0</b>	<b>0</b>	<b>30,230</b>	<b>27,433</b>
<b>Deferred Inflows of Resources</b>								
Unavailable Revenue								
Accounts				16,667			16,667	
<b>Fund Balance</b>								
Nonspendable		536					65,359	64,749
Restricted							122,932	122,334
Assigned	515,562	153,541	11,640	179,751	857	15,369	1,392,966	1,340,329
Unassigned							(2,254)	(3,117)
<b>Total Fund Balance</b>	<b>515,562</b>	<b>154,077</b>	<b>11,640</b>	<b>179,751</b>	<b>857</b>	<b>15,369</b>	<b>1,579,003</b>	<b>1,524,295</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 515,562</b>	<b>\$ 154,121</b>	<b>\$ 11,640</b>	<b>\$ 196,470</b>	<b>\$ 857</b>	<b>\$ 15,369</b>	<b>\$ 1,625,900</b>	<b>\$ 1,551,728</b>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	2005A Public Project Lease	2006A G.O. Improvement	2007A G.O. Improvement	2007B Public Project Lease	2009B G.O. Improvement	2011A G.O. Improvement	2011B G.O. CIP Bonds	2011C G.O. Improvement	Totals	
									2013	2012
<b>ASSETS</b>										
Cash and Investments	\$ 106,607	\$ 121,932	\$ 48,930	\$ 73,516	\$ 43,091	\$	\$ 146,776	\$ 164,628	\$ 705,480	\$ 785,792
Cash with Fiscal Agent	126,222					101,285			227,507	277,653
Receivables										
Delinquent Property Taxes	3,146	660	1,307	1,067	1,168		1,157	1,213	9,718	21,098
Special Assessments		110,900			106,683			225,915	443,498	509,449
Due from Other Governmental Units	1,547	314	707	520	1,134	450	734	814	6,220	6,522
<b>Total Assets</b>	<b>\$ 237,522</b>	<b>\$ 233,806</b>	<b>\$ 50,944</b>	<b>\$ 75,103</b>	<b>\$ 152,076</b>	<b>\$ 101,735</b>	<b>\$ 148,667</b>	<b>\$ 392,570</b>	<b>\$ 1,392,423</b>	<b>\$ 1,600,514</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>										
<b>Liabilities</b>										
Due to Other Funds	\$	\$	\$	\$	\$	\$ 450	\$	\$	\$ 450	\$
<b>Deferred Inflows of Resources</b>										
<b>Unavailable Revenue</b>										
Delinquent Property Taxes	3,146	660	1,307	1,067	1,168		1,157	1,213	9,718	21,098
Special Assessments		110,900			106,683			225,915	443,498	509,449
<b>Total Deferred Inflows of Resources</b>	<b>3,146</b>	<b>111,560</b>	<b>1,307</b>	<b>1,067</b>	<b>107,851</b>	<b>0</b>	<b>1,157</b>	<b>227,128</b>	<b>453,216</b>	<b>530,547</b>
<b>Fund Balance</b>										
Restricted	234,376	122,246	49,637	74,036	44,225	101,285	147,510	165,442	938,757	1,069,967
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 237,522</b>	<b>\$ 233,806</b>	<b>\$ 50,944</b>	<b>\$ 75,103</b>	<b>\$ 152,076</b>	<b>\$ 101,735</b>	<b>\$ 148,667</b>	<b>\$ 392,570</b>	<b>\$ 1,392,423</b>	<b>\$ 1,600,514</b>

CITY OF LITCHFIELD, MINNESOTA

COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Airport Improvements	Eastern Development	Ecumen Improvements	Memorial Park Playground	Infrastructure Public Works Facility	Totals	
						2013	2012
<b>ASSETS</b>							
Cash and Investments	\$	\$ 159,499	\$	\$	\$ 130,000	\$ 289,499	\$ 215,630
Cash with Fiscal Agent			272,497			272,497	272,497
Due from Other Governmental Units	33,904					33,904	70,606
<b>Total Assets</b>	<b>\$ 33,904</b>	<b>\$ 159,499</b>	<b>\$ 272,497</b>	<b>\$ 0</b>	<b>\$ 130,000</b>	<b>\$ 595,900</b>	<b>\$ 558,733</b>
<b>LIABILITIES AND FUND BALANCE</b>							
<b>Liabilities</b>							
Contracts Payable	\$	\$	\$	\$	\$	\$	\$ 66,841
Due to Other Funds	5,314			3,254		8,568	18,573
<b>Total Liabilities</b>	<b>5,314</b>	<b>0</b>	<b>0</b>	<b>3,254</b>	<b>0</b>	<b>8,568</b>	<b>85,414</b>
<b>Fund Balance</b>							
Assigned	28,590	159,499	272,497		130,000	590,586	473,319
Unassigned				(3,254)		(3,254)	
<b>Total Fund Balance</b>	<b>28,590</b>	<b>159,499</b>	<b>272,497</b>	<b>(3,254)</b>	<b>130,000</b>	<b>587,332</b>	<b>473,319</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 33,904</b>	<b>\$ 159,499</b>	<b>\$ 272,497</b>	<b>\$ 0</b>	<b>\$ 130,000</b>	<b>\$ 595,900</b>	<b>\$ 558,733</b>

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Trail Project	Golf Course	Small Cities Rehabilitation	Airport	Civic Arena	TIF District No. 1-2 Pleasant View	TIF District No. 3-1 Longfellow Square	TIF District No. 4-4 Terraceview Drive	TIF District No. 4-12 Towmaster
<b>REVENUES</b>									
Tax Increment	\$	\$	\$	\$	\$	\$	\$	\$ 9,707	\$ 35,227
Intergovernmental				26,759					
Charges for Services		307,802		109,764	164,016				
Interest Income									
Miscellaneous		7,859		19,783	11,260				
Total Revenues	0	315,661	0	156,306	175,276	0	0	9,707	35,227
<b>EXPENDITURES</b>									
Current									
General Government									
Public Works									
Airport				140,891					
Culture and Recreation		384,221			182,203				
Economic Development			3,633			2,300		8,739	32,329
Capital Outlay									
Public Works									
Economic Development									
Debt Service									
Interest and Fees									
Total Expenditures	0	384,221	3,633	140,891	182,203	2,300	0	8,844	32,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	(68,560)	(3,633)	15,415	(6,927)	(2,300)	0	863	2,898
<b>OTHER FINANCING SOURCES (USES)</b>									
Transfers In		4,073			59,000				
Transfers Out					(10,678)				
Total Other Financing Sources (Uses)	0	4,073	0	0	48,322	0	0	0	0
Net Change in Fund Balances	0	(64,487)	(3,633)	15,415	41,395	(2,300)	0	863	2,898
FUND BALANCE, BEGINNING OF YEAR	1,294	95,686	131,246	207,047	157,106	92,089	15,217	(3,117)	15,028
FUND BALANCE, END OF YEAR	\$ 1,294	\$ 31,199	\$ 127,613	\$ 222,462	\$ 198,501	\$ 89,789	\$ 15,217	\$ (2,254)	\$ 17,926

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Infrastructure Street	Cemetery	Permanent Improvement Revolving	Community Reinvestment	Highway 12 Beautification	Lake Ripley Improvement	Totals	
							2013	2012
<b>REVENUES</b>								
Property Taxes	\$	\$	\$	\$	\$	\$	\$ 44,934	\$ 45,123
Intergovernmental	150,820						177,579	140,327
Charges for Services		38,894					620,476	431,654
Interest Income								588
Miscellaneous			2,633	6,333		525	48,393	82,104
Total Revenues	150,820	38,894	2,633	6,333	0	525	891,382	699,796
<b>EXPENDITURES</b>								
<b>Current</b>								
General Government		79,222	15,040				94,262	79,542
Public Works	32,398						32,398	14,091
Airport							140,891	47,811
Culture and Recreation				34,075		4,679	605,178	466,643
Economic Development					669		47,670	52,164
<b>Capital Outlay</b>								
Public Works								2,075
Economic Development								60,579
<b>Debt Service</b>								
Interest and Fees							105	136
Total Expenditures	32,398	79,222	15,040	34,075	669	4,679	920,504	723,041
Excess (Deficiency) of Revenues Over (Under) Expenditures	118,422	(40,328)	(12,407)	(27,742)	(669)	(4,154)	(29,122)	(23,245)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	968	15,000		95,467			174,508	232,242
Transfers Out				(80,000)			(90,678)	69,322
Total Other Financing Sources (Uses)	968	15,000	0	15,467	0	0	83,830	301,564
Net Change in Fund Balances	119,390	(25,328)	(12,407)	(12,275)	(669)	(4,154)	54,708	278,319
FUND BALANCE, BEGINNING OF YEAR	396,172	179,405	24,047	192,026	1,526	19,523	1,524,295	1,245,976
FUND BALANCE, END OF YEAR	\$ 515,562	\$ 154,077	\$ 11,640	\$ 179,751	\$ 857	\$ 15,369	\$ 1,579,003	\$ 1,524,295



CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2005A Public Project Lease	2006A G.O. Improvement	2007A G.O. Improvement	2007B Public Project Lease	2009B G.O. Improvement	2011A G.O. Improvement	2011B G.O. CIP Bonds	2011C G.O. Improvement	Totals	
									2013	2012
<b>REVENUES</b>										
Property Taxes	\$ 123,859	\$ 24,587	\$ 58,607	\$ 41,135	\$ 2,091	\$	\$ 67,404	\$ 52,092	\$ 369,775	\$ 373,432
Special Assessments		28,651			34,488			36,693	99,832	98,288
Intergovernmental							49,999		49,999	49,998
Charges for Services						401,056			401,056	323,086
Interest Income	18					112			130	434
Total Revenues	123,877	53,238	58,607	41,135	36,579	401,168	117,403	88,785	920,792	845,238
<b>EXPENDITURES</b>										
Debt Service										
Principal	65,000	35,000	15,000	20,000	110,000	245,000	120,000	65,000	675,000	305,000
Interest and Other Charges	56,755	16,335	15,370	26,950	6,175	69,667	109,938	21,740	322,930	620,902
Total Expenditures	121,755	51,335	30,370	46,950	116,175	314,667	229,938	86,740	997,930	925,902
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,122	1,903	28,237	(5,815)	(79,596)	86,501	(112,535)	2,045	(77,138)	(80,664)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In							100,000	7,495	107,495	100,000
Transfers Out			(24,923)			(136,644)			(161,567)	(202,172)
Total Other Financing Sources (Uses)	0	0	(24,923)	0	0	(136,644)	100,000	7,495	(54,072)	(102,172)
Net Change in Fund Balances	2,122	1,903	3,314	(5,815)	(79,596)	(50,143)	(12,535)	9,540	(131,210)	(182,836)
FUND BALANCE, BEGINNING OF YEAR	232,254	120,343	46,323	79,851	123,821	151,428	160,045	155,902	1,069,967	1,252,803
FUND BALANCE, END OF YEAR	\$ 234,376	\$ 122,246	\$ 49,637	\$ 74,036	\$ 44,225	\$ 101,285	\$ 147,510	\$ 165,442	\$ 938,757	\$ 1,069,967

CITY OF LITCHFIELD, MINNESOTA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS - CAPITAL PROJECTS  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Airport	Fire/Rescue	Marshall/	Eastern	Ecumen	Memorial	Memorial	Infrastructure	Totals	
	Improvements	Building	1st Street Improvements	Development	Improvements	Park Playground	Park Restrooms	Public Works Facility	2013	2012
<b>REVENUES</b>										
Intergovernmental	\$ 2,384	\$	\$	\$	\$	\$	\$	\$	\$ 2,384	\$ 374,078
Interest Income										122
Miscellaneous		5,495				110,538	35,000		151,033	
Total Revenues	2,384	5,495	0	0	0	110,538	35,000	0	153,417	374,200
<b>EXPENDITURES</b>										
Capital Outlay										
Public Safety		16,572							16,572	
Public Works			3,001						3,001	94,657
Airport	4,622								4,622	397,194
Culture and Recreation						193,792	105,383		299,175	
Economic Development					136,644				136,644	176,510
Total Expenditures	4,622	16,572	3,001	0	136,644	193,792	105,383	0	460,014	668,361
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,238)	(11,077)	(3,001)	0	(136,644)	(83,254)	(70,383)	0	(306,597)	(294,161)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers In		20,698			136,644	80,000	70,383	130,000	437,725	236,510
Transfers Out			(7,494)						(7,494)	
Total Other Financing Sources (Uses)	0	20,698	(7,494)	0	136,644	80,000	70,383	130,000	430,231	236,510
Net Change in Fund Balances	(2,238)	9,621	(10,495)	0	0	(3,254)	0	130,000	123,634	(57,651)
FUND BALANCE, BEGINNING OF YEAR	30,828	(9,621)	10,495	159,499	272,497				463,698	530,970
FUND BALANCE, END OF YEAR	\$ 28,590	\$ 0	\$ 0	\$ 159,499	\$ 272,497	\$ (3,254)	\$ 0	\$ 130,000	\$ 587,332	\$ 473,319

INDIVIDUAL FUND STATEMENTS

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## CITY OF LITCHFIELD, MINNESOTA

BALANCE SHEET  
GENERAL FUND  
DECEMBER 31, 2013  
WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and Investments	\$ 3,041,858	\$ 2,979,536
Receivables		
Accounts	45,084	33,472
Interest	7,451	
Delinquent Property Taxes	44,978	91,055
Special Assessments	2,886	6,690
Due from Other Governmental Units	23,617	18,541
Prepaid Items	49,572	41,128
Due from Other Funds	5,958	21,690
	<u>                    </u>	<u>                    </u>
Total Assets	<u>\$ 3,221,404</u>	<u>\$ 3,192,112</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
Liabilities		
Accounts Payable	\$ 44,594	\$ 23,946
Accrued Salaries	89,798	83,066
Due to Other Governmental Units	44,476	55,848
Total Liabilities	<u>178,868</u>	<u>162,860</u>
Deferred Inflows of Resources		
Unavailable Revenue		
Delinquent Property Taxes	44,978	91,055
Special Assessments	2,886	6,690
Total Deferred Inflows of Resources	<u>47,864</u>	<u>97,745</u>
Fund Balance		
Nonspendable	49,572	41,128
Assigned	1,715,702	1,676,758
Unassigned	1,229,398	1,213,621
Total Fund Balance	<u>2,994,672</u>	<u>2,931,507</u>
	<u>                    </u>	<u>                    </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 3,221,404</u>	<u>\$ 3,192,112</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Property Taxes	\$ 1,734,490	\$ 1,734,521	\$ 31	\$ 1,749,697
Licenses and Permits	66,725	138,798	72,073	96,289
Intergovernmental	1,672,765	1,730,630	57,865	1,700,636
Charges for Services	159,650	230,948	71,298	218,947
Fines and Forfeits	21,000	19,688	(1,312)	19,550
Interest Income	15,000	16,729	1,729	1,479
Miscellaneous	1,500	68,800	67,300	43,999
Total Revenues	<u>3,671,130</u>	<u>3,940,114</u>	<u>268,984</u>	<u>3,830,597</u>
<b>EXPENDITURES</b>				
Current				
General Government	1,171,890	844,230	(327,660)	904,198
Public Safety	1,710,195	1,733,124	22,929	1,693,219
Public Works	871,352	861,978	(9,374)	749,253
Culture and Recreation	591,469	618,903	27,434	623,525
Economic Development		3,400	3,400	4,826
Capital Outlay				
Public Safety	4,000		(4,000)	
Culture and Recreation				14,371
Total Expenditures	<u>4,348,906</u>	<u>4,061,635</u>	<u>(287,271)</u>	<u>3,989,392</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(677,776)	(121,521)	556,255	(158,795)
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale or Compensation for Property	2,000		(2,000)	8,793
Transfers In	703,775	676,275	(27,500)	606,102
Transfers Out	(15,000)	(491,589)	(476,589)	(543,070)
Total Other Financing Sources (Uses)	<u>690,775</u>	<u>184,686</u>	<u>(506,089)</u>	<u>71,825</u>
Net Change in Fund Balances	<u>\$ 12,999</u>	63,165	<u>\$ 50,166</u>	(86,970)
FUND BALANCE, BEGINNING OF YEAR		<u>2,931,507</u>		<u>3,018,477</u>
FUND BALANCE, END OF YEAR		<u>\$ 2,994,672</u>		<u>\$ 2,931,507</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Property Taxes	\$ 1,734,490	\$ 1,734,521	\$ 31	\$ 1,749,697
Licenses and Permits				
Business Licenses and Permits	46,375	105,978	59,603	59,027
Non-Business Licenses and Permits	20,350	32,820	12,470	37,262
Total Licenses and Permits	66,725	138,798	72,073	96,289
Intergovernmental				
Local Governmental Aid	1,588,853	1,588,853		1,588,853
Firemen's Relief Aid	35,000	59,643	24,643	41,129
Police State Aid	36,000	65,146	29,146	58,253
PERA Rate Change	9,412	9,412		9,412
Police Training Reimbursement	3,500	3,076	(424)	2,989
Other		4,500	4,500	
Total Intergovernmental	1,672,765	1,730,630	57,865	1,700,636
Charges for Services				
General Government	31,850	31,363	(487)	33,301
Public Safety	103,500	149,525	46,025	142,019
Public Works	3,000	3,580	580	488
Culture and Recreation	21,300	46,480	25,180	43,139
Total Charges for Services	159,650	230,948	71,298	218,947
Fines and Forfeits	21,000	19,688	(1,312)	19,550
Interest Income	15,000	16,729	1,729	1,479
Miscellaneous				
Rents	500	2,090	1,590	520
Donations		16,254	16,254	460
Insurance Dividend		29,308	29,308	39,764
Other	1,000	21,148	20,148	3,255
Total Miscellaneous	1,500	68,800	67,300	43,999
Total Revenues	3,671,130	3,940,114	268,984	3,830,597

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013			2012
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>EXPENDITURES</b>				
<b>Current</b>				
<b>General Government</b>				
City Council	\$ 28,772	\$ 23,553	\$ (5,219)	\$ 24,391
Publication of Ordinances and Proceedings	6,200	3,571	(2,629)	5,228
Mayor	8,044	6,445	(1,599)	6,442
City Administrator	244,058	245,685	1,627	236,642
Elections and Voter's Registration				12,715
Boards and Commissions	5,030	3,200	(1,830)	3,350
<b>Finance</b>				
Municipal Clerk	74,758	71,548	(3,210)	101,323
Assessor	40,000	37,932	(2,068)	36,352
Independent Accounting and Auditing	25,020	15,500	(9,520)	22,937
Purchasing	40,266	39,681	(585)	32,912
Technology Services	44,078	71,928	27,850	55,608
Legal	122,725	76,425	(46,300)	82,431
Planning and Zoning	200		(200)	
Advertising	15,600	12,813	(2,787)	11,933
<b>Government Buildings</b>				
City Hall	32,830	28,864	(3,966)	44,280
G.A.R. Hall	29,848	21,775	(8,073)	14,086
Other	454,461	185,310	(269,151)	213,568
<b>Total General Government</b>	<b>1,171,890</b>	<b>844,230</b>	<b>(327,660)</b>	<b>904,198</b>
<b>Public Safety</b>				
Police Protection	1,228,296	1,246,567	18,271	1,209,339
Fire Protection	219,251	257,065	37,814	235,650
Building Inspection	95,715	95,649	(66)	92,186
Civil Defense	4,250	2,665	(1,585)	5,970
Rescue Squad	148,433	118,761	(29,672)	137,648
Traffic Engineering	11,000	10,816	(184)	10,916
Animal Control	3,250	1,601	(1,649)	1,510
<b>Total Public Safety</b>	<b>1,710,195</b>	<b>1,733,124</b>	<b>22,929</b>	<b>1,693,219</b>



CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
EXPENDITURES (Cont'd)				
Current (Cont'd)				
Public Works				
Administration and Engineering	\$ 33,300	\$ 18,632	\$ (14,668)	\$ 21,051
Streets and Alleys	595,825	597,052	1,227	549,896
Snow and Ice Removal	46,000	52,474	6,474	28,032
Sidewalks	6,000	7,473	1,473	8,050
Street Lighting	3,075	3,428	353	3,329
Maintenance Shop	140,667	140,509	(158)	112,788
Street Cleaning	9,000	3,603	(5,397)	4,388
Storm Drainage	12,000	7,453	(4,547)	4,238
Weed Control	430		(430)	
Insect and Pest Control	8,380	7,366	(1,014)	102
Compost Site	16,675	23,988	7,313	17,379
Total Public Works	871,352	861,978	(9,374)	749,253
Culture and Recreation				
Playgrounds	30,200	35,747	5,547	58,684
Swimming Pools and Beach	6,250	3,436	(2,814)	4,776
Skating Rinks	8,300	6,977	(1,323)	6,344
Other Recreation	35,250	33,484	(1,766)	32,880
Camping Areas	23,400	15,221	(8,179)	16,919
Municipal Parks	263,955	294,967	31,012	297,375
Band	4,765	3,200	(1,565)	3,600
Forestry and Shade Trees	38,127	53,418	15,291	35,555
Library	181,222	172,453	(8,769)	167,392
Total Culture and Recreation	591,469	618,903	27,434	623,525
Economic Development		3,400	3,400	4,826
Total Current	4,344,906	4,061,635	(283,271)	3,975,021
Capital Outlay				
Public Safety	4,000		(4,000)	
Culture and Recreation				14,371
Total Capital Outlay	4,000	0	(4,000)	14,371
Total Expenditures	4,348,906	4,061,635	(287,271)	3,989,392
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(677,776)	(121,521)	556,255	(158,795)

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL - DETAIL  
 GENERAL FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
OTHER FINANCING SOURCES (USES)				
Sale or Compensation for Property	\$ 2,000	\$	\$ (2,000)	\$ 8,793
Transfers In	703,775	676,275	(27,500)	606,102
Transfers Out	(15,000)	(491,589)	(476,589)	(543,070)
Total Other Financing Sources (Uses)	<u>690,775</u>	<u>184,686</u>	<u>(506,089)</u>	<u>71,825</u>
Net Change in Fund Balances	<u>\$ 12,999</u>	63,165	<u>\$ 50,166</u>	(86,970)
FUND BALANCE, BEGINNING OF YEAR		<u>2,931,507</u>		<u>3,018,477</u>
FUND BALANCE, END OF YEAR		<u>\$ 2,994,672</u>		<u>\$ 2,931,507</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 TRAIL PROJECT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012	
	Final Budget	Actual		Actual	
REVENUES					
Interest Income	\$	\$	\$	\$	1
EXPENDITURES					
Current					
Culture and Recreation					
Repairs and Maintenance					778
Net Change in Fund Balances	<u>\$</u>	<u>0</u>	<u>\$</u>	<u>0</u>	(777)
FUND BALANCE, BEGINNING OF YEAR		<u>1,294</u>		<u>2,071</u>	
FUND BALANCE, END OF YEAR		<u>\$ 1,294</u>		<u>\$ 1,294</u>	

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 GOLF COURSE SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Charges for Services				
Maintenance Fee	\$ 228,000	\$	\$ (228,000)	\$ 216,000
Memberships		277,207	277,207	
Sales and Other		30,595	30,595	
Total Charges for Services	228,000	307,802	79,802	216,000
Miscellaneous				
Other		2,087	2,087	
Insurance Dividend		5,772	5,772	9,163
Reimbursement	27,500		(27,500)	
Total Miscellaneous	27,500	7,859	(19,641)	9,163
Total Revenues	255,500	315,661	60,161	225,163
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Salaries and Benefits	48,700	70,451	21,751	55,025
Operating Supplies	88,500	149,293	60,793	103,573
Professional Services		4,276	4,276	150
Communications	700	3,660	2,960	598
Insurance	21,000	18,857	(2,143)	27,624
Utilities	8,500	9,372	872	11,381
Repairs and Maintenance	18,000	28,881	10,881	19,813
Rentals	34,653	58,126	23,473	23,488
Miscellaneous	7,947	41,305	33,358	1,242
Total Expenditures	228,000	384,221	156,221	242,894
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	27,500	(68,560)	(96,060)	(17,731)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		4,073	4,073	100,000
Transfers Out	(27,500)		27,500	
Total Other Financing Sources (Uses)	(27,500)	4,073	31,573	100,000
Net Change in Fund Balances	\$ 0	(64,487)	\$ (64,487)	82,269
FUND BALANCE, BEGINNING OF YEAR		95,686		13,417
FUND BALANCE, END OF YEAR		\$ 31,199		\$ 95,686

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 SMALL CITIES REHABILITATION SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$ 5,000	\$	\$ (5,000)	\$ 39
EXPENDITURES				
Current				
Economic Development		3,633	3,633	
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,000	(3,633)	(8,633)	39
OTHER FINANCING SOURCES (USES)				
Transfers In				50,000
Net Change in Fund Balances	<u>\$ 5,000</u>	(3,633)	<u>\$ (8,633)</u>	50,039
FUND BALANCE, BEGINNING OF YEAR		131,246		81,207
FUND BALANCE, END OF YEAR		<u>\$ 127,613</u>		<u>\$ 131,246</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 AIRPORT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Intergovernmental	\$ 16,000	\$ 26,759	\$ 10,759	\$ 15,487
Charges for Services				
Fuel Sales	82,050	109,764	27,714	187,740
Interest Income	200		(200)	83
Miscellaneous				
Rental Income	10,000	14,404	4,404	14,754
Insurance Dividend		869	869	1,324
Other		4,510	4,510	213
Total Miscellaneous	<u>10,000</u>	<u>19,783</u>	<u>9,783</u>	<u>16,291</u>
Total Revenues	<u>108,250</u>	<u>156,306</u>	<u>48,056</u>	<u>219,601</u>
<b>EXPENDITURES</b>				
Current				
Airport				
Salaries and Benefits	325	323	(2)	323
Fuel	59,000	100,514	41,514	176,510
Insurance	18,000	14,651	(3,349)	15,295
Other Services and Charges	22,625	21,613	(1,012)	20,777
Repair and Maintenance	8,300	3,790	(4,510)	11,416
Total Expenditures	<u>108,250</u>	<u>140,891</u>	<u>32,641</u>	<u>224,321</u>
Net Change in Fund Balances	<u>\$ 0</u>	15,415	<u>\$ 15,415</u>	(4,720)
FUND BALANCE, BEGINNING OF YEAR		<u>207,047</u>		<u>211,767</u>
FUND BALANCE, END OF YEAR		<u>\$ 222,462</u>		<u>\$ 207,047</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CIVIC ARENA SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Charges for Services	\$ 150,300	\$ 164,016	\$ 13,716	\$ 160,854
Interest Income	200		(200)	81
Miscellaneous				
Rents and Refunds	10,000	9,149	(851)	10,385
Insurance Dividend		1,886	1,886	2,849
Other		225	225	392
Total Miscellaneous	<u>10,000</u>	<u>11,260</u>	<u>1,260</u>	<u>13,626</u>
Total Revenues	<u>160,500</u>	<u>175,276</u>	<u>14,776</u>	<u>174,561</u>
<b>EXPENDITURES</b>				
Current				
Culture and Recreation				
Salaries and Benefits	106,770	93,958	(12,812)	105,933
Insurance	9,000	9,112	112	9,685
Supplies	15,200	9,165	(6,035)	11,974
Repair and Maintenance	11,000	20,956	9,956	32,778
Other Services and Charges	4,951	3,159	(1,792)	11,845
Community Room	12,597	4,808	(7,789)	5,095
Rentals	2,305	2,305		
Utilities	47,000	38,740	(8,260)	33,424
Total Expenditures	<u>208,823</u>	<u>182,203</u>	<u>(26,620)</u>	<u>210,734</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(48,323)	(6,927)	41,396	(36,173)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	59,000	59,000		59,000
Transfers Out	(10,678)	(10,678)		(10,678)
Total Other Financing Sources (Uses)	<u>48,322</u>	<u>48,322</u>	<u>0</u>	<u>48,322</u>
Net Change in Fund Balances	<u>\$ (1)</u>	41,395	<u>\$ 41,396</u>	12,149
FUND BALANCE, BEGINNING OF YEAR		<u>157,106</u>		<u>144,957</u>
FUND BALANCE, END OF YEAR		<u>\$ 198,501</u>		<u>\$ 157,106</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 TIF DISTRICT NO. 1-2 PLEASANT VIEW SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$	\$	\$	\$ 67
EXPENDITURES				
Current				
Economic Development				
Professional Services		2,300	2,300	11,114
Capital Outlay				
Economic Development				60,579
Total Expenditures	<u>0</u>	<u>2,300</u>	<u>2,300</u>	<u>71,693</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>(2,300)</u>	<u>\$ (2,300)</u>	<u>(71,626)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>92,089</u>		<u>163,715</u>
FUND BALANCE, END OF YEAR		<u>\$ 89,789</u>		<u>\$ 92,089</u>



CITY OF LITCHFIELD, MINNESOTA

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

TIF DISTRICT NO. 3-1 LONGFELLOW SQUARE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012	
	Final Budget	Actual		Actual	
REVENUES					
Interest Income	\$	\$	\$	\$	7
EXPENDITURES					
Net Change in Fund Balances	<u>\$ 0</u>	0	<u>\$ 0</u>		7
FUND BALANCE, BEGINNING OF YEAR		<u>15,217</u>		<u>15,210</u>	
FUND BALANCE, END OF YEAR		<u>\$ 15,217</u>		<u>\$ 15,217</u>	

CITY OF LITCHFIELD, MINNESOTA

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

TIF DISTRICT NO. 4-4 TERRACEVIEW DRIVE SPECIAL REVENUE FUND  
YEAR ENDED DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Tax Increment	\$ 10,000	\$ 9,707	\$ (293)	\$ 9,600
EXPENDITURES				
Current				
Economic Development				
Professional Services		24	24	97
Developer Payment	10,000	8,715	(1,285)	8,641
Debt Service				
Interfund Loan Interest		105	105	136
Total Expenditures	<u>10,000</u>	<u>8,844</u>	<u>(1,156)</u>	<u>8,874</u>
Net Change in Fund Balances	<u>\$ 0</u>	863	<u>\$ 863</u>	726
FUND BALANCE, BEGINNING OF YEAR		<u>(3,117)</u>		<u>(3,843)</u>
FUND BALANCE, END OF YEAR		<u>\$ (2,254)</u>		<u>\$ (3,117)</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 TIF DISTRICT NO. 4-12 TOWMASTER SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Tax Increment	\$ 36,000	\$ 35,227	\$ (773)	\$ 35,523
EXPENDITURES				
Current				
Economic Development				
Professional Services	200	624	424	341
Developer Payment	35,800	31,705	(4,095)	31,971
Total Expenditures	<u>36,000</u>	<u>32,329</u>	<u>(3,671)</u>	<u>32,312</u>
Net Change in Fund Balances	<u>\$ 0</u>	2,898	<u>\$ 2,898</u>	3,211
FUND BALANCE, BEGINNING OF YEAR		<u>15,028</u>		<u>11,817</u>
FUND BALANCE, END OF YEAR		<u>\$ 17,926</u>		<u>\$ 15,028</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 INFRASTRUCTURE STREET SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Intergovernmental	\$ 80,000	\$ 150,820	\$ 70,820	\$ 124,840
Interest Income				163
Miscellaneous				26,240
Total Revenues	<u>80,000</u>	<u>150,820</u>	<u>70,820</u>	<u>151,243</u>
<b>EXPENDITURES</b>				
Current				
Public Works				
Other Services and Charges		32,398	32,398	14,091
Capital Outlay				
Public Works				2,075
Total Expenditures	<u>0</u>	<u>32,398</u>	<u>32,398</u>	<u>16,166</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	80,000	118,422	38,422	135,077
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In		968	968	862
Net Change in Fund Balances	<u>\$ 80,000</u>	119,390	<u>\$ 39,390</u>	135,939
FUND BALANCE, BEGINNING OF YEAR		<u>396,172</u>		<u>260,233</u>
FUND BALANCE, END OF YEAR		<u>\$ 515,562</u>		<u>\$ 396,172</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 CEMETERY SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
<b>REVENUES</b>				
Charges for Services				
Professional Services	\$ 16,000	\$ 15,294	\$ (706)	\$ 17,660
Sale of Lots	20,000	23,600	3,600	25,910
Total Charges for Services	<u>36,000</u>	<u>38,894</u>	<u>2,894</u>	<u>43,570</u>
Interest Income	200		(200)	93
Total Revenues	<u>36,200</u>	<u>38,894</u>	<u>2,694</u>	<u>43,663</u>
<b>EXPENDITURES</b>				
Current				
General Government				
Salaries and Benefits	11,930	23,998	12,068	27,957
Supplies	11,100	21,698	10,598	17,761
Insurance	500	2,034	1,534	1,916
Repairs and Maintenance	5,000	8,574	3,574	6,583
Utilities	5,000	4,889	(111)	8,843
Miscellaneous	17,670	18,029	359	16,382
Total Expenditures	<u>51,200</u>	<u>79,222</u>	<u>28,022</u>	<u>79,442</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(15,000)	(40,328)	(25,328)	(35,779)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	<u>15,000</u>	<u>15,000</u>		<u>15,000</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>(25,328)</u>	<u>\$ (25,328)</u>	<u>(20,779)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>179,405</u>		<u>200,184</u>
FUND BALANCE, END OF YEAR		<u>\$ 154,077</u>		<u>\$ 179,405</u>

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 PERMANENT IMPROVEMENT REVOLVING SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
<b>REVENUES</b>				
Interest Income	\$ 24	\$	\$ (24)	\$ 11
Miscellaneous		2,633	2,633	2,784
Total Revenues	24	2,633	2,609	2,795
<b>EXPENDITURES</b>				
Current				
General Government				
Professional Services		15,040	15,040	100
Net Change in Fund Balances	\$ 24	(12,407)	\$ (12,431)	2,695
FUND BALANCE, BEGINNING OF YEAR		24,047		21,352
FUND BALANCE, END OF YEAR		\$ 11,640		\$ 24,047

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 COMMUNITY REINVESTMENT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012	
	Final Budget	Actual	Over (Under) Final Budget	Actual
REVENUES				
Interest Income	\$ 500	\$	\$ (500)	\$ 34
Miscellaneous				
Reimbursements		3,333	3,333	
Donations		3,000	3,000	3,000
Total Miscellaneous	0	6,333	6,333	3,000
Total Revenues	500	6,333	5,833	3,034
EXPENDITURES				
Current				
Culture and Recreation				
Other		34,075	34,075	
Excess (Deficiency) of Revenues Over (Under) Expenditures	500	(27,742)	(28,242)	3,034
OTHER FINANCING SOURCES (USES)				
Transfers In		95,467	95,467	80,000
Transfers Out		(80,000)	(80,000)	
Total Other Financing Sources (Uses)	0	15,467	15,467	80,000
Net Change in Fund Balances	\$ 500	(12,275)	\$ (12,775)	83,034
FUND BALANCE, BEGINNING OF YEAR		192,026		108,992
FUND BALANCE, END OF YEAR		\$ 179,751		\$ 192,026

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 HIGHWAY 12 BEAUTIFICATION SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$	\$	\$	\$ 1
EXPENDITURES				
Current				
Economic Development				
Other		669	669	
Net Change in Fund Balances	\$ 0	(669)	\$ (669)	1
FUND BALANCE, BEGINNING OF YEAR		1,526		1,525
FUND BALANCE, END OF YEAR		\$ 857		\$ 1,526



CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL  
 LAKE RIPLEY IMPROVEMENT SPECIAL REVENUE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		Over (Under) Final Budget	2012
	Final Budget	Actual		Actual
REVENUES				
Interest Income	\$	\$	\$	\$ 8
Miscellaneous Donations		525	525	11,000
Total Revenues	<u>0</u>	<u>525</u>	<u>525</u>	<u>11,008</u>
EXPENDITURES				
Current				
Culture and Recreation				
Repairs and Maintenance		3,559	3,559	12,237
Miscellaneous		1,120	1,120	
Total Expenditures	<u>0</u>	<u>4,679</u>	<u>4,679</u>	<u>12,237</u>
Net Change in Fund Balances	<u>\$ 0</u>	<u>(4,154)</u>	<u>\$ (4,154)</u>	<u>(1,229)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>19,523</u>		<u>20,752</u>
FUND BALANCE, END OF YEAR		<u>\$ 15,369</u>		<u>\$ 19,523</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
LIQUOR ENTERPRISE FUND  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 238,126	\$ 244,555
Accounts Receivable (Net)	650	10
Inventories	251,465	218,266
Prepaid Items	5,547	3,317
Total Current Assets	<u>495,788</u>	<u>466,148</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	112,600	1,247,117
Other Capital Assets, Net of Depreciation	1,313,029	5,356
Net OPEB Asset	6,296	8,493
Total Noncurrent Assets	<u>1,431,925</u>	<u>1,260,966</u>
Total Assets	<u>\$ 1,927,713</u>	<u>\$ 1,727,114</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 3,605	\$ 1,392
Contracts Payable	15,265	279,664
Accrued Salaries	8,172	8,448
Due to Other Governmental Units	19,645	19,539
Due to Other Funds	349,116	
Total Current Liabilities	<u>395,803</u>	<u>309,043</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	11,220	11,009
Total Liabilities	<u>407,023</u>	<u>320,052</u>
Net Position		
Net Investment in Capital Assets	1,425,629	1,252,473
Unrestricted	95,061	154,589
Total Net Position	<u>1,520,690</u>	<u>1,407,062</u>
Total Liabilities and Net Position	<u>\$ 1,927,713</u>	<u>\$ 1,727,114</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 LIQUOR ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Sales	\$ 1,904,500	\$ 2,120,313	\$ 2,150,292
Cost of Goods Sold	(1,508,100)	(1,607,104)	(1,572,416)
Gross Profit on Sales	396,400	513,209	577,876
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	206,092	227,212	216,144
Supplies	7,650	12,913	12,423
Other Services and Charges	123,959	103,542	87,457
Depreciation		1,300	3,900
Total Operating Expenses	337,701	344,967	319,924
Operating Income (Loss)	58,699	168,242	257,952
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	200		397
Miscellaneous Revenue	100	4,386	3,618
Loss on Disposal of Asset			(39,867)
Total Nonoperating Revenues (Expenses)	300	4,386	(35,852)
Income (Loss) Before Transfers	58,999	172,628	222,100
<b>TRANSFERS</b>			
Transfers Out	(59,000)	(59,000)	(59,000)
Change in Net Position	\$ (1)	113,628	163,100
NET POSITION, BEGINNING OF YEAR		1,407,062	1,243,962
NET POSITION, END OF YEAR		\$ 1,520,690	\$ 1,407,062

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
SEWER ENTERPRISE FUND  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 10,718,386	\$ 2,886,504
Cash with Fiscal Agent	656,928	656,928
Accounts Receivable (Net)	323,268	325,613
Due from Other Governmental Units		8,270
Prepaid Items	14,719	16,410
Total Current Assets	<u>11,713,301</u>	<u>3,893,725</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	16,777,420	16,664,037
Other Capital Assets, Net of Depreciation	14,470,837	13,720,696
Net OPEB Asset	12,591	21,232
Total Noncurrent Assets	<u>31,260,848</u>	<u>30,405,965</u>
Total Assets	<u>\$ 42,974,149</u>	<u>\$ 34,299,690</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 27,813	\$ 10,012
Contracts Payable	731,417	701,958
Accrued Salaries	23,885	13,799
Accrued Interest Payable	128,623	135,292
Due to Other Governmental Units	19	
Current Portion of Long-Term Debt	984,920	940,923
Total Current Liabilities	<u>1,896,677</u>	<u>1,801,984</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	<u>27,945,467</u>	<u>19,782,898</u>
Total Liabilities	<u>29,842,144</u>	<u>21,584,882</u>
Net Position		
Net Investment in Capital Assets	9,871,874	10,058,469
Unrestricted	<u>3,260,131</u>	<u>2,656,339</u>
Total Net Position	<u>13,132,005</u>	<u>12,714,808</u>
Total Liabilities and Net Position	<u>\$ 42,974,149</u>	<u>\$ 34,299,690</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 SEWER ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 3,196,772	\$ 3,170,476	\$ 3,062,309
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	420,799	419,721	406,749
Supplies	397,500	328,730	323,721
Other Services and Charges	755,222	824,256	574,273
Depreciation	1,198,699	531,262	530,663
Total Operating Expenses	<u>2,772,220</u>	<u>2,103,969</u>	<u>1,835,406</u>
Operating Income (Loss)	424,552	1,066,507	1,226,903
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	1,927		1,507
Miscellaneous Revenue		11,695	38,543
Interest Expense	<u>(394,647)</u>	<u>(552,997)</u>	<u>(402,011)</u>
Total Nonoperating Revenues (Expenses)	<u>(392,720)</u>	<u>(541,302)</u>	<u>(361,961)</u>
Income (Loss) Before Contributions and Transfers	31,832	525,205	864,942
<b>CAPITAL CONTRIBUTIONS</b>			
		242	98,672
<b>TRANSFERS</b>			
Transfers In	100,000	100,000	100,000
Transfers Out	<u>(178,250)</u>	<u>(208,250)</u>	<u>(153,250)</u>
Change in Net Position	<u>\$ (46,418)</u>	417,197	910,364
<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>			
		12,714,808	11,855,841
<b>PRIOR PERIOD ADJUSTMENT</b>			
			<u>(51,397)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>			
		<u>12,714,808</u>	<u>11,804,444</u>
<b>NET POSITION, END OF YEAR</b>			
		<u>\$ 13,132,005</u>	<u>\$ 12,714,808</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
ELECTRIC ENTERPRISE FUND  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 6,127,375	\$ 6,172,048
Accounts Receivable (Net)	1,039,109	964,783
Inventories	381,774	321,546
Prepaid Items	28,217	21,204
Due from Other Funds	349,116	
Total Current Assets	<u>7,925,591</u>	<u>7,479,581</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	526,774	486,836
Other Capital Assets, Net of Depreciation	18,597,243	19,213,993
Net OPEB Asset	31,491	42,482
Total Noncurrent Assets	<u>19,155,508</u>	<u>19,743,311</u>
Total Assets	<u>\$ 27,081,099</u>	<u>\$ 27,222,892</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 461,593	\$ 550,229
Accrued Salaries	39,414	28,636
Accrued Interest Payable	251,233	259,983
Due to Other Governmental Units	24,619	22,694
Current Portion of Long-Term Debt	660,000	640,000
Total Current Liabilities	<u>1,436,859</u>	<u>1,501,542</u>
Noncurrent Liabilities		
Long-term Debt, Net of Current Portion	<u>13,707,499</u>	<u>14,356,511</u>
Total Liabilities	<u>15,144,358</u>	<u>15,858,053</u>
Net Position		
Net Investment in Capital Assets	4,839,018	4,775,829
Unrestricted	<u>7,097,723</u>	<u>6,589,010</u>
Total Net Position	<u>11,936,741</u>	<u>11,364,839</u>
Total Liabilities and Net Position	<u>\$ 27,081,099</u>	<u>\$ 27,222,892</u>

## CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 ELECTRIC ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 9,668,528	\$ 9,985,054	\$ 9,237,837
Miscellaneous	20,000	42,250	39,727
Total Operating Revenues	<u>9,688,528</u>	<u>10,027,304</u>	<u>9,277,564</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	882,161	908,839	855,583
Purchased Power	5,882,513	6,176,462	5,483,333
Production	116,600	93,149	193,950
Distribution	200,098	158,404	276,936
Administrative and General	351,500	219,908	313,342
Depreciation	1,033,679	676,048	485,224
Total Operating Expenses	<u>8,466,551</u>	<u>8,232,810</u>	<u>7,608,368</u>
Operating Income (Loss)	<u>1,221,977</u>	<u>1,794,494</u>	<u>1,669,196</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest Income	6,834		2,686
Refunds and Reimbursements		15,197	22,922
Miscellaneous Revenue	21,000	28,412	51,498
Interest Expense	(614,360)	(605,610)	(626,193)
Miscellaneous Expense		(113)	
Total Nonoperating Revenues (Expenses)	<u>(586,526)</u>	<u>(562,114)</u>	<u>(549,087)</u>
Income (Loss) Before Contributions and Transfers	635,451	1,232,380	1,120,109
<b>CAPITAL CONTRIBUTIONS</b>			101,111
<b>TRANSFERS</b>			
Transfers Out	<u>(630,478)</u>	<u>(660,478)</u>	<u>(605,478)</u>
Change in Net Position	<u>\$ 4,973</u>	571,902	615,742
<b>NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED</b>		11,364,839	11,006,255
<b>PRIOR PERIOD ADJUSTMENT</b>			<u>(257,158)</u>
<b>NET POSITION, BEGINNING OF YEAR, AS RESTATED</b>		<u>11,364,839</u>	<u>10,749,097</u>
<b>NET POSITION, END OF YEAR</b>		<u>\$ 11,936,741</u>	<u>\$ 11,364,839</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 WATER ENTERPRISE FUND  
 DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 1,482,141	\$ 1,395,523
Accounts Receivable (Net)	88,510	83,850
Prepaid Items	10,182	3,873
Total Current Assets	<u>1,580,833</u>	<u>1,483,246</u>
Noncurrent Assets		
Capital Assets		
Assets Not Being Depreciated	294,275	243,493
Other Capital Assets, Net of Depreciation	4,911,252	5,230,490
Net OPEB Asset	6,135	8,332
Total Noncurrent Assets	<u>5,211,662</u>	<u>5,482,315</u>
Total Assets	<u>\$ 6,792,495</u>	<u>\$ 6,965,561</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 5,667	\$ 64
Accrued Salaries	6,421	6,151
Accrued Interest Payable	21,211	24,588
Deposits Payable	40,650	40,775
Due to Other Governmental Units	757	4,486
Current Portion of Long-Term Debt	256,767	248,767
Total Current Liabilities	<u>331,473</u>	<u>324,831</u>
Noncurrent Liabilities		
Long-Term Debt, Net of Current Portion	<u>1,397,671</u>	<u>1,652,136</u>
Total Liabilities	<u>1,729,144</u>	<u>1,976,967</u>
Net Position		
Net Investment in Capital Assets	3,557,459	3,577,149
Unrestricted	<u>1,505,892</u>	<u>1,411,445</u>
Total Net Position	<u>5,063,351</u>	<u>4,988,594</u>
Total Liabilities and Net Position	<u>\$ 6,792,495</u>	<u>\$ 6,965,561</u>



CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 BUDGET AND ACTUAL  
 WATER ENTERPRISE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	2013		2012
	Budget	Actual	Actual
<b>OPERATING REVENUES</b>			
Charges for Services	\$ 921,000	\$ 972,767	\$ 949,020
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	172,233	166,132	163,961
Purchased Power	72,000	69,579	71,677
Production	86,100	39,289	57,555
Distribution	161,686	121,516	175,348
Administrative and General	52,000	39,672	85,691
Depreciation	238,316	319,809	314,036
Total Operating Expenses	<u>782,335</u>	<u>755,997</u>	<u>868,268</u>
Operating Income (Loss)	138,665	216,770	80,752
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Intergovernmental		9,148	
Interest Income	1,375		629
Interest Expense	(64,535)	(64,863)	(73,683)
Total Nonoperating Revenues (Expenses)	<u>(63,160)</u>	<u>(55,715)</u>	<u>(73,054)</u>
Income (Loss) Before Contributions and Transfers	75,505	161,055	7,698
<b>CAPITAL CONTRIBUTIONS</b>			
		571	233,194
<b>TRANSFERS</b>			
Transfers Out	<u>(75,328)</u>	<u>(86,869)</u>	<u>(31,869)</u>
Change in Net Position	<u>\$ 177</u>	74,757	209,023
<b>NET POSITION, BEGINNING OF YEAR</b>			
		<u>4,988,594</u>	<u>4,779,571</u>
<b>NET POSITION, END OF YEAR</b>			
		<u>\$ 5,063,351</u>	<u>\$ 4,988,594</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF NET POSITION  
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND  
 DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Current Assets		
Cash and Investments	\$ 929,167	\$ 843,490
Due from Other Governmental Units	5,179	9,536
Total Current Assets	<u>934,346</u>	<u>853,026</u>
Noncurrent Assets		
Capital Assets		
Other Capital Assets, Net of Depreciation	<u>2,318,700</u>	<u>2,393,133</u>
Total Assets	<u>\$ 3,253,046</u>	<u>\$ 3,246,159</u>
<b>LIABILITIES AND NET POSITION</b>		
Liabilities		
Current Liabilities		
Accounts Payable	\$ 3,474	\$ 7,121
Current Portion of Equipment Capital Notes	160,000	155,000
Total Current Liabilities	<u>163,474</u>	<u>162,121</u>
Noncurrent Liabilities		
Equipment Capital Notes, Net of Current Portion	<u>650,000</u>	<u>810,000</u>
Total Liabilities	<u>813,474</u>	<u>972,121</u>
Net Position		
Net Investment in Capital Assets	1,508,700	1,428,133
Unrestricted	930,872	845,905
Total Net Position	<u>2,439,572</u>	<u>2,274,038</u>
Total Liabilities and Net Position	<u>\$ 3,253,046</u>	<u>\$ 3,246,159</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 CAPITAL IMPROVEMENT REVOLVING INTERNAL SERVICE FUND  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	<u>2013</u>	<u>2012</u>
OPERATING REVENUES		
User Charges	\$ 359,612	\$ 317,357
OPERATING EXPENSES		
Other Services and Charges	130,230	94,674
Depreciation	442,039	452,828
Total Operating Expenses	<u>572,269</u>	<u>547,502</u>
Operating Income (Loss)	(212,657)	(230,145)
NONOPERATING REVENUES (EXPENSES)		
Taxes	137,386	138,258
Intergovernmental	40,001	40,000
Interest Income		357
Gain on Disposal of Asset	10,765	29,466
Interest Expense	(32,425)	(37,754)
Loss on Disposal of Asset	(47,008)	
Miscellaneous Expense	(450)	(450)
Total Nonoperating Revenues (Expenses)	<u>108,269</u>	<u>169,877</u>
Income (Loss) Before Transfers	(104,388)	(60,268)
TRANSFERS		
Transfers In	269,922	250,663
Change in Net Position	<u>165,534</u>	<u>190,395</u>
NET POSITION, BEGINNING OF YEAR, AS ORIGINALLY STATED	2,274,038	2,098,677
PRIOR PERIOD ADJUSTMENT		<u>(15,034)</u>
NET POSITION, BEGINNING OF YEAR, AS RESTATED	<u>2,274,038</u>	<u>2,083,643</u>
NET POSITION, END OF YEAR	<u>\$ 2,439,572</u>	<u>\$ 2,274,038</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF FIDUCIARY NET POSITION  
PRIVATE PURPOSE TRUST FUNDS  
DECEMBER 31, 2013

WITH PARTIAL COMPARATIVE AMOUNTS AS OF DECEMBER 31, 2012

	Library	Anderson Gardens	Totals	
			2013	2012
<b>ASSETS</b>				
Current Assets				
Cash	\$ 32,373	\$ 192,033	\$ 224,406	\$ 223,883
Accounts Receivable	63		63	79
Total Current Assets	<u>\$ 32,436</u>	<u>\$ 192,033</u>	<u>\$ 224,469</u>	<u>\$ 223,962</u>
<b>NET POSITION</b>				
Held in Trust for Other Purposes	<u>\$ 32,436</u>	<u>\$ 192,033</u>	<u>\$ 224,469</u>	<u>\$ 223,962</u>

CITY OF LITCHFIELD, MINNESOTA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 YEAR ENDED DECEMBER 31, 2013  
 WITH PARTIAL COMPARATIVE AMOUNTS FOR THE YEAR ENDED DECEMBER 31, 2012

	Library	Anderson Gardens	Totals	
			2013	2012
<b>ADDITIONS</b>				
Interest	\$	\$	\$	\$ 107
Donations	562		562	1,141
Total Additions	562	0	562	1,248
<b>DEDUCTIONS</b>				
Repairs and Maintenance	55		55	22
Change in Net Position	507	0	507	1,226
NET POSITION, BEGINNING OF YEAR	31,929	192,033	223,962	222,736
NET POSITION, END OF YEAR	\$ 32,436	\$ 192,033	\$ 224,469	\$ 223,962

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## FINANCIAL SCHEDULES

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CITY OF LITCHFIELD, MINNESOTA

G.O. BONDS, SERIES 2007A  
 DECEMBER 31, 2013

General Obligation Bonds, Series 2007A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	3.70%	\$ 35,000	\$ 8,548	\$ 43,548
8/1/2014			7,900	7,900
2/1/2015	3.70%	40,000	7,900	47,900
8/1/2015			7,160	7,160
2/1/2016	3.85%	40,000	7,160	47,160
8/1/2016			6,390	6,390
2/1/2017	3.85%	40,000	6,390	46,390
8/1/2017			5,620	5,620
2/1/2018	3.85%	40,000	5,620	45,620
8/1/2018			4,850	4,850
2/1/2019	4.20%	20,000	4,850	24,850
8/1/2019			4,430	4,430
2/1/2020	4.20%	20,000	4,430	24,430
8/1/2020			4,010	4,010
2/1/2021	4.20%	20,000	4,010	24,010
8/1/2021			3,590	3,590
2/1/2022	4.20%	20,000	3,590	23,590
8/1/2022			3,170	3,170
2/1/2023	4.20%	20,000	3,170	23,170
8/1/2023			2,750	2,750
2/1/2024	4.40%	25,000	2,750	27,750
8/1/2024			2,200	2,200
2/1/2025	4.40%	25,000	2,200	27,200
8/1/2025			1,650	1,650
2/1/2026	4.40%	25,000	1,650	26,650
8/1/2026			1,100	1,100
2/1/2027	4.40%	25,000	1,100	26,100
8/1/2027			550	550
2/1/2028	4.40%	25,000	550	25,550
		<u>\$ 420,000</u>	<u>\$ 119,288</u>	<u>\$ 539,288</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. CIP BONDS, SERIES 2011B  
DECEMBER 31, 2013

General Obligation CIP Bonds, Series 2011B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	2.00%	\$ 120,000	\$ 53,143	\$ 173,143
8/1/2014			51,944	51,944
2/1/2015	2.00%	120,000	51,944	171,944
8/1/2015			50,744	50,744
2/1/2016	2.00%	125,000	50,744	175,744
8/1/2016			49,494	49,494
2/1/2017	2.00%	130,000	49,494	179,494
8/1/2017			48,194	48,194
2/1/2018	2.50%	130,000	48,194	178,194
8/1/2018			46,569	46,569
2/1/2019	3.00%	135,000	46,569	181,569
8/1/2019			44,544	44,544
2/1/2020	3.00%	140,000	44,544	184,544
8/1/2020			42,444	42,444
2/1/2021	3.00%	150,000	42,444	192,444
8/1/2021			40,194	40,194
2/1/2022	3.00%	155,000	40,194	195,194
8/1/2022			37,869	37,869
2/1/2023	3.125%	160,000	37,868	197,868
8/1/2023			35,368	35,368
2/1/2024	3.125%	165,000	35,369	200,369
8/1/2024			32,791	32,791
2/1/2025	4.00%	175,000	32,790	207,790
8/1/2025			29,290	29,290
2/1/2026	4.00%	180,000	29,290	209,290
8/1/2026			25,690	25,690
2/1/2027	4.00%	190,000	25,691	215,691
8/1/2027			21,891	21,891
2/1/2028	4.00%	195,000	21,891	216,891
8/1/2028			17,991	17,991
2/1/2029	4.00%	205,000	17,991	222,991
8/1/2029			13,890	13,890
2/1/2030	4.00%	215,000	13,890	228,890
8/1/2030			9,591	9,591
2/1/2031	4.125%	225,000	9,591	234,591
8/1/2031			4,950	4,950
2/1/2032	4.125%	240,000	4,950	244,950
		<u>\$ 3,155,000</u>	<u>\$ 1,260,039</u>	<u>\$ 4,415,039</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT BONDS, SERIES 2006A  
 DECEMBER 31, 2013

G.O. Improvement Bonds, Series 2006A

Payable: Wells Fargo Bank Minnesota, N.A.

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	3.85%	\$ 35,000	\$ 7,619	\$ 42,619
8/1/2014			6,945	6,945
2/1/2015	3.85%	40,000	6,945	46,945
8/1/2015			6,175	6,175
2/1/2016	3.85%	40,000	6,175	46,175
8/1/2016			5,405	5,405
2/1/2017	4.00%	40,000	5,405	45,405
8/1/2017			4,605	4,605
2/1/2018	4.00%	40,000	4,605	44,605
8/1/2018			3,805	3,805
2/1/2019	4.00%	45,000	3,805	48,805
8/1/2019			2,905	2,905
2/1/2020	4.15%	45,000	2,905	47,905
8/1/2020			1,971	1,971
2/1/2021	4.15%	45,000	1,971	46,971
8/1/2021			1,038	1,038
2/1/2022	4.15%	50,000	1,038	51,038
		<u>\$ 380,000</u>	<u>\$ 73,317</u>	<u>\$ 453,317</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. REFUNDING IMPROVEMENT BONDS, SERIES 2009B  
 DECEMBER 31, 2013

General Obligation Refunding Improvement Bonds, Series 2009B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	2.50%	\$ 40,000	\$ 2,175	\$ 42,175
8/1/2014			1,675	1,675
2/1/2015	3.00%	35,000	1,675	36,675
8/1/2015			1,150	1,150
2/1/2016	3.00%	20,000	1,150	21,150
8/1/2016			850	850
2/1/2017	3.50%	20,000	850	20,850
8/1/2017			500	500
2/1/2018	4.00%	25,000	500	25,500
		<u>\$ 140,000</u>	<u>\$ 10,525</u>	<u>\$ 150,525</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. IMPROVEMENT AND REFUNDING BONDS, SERIES 2011C  
 DECEMBER 31, 2013

General Obligation Improvement and Refunding Bonds, Series 2011C

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	1.00%	\$ 65,000	\$ 10,432	\$ 75,432
8/1/2014			10,108	10,108
2/1/2015	1.50%	65,000	10,108	75,108
8/1/2015			9,620	9,620
2/1/2016	1.50%	70,000	9,620	79,620
8/1/2016			9,095	9,095
2/1/2017	2.00%	75,000	9,095	84,095
8/1/2017			8,345	8,345
2/1/2018	2.00%	75,000	8,345	83,345
8/1/2018			7,595	7,595
2/1/2019	2.60%	80,000	7,595	87,595
8/1/2019			6,555	6,555
2/1/2020	2.60%	80,000	6,555	86,555
8/1/2020			5,515	5,515
2/1/2021	3.20%	40,000	5,515	45,515
8/1/2021			4,875	4,875
2/1/2022	3.20%	40,000	4,875	44,875
8/1/2022			4,235	4,235
2/1/2023	3.20%	45,000	4,235	49,235
8/1/2023			3,515	3,515
2/1/2024	3.70%	45,000	3,515	48,515
8/1/2024			2,683	2,683
2/1/2025	3.70%	45,000	2,682	47,682
8/1/2025			1,850	1,850
2/1/2026	3.70%	50,000	1,850	51,850
8/1/2026			925	925
2/1/2027	3.70%	50,000	925	50,925
		<u>\$ 825,000</u>	<u>\$ 160,263</u>	<u>\$ 985,263</u>

CITY OF LITCHFIELD, MINNESOTA

PUBLIC PROJECT LEASE REVENUE BONDS, SERIES 2005A  
DECEMBER 31, 2013

Public Project Lease Revenue Bonds, Series 2005A

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

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	4.00%	\$ 70,000	\$ 26,770	\$ 96,770
8/1/2014			25,370	25,370
2/1/2015	4.00%	75,000	25,370	100,370
8/1/2015			23,870	23,870
2/1/2016	4.20%	75,000	23,870	98,870
8/1/2016			22,295	22,295
2/1/2017	4.20%	80,000	22,295	102,295
8/1/2017			20,615	20,615
2/1/2018	4.40%	80,000	20,615	100,615
8/1/2018			18,855	18,855
2/1/2019	4.40%	85,000	18,855	103,855
8/1/2019			16,985	16,985
2/1/2020	4.50%	90,000	16,985	106,985
8/1/2020			14,960	14,960
2/1/2021	4.50%	95,000	14,960	109,960
8/1/2021			12,823	12,823
2/1/2022	4.60%	100,000	12,823	112,823
8/1/2022			10,522	10,522
2/1/2023	4.60%	105,000	10,522	115,522
8/1/2023			8,109	8,109
2/1/2024	4.70%	110,000	8,108	118,108
8/1/2024			5,522	5,522
2/1/2025	4.70%	115,000	5,522	120,522
8/1/2025			2,820	2,820
2/1/2026	4.70%	120,000	2,820	122,820
		<u>\$ 1,200,000</u>	<u>\$ 392,261</u>	<u>\$ 1,592,261</u>

CITY OF LITCHFIELD, MINNESOTA

PUBLIC PROJECT LEASE REVENUE BONDS, SERIES 2007B  
 DECEMBER 31, 2013

Public Project Lease Revenue Bonds, Series 2007B

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	4.75%	\$ 25,000	\$ 12,025	\$ 37,025
8/1/2014			11,431	11,431
2/1/2015	4.75%	25,000	11,431	36,431
8/1/2015			10,837	10,837
2/1/2016	4.75%	25,000	10,837	35,837
8/1/2016			10,244	10,244
2/1/2017	4.75%	25,000	10,244	35,244
8/1/2017			9,650	9,650
2/1/2018	4.90%	25,000	9,650	34,650
8/1/2018			9,038	9,038
2/1/2019	4.90%	30,000	9,038	39,038
8/1/2019			8,303	8,303
2/1/2020	4.90%	30,000	8,303	38,303
8/1/2020			7,567	7,567
2/1/2021	4.90%	30,000	7,567	37,567
8/1/2021			6,832	6,832
2/1/2022	5.00%	35,000	6,832	41,832
8/1/2022			5,957	5,957
2/1/2023	5.00%	35,000	5,957	40,957
8/1/2023			5,083	5,083
2/1/2024	5.00%	35,000	5,083	40,083
8/1/2024			4,207	4,207
2/1/2025	5.10%	40,000	4,207	44,207
8/1/2025			3,188	3,188
2/1/2026	5.10%	40,000	3,188	43,188
8/1/2026			2,167	2,167
2/1/2027	5.10%	40,000	2,167	42,167
8/1/2027			1,148	1,148
2/1/2028	5.10%	45,000	1,148	46,148
		<u>\$ 485,000</u>	<u>\$ 203,329</u>	<u>\$ 688,329</u>

CITY OF LITCHFIELD, MINNESOTA

G.O. HOUSING DEVELOPMENT BONDS, SERIES 2011A  
 DECEMBER 31, 2013

General Obligation Housing Development Bonds, Series 2011A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	2.00%	\$ 245,000	\$ 32,689	\$ 277,689
8/1/2014			30,239	30,239
2/1/2015	2.00%	250,000	30,239	280,239
8/1/2015			27,739	27,739
2/1/2016	2.00%	260,000	27,739	287,739
8/1/2016			25,139	25,139
2/1/2017	2.25%	265,000	25,139	290,139
8/1/2017			22,157	22,157
2/1/2018	2.50%	280,000	22,157	302,157
8/1/2018			18,658	18,658
2/1/2019	2.75%	290,000	18,657	308,657
8/1/2019			14,670	14,670
2/1/2020	3.00%	290,000	14,670	304,670
8/1/2020			10,320	10,320
2/1/2021	3.20%	305,000	10,320	315,320
8/1/2021			5,440	5,440
2/1/2022	3.40%	320,000	5,440	325,440
		<u>\$ 2,505,000</u>	<u>\$ 341,412</u>	<u>\$ 2,846,412</u>



CITY OF LITCHFIELD, MINNESOTA

G.O. SEWER SYSTEM BONDS, SERIES 2011D  
 DECEMBER 31, 2013

General Obligation Sewer System Bonds, Series 2011D

Payable to: Bond Trust Services Corporation

Due Date	Interest Rate	Principal	Interest	Total
2/1/2014	1.00%	\$ 60,000	\$ 23,065	\$ 83,065
8/1/2014			22,765	22,765
2/1/2015	1.40%	65,000	22,765	87,765
8/1/2015			22,310	22,310
2/1/2016	1.40%	65,000	22,310	87,310
8/1/2016			21,855	21,855
2/1/2017	2.00%	65,000	21,855	86,855
8/1/2017			21,205	21,205
2/1/2018	2.00%	65,000	21,205	86,205
8/1/2018			20,555	20,555
2/1/2019	2.40%	70,000	20,555	90,555
8/1/2019			19,715	19,715
2/1/2020	2.40%	70,000	19,715	89,715
8/1/2020			18,875	18,875
2/1/2021	2.80%	70,000	18,875	88,875
8/1/2021			17,895	17,895
2/1/2022	2.80%	75,000	17,895	92,895
8/1/2022			16,845	16,845
2/1/2023	3.10%	75,000	16,845	91,845
8/1/2023			15,683	15,683
2/1/2024	3.10%	80,000	15,683	95,683
8/1/2024			14,442	14,442
2/1/2025	3.40%	80,000	14,442	94,442
8/1/2025			13,083	13,083
2/1/2026	3.40%	85,000	13,083	98,083
8/1/2026			11,637	11,637
2/1/2027	3.70%	90,000	11,637	101,637
8/1/2027			9,973	9,973
2/1/2028	3.70%	90,000	9,973	99,973
8/1/2028			8,307	8,307
2/1/2029	4.00%	95,000	8,307	103,307
8/1/2029			6,408	6,408
2/1/2030	4.00%	100,000	6,408	106,408
8/1/2030			4,407	4,407
2/1/2031	4.10%	105,000	4,407	109,407
8/1/2031			2,255	2,255
2/1/2032	4.10%	110,000	2,256	112,256
		<u>\$ 1,515,000</u>	<u>\$ 559,496</u>	<u>\$ 2,074,496</u>

CITY OF LITCHFIELD, MINNESOTA

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

General Obligation Bonds, Series 2013A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
8/1/2014		\$	\$ 191,651	\$ 191,651
2/1/2015			149,988	149,988
8/1/2015			149,987	149,987
2/1/2016	3.00%	345,000	149,987	494,987
8/1/2016			144,813	144,813
2/1/2017	3.00%	350,000	144,813	494,813
8/1/2017			139,562	139,562
2/1/2018	3.00%	350,000	139,563	489,563
8/1/2018			134,312	134,312
2/1/2019	3.00%	360,000	134,312	494,312
8/1/2019			128,912	128,912
2/1/2020	3.00%	365,000	128,913	493,913
8/1/2020			123,438	123,438
2/1/2021	3.00%	375,000	123,437	498,437
8/1/2021			117,813	117,813
2/1/2022	3.00%	385,000	117,812	502,812
8/1/2022			112,038	112,038
2/1/2023	3.00%	395,000	112,037	507,037
8/1/2023			106,113	106,113
2/1/2024	3.00%	410,000	106,113	516,113
8/1/2024			99,963	99,963
2/1/2025	3.00%	420,000	99,962	519,962
8/1/2025			93,663	93,663
2/1/2026	3.00%	430,000	93,662	523,662
8/1/2026			87,213	87,213
2/1/2027	3.00%	445,000	87,212	532,212
8/1/2027			80,538	80,538
2/1/2028	3.25%	460,000	80,537	540,537
8/1/2028			73,062	73,062
2/1/2029	3.50%	480,000	73,063	553,063
8/1/2029			64,663	64,663
2/1/2030	4.00%	495,000	64,662	559,662
8/1/2030			56,000	56,000
2/1/2031	4.00%	520,000	56,000	576,000
8/1/2031			45,600	45,600
2/1/2032	4.00%	535,000	45,600	580,600
8/1/2032			34,900	34,900
2/1/2033	4.00%	555,000	34,900	589,900
8/1/2033			23,800	23,800
2/1/2034	4.00%	585,000	23,800	608,800
8/1/2034			12,100	12,100
2/1/2035	4.00%	605,000	12,100	617,100
		<u>\$ 8,865,000</u>	<u>\$ 3,998,614</u>	<u>\$ 12,863,614</u>

CITY OF LITCHFIELD, MINNESOTA

1999 WATER TREATMENT LOAN  
DECEMBER 31, 2013

1999 Water Treatment Loan

Payable to: Minnesota Public Facilities Authority

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/20/2014	3.54%	\$	\$ 28,125	\$ 28,125
8/20/2014		242,000	28,125	270,125
2/20/2015	3.54%		23,843	23,843
8/20/2015		251,000	23,842	274,842
2/20/2016	3.54%		19,399	19,399
8/20/2016		260,000	19,399	279,399
2/20/2017	3.54%		14,797	14,797
8/20/2017		269,000	14,797	283,797
2/20/2018	3.54%		10,036	10,036
8/20/2018		279,000	10,036	289,036
2/20/2019	3.54%		5,098	5,098
8/20/2019		288,000	5,098	293,098
		<u>\$ 1,589,000</u>	<u>\$ 202,595</u>	<u>\$ 1,791,595</u>

CITY OF LITCHFIELD, MINNESOTA

2001 WASTEWATER TREATMENT LOAN  
DECEMBER 31, 2013

2001 Wastewater Treatment Loan

Payable to: Minnesota Public Facilities Authority

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/20/2014	2.68%	\$	\$ 77,117	\$ 77,117
8/20/2014		574,000	77,117	651,117
2/20/2015	2.68%		69,425	69,425
8/20/2015		589,000	69,425	658,425
2/20/2016	2.68%		61,533	61,533
8/20/2016		605,000	61,533	666,533
2/20/2017	2.68%		53,426	53,426
8/20/2017		621,000	53,426	674,426
2/20/2018	2.68%		45,104	45,104
8/20/2018		638,000	45,104	683,104
2/20/2019	2.68%		36,555	36,555
8/20/2019		655,000	36,555	691,555
2/20/2020	2.68%		27,778	27,778
8/20/2020		673,000	27,778	700,778
2/20/2021	2.68%		18,760	18,760
8/20/2021		691,000	18,760	709,760
2/20/2022	2.68%		9,501	9,501
8/20/2022		709,000	9,501	718,501
		<u>\$ 5,755,000</u>	<u>\$ 798,398</u>	<u>\$ 6,553,398</u>

CITY OF LITCHFIELD, MINNESOTA

2009 CLEAN WATER REVOLVING FUND LOAN  
DECEMBER 31, 2013

2009 Clean Water Revolving Fund Loan

Payable to: Minnesota Public Facilities Authority

Due Date	Interest Rate	Principal	Interest	Total
2/20/2014	2.652%	\$	\$ 86,986	\$ 86,986
8/20/2014		335,000	86,987	421,987
2/20/2015	2.652%		82,544	82,544
8/20/2015		343,000	82,544	425,544
2/20/2016	2.652%		77,996	77,996
8/20/2016		353,000	77,996	430,996
2/20/2017	2.652%		73,315	73,315
8/20/2017		362,000	73,315	435,315
2/20/2018	2.652%		68,515	68,515
8/20/2018		371,000	68,516	439,516
2/20/2019	2.652%		63,596	63,596
8/20/2019		381,000	63,596	444,596
2/20/2020	2.652%		58,543	58,543
8/20/2020		391,000	58,543	449,543
2/20/2021	2.652%		53,359	53,359
8/20/2021		402,000	53,359	455,359
2/20/2022	2.652%		48,028	48,028
8/20/2022		412,000	48,028	460,028
2/20/2023	2.652%		42,565	42,565
8/20/2023		423,000	42,565	465,565
2/20/2024	2.652%		36,957	36,957
8/20/2024		435,000	36,956	471,956
2/20/2025	2.652%		31,188	31,188
8/20/2025		446,000	31,188	477,188
2/20/2026	2.652%		25,274	25,274
8/20/2026		458,000	25,274	483,274
2/20/2027	2.652%		19,201	19,201
8/20/2027		470,000	19,201	489,201
2/20/2028	2.652%		12,969	12,969
8/20/2028		483,000	12,969	495,969
2/20/2029	2.652%		6,565	6,565
8/20/2029		495,048	6,564	501,612
		<u>\$ 6,560,048</u>	<u>\$ 1,575,202</u>	<u>\$ 8,135,250</u>

CITY OF LITCHFIELD, MINNESOTA

2009 WASTEWATER INFRASTRUCTURE FUND LOAN  
DECEMBER 31, 2013

2009 Wastewater Infrastructure Fund Loan

Payable to: Minnesota Public Facilities Authority

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

CITY OF LITCHFIELD, MINNESOTA

ELECTRIC UTILITY REVENUE BONDS, SERIES 2008A  
DECEMBER 31, 2013

Electric Utility Revenue Bonds, Series 2008A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	3.50%	\$ 375,000	\$ 175,322	\$ 550,322
8/1/2014			168,760	168,760
2/1/2015	3.50%	390,000	168,760	558,760
8/1/2015			161,935	161,935
2/1/2016	3.50%	410,000	161,935	571,935
8/1/2016			154,760	154,760
2/1/2017	4.00%	425,000	154,760	579,760
8/1/2017			146,260	146,260
2/1/2018	4.00%	445,000	146,260	591,260
8/1/2018			137,360	137,360
2/1/2019	4.00%	465,000	137,360	602,360
8/1/2019			128,060	128,060
2/1/2020	4.00%	490,000	128,060	618,060
8/1/2020			118,260	118,260
2/1/2021	4.00%	510,000	118,260	628,260
8/1/2021			108,060	108,060
2/1/2022	4.05%	535,000	108,060	643,060
8/1/2022			97,227	97,227
2/1/2023	4.10%	560,000	97,227	657,227
8/1/2023			85,747	85,747
2/1/2024	4.15%	590,000	85,746	675,746
8/1/2024			73,504	73,504
2/1/2025	4.20%	620,000	73,504	693,504
8/1/2025			60,484	60,484
2/1/2026	4.25%	650,000	60,484	710,484
8/1/2026			46,671	46,671
2/1/2027	4.30%	680,000	46,671	726,671
8/1/2027			32,051	32,051
2/1/2028	4.35%	715,000	32,051	747,051
8/1/2028			16,500	16,500
2/1/2029	4.40%	750,000	16,500	766,500
		<u>\$ 8,610,000</u>	<u>\$ 3,246,599</u>	<u>\$ 11,856,599</u>

CITY OF LITCHFIELD, MINNESOTA

ELECTRIC UTILITY REVENUE BONDS, SERIES 2009C  
DECEMBER 31, 2013

Electric Utility Revenue Bonds, Series 2009C

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	3.50%	\$ 285,000	\$ 126,158	\$ 411,158
8/1/2014			121,170	121,170
2/1/2015	3.75%	290,000	121,170	411,170
8/1/2015			115,733	115,733
2/1/2016	3.75%	295,000	115,733	410,733
8/1/2016			110,201	110,201
2/1/2017	4.00%	305,000	110,201	415,201
8/1/2017			104,102	104,102
2/1/2018	4.00%	315,000	104,102	419,102
8/1/2018			97,801	97,801
2/1/2019	4.25%	325,000	97,801	422,801
8/1/2019			90,895	90,895
2/1/2020	4.15%	335,000	90,895	425,895
8/1/2020			83,944	83,944
2/1/2021	4.25%	345,000	83,944	428,944
8/1/2021			76,612	76,612
2/1/2022	4.30%	350,000	76,612	426,612
8/1/2022			69,087	69,087
2/1/2023	4.50%	365,000	69,087	434,087
8/1/2023			60,875	60,875
2/1/2024	4.60%	375,000	60,875	435,875
8/1/2024			52,250	52,250
2/1/2025	5.00%	385,000	52,250	437,250
8/1/2025			42,625	42,625
2/1/2026	5.00%	400,000	42,625	442,625
8/1/2026			32,625	32,625
2/1/2027	5.00%	420,000	32,625	452,625
8/1/2027			22,125	22,125
2/1/2028	5.00%	435,000	22,125	457,125
8/1/2028			11,250	11,250
2/1/2029	5.00%	450,000	11,250	461,250
		<u>\$ 5,675,000</u>	<u>\$ 2,308,748</u>	<u>\$ 7,983,748</u>



CITY OF LITCHFIELD, MINNESOTA

ASSESSMENT PAYABLE  
DECEMBER 31, 2013

Assessment Payable

Payable to: City of Litchfield, Water Fund

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	5.00%	\$ 14,767	\$ 2,953	\$ 17,720
2015	5.00%	14,767	2,215	16,982
2016	5.00%	14,767	1,477	16,244
2017	5.00%	14,766	738	15,504
		<u>\$ 59,067</u>	<u>\$ 7,383</u>	<u>\$ 66,450</u>

CITY OF LITCHFIELD, MINNESOTA  
 CERTIFICATES OF INDEBTEDNESS - 2006  
 DECEMBER 31, 2013

Certificate of Indebtedness - 2006

Payable to: Home State Bank

Due Date	Interest Rate	Principal	Interest	Total
2/6/2014	3.90%	\$ 18,000	\$	\$ 18,000
3/1/2014			1,000	1,000
9/1/2014			708	708
2/6/2015	3.90%	18,000		18,000
3/1/2015			652	652
9/1/2015			354	354
2/6/2016	3.90%	18,000	304	18,304
		<u>\$ 54,000</u>	<u>\$ 3,018</u>	<u>\$ 57,018</u>

CITY OF LITCHFIELD, MINNESOTA  
 CERTIFICATES OF INDEBTEDNESS - 2007  
 DECEMBER 31, 2013

Certificate of Indebtedness - 2007

Payable to: Center National Bank

Due Date	Interest Rate	Principal	Interest	Total
2/28/2014	4.10%	\$ 57,000	\$ 4,736	\$ 61,736
8/28/2014			3,484	3,484
2/28/2015	4.10%	57,000	3,541	60,541
8/28/2015			2,309	2,309
2/28/2016	4.10%	57,000	2,347	59,347
8/28/2016			1,140	1,140
2/28/2017	4.10%	55,000	1,153	56,153
		<u>\$ 226,000</u>	<u>\$ 18,710</u>	<u>\$ 244,710</u>

CITY OF LITCHFIELD, MINNESOTA

CERTIFICATES OF INDEBTEDNESS - 2009  
DECEMBER 31, 2013

G.O. Equipment Certificates, Series 2009A

Payable to: Bond Trust Services Corporation

<u>Due Date</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2/1/2014	2.50%	\$ 65,000	\$ 6,887	\$ 71,887
8/1/2014			6,075	6,075
2/1/2015	3.00%	65,000	6,075	71,075
8/1/2015			5,100	5,100
2/1/2016	3.00%	65,000	5,100	70,100
8/1/2016			4,125	4,125
2/1/2017	3.50%	70,000	4,125	74,125
8/1/2017			2,900	2,900
2/1/2018	4.00%	70,000	2,900	72,900
8/1/2018			1,500	1,500
2/1/2019	4.00%	75,000	1,500	76,500
		<u>\$ 410,000</u>	<u>\$ 46,287</u>	<u>\$ 456,287</u>

## COMPLIANCE SECTION

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Quality | Dedication | Integrity

INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated June 16, 2014.

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

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

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

Conway, Deuth & Schmiessing, PLLP

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

June 16, 2014

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

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Quality | Dedication | Integrity

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Litchfield, Minnesota, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 16, 2014.

**Internal Control Over Financial Reporting**

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

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

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

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Benson, MN 56215  
Phone: (320) 843-2302

**Morris Office**  
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Morris, MN 56267  
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[www.cdscpa.com](http://www.cdscpa.com)

**Litchfield Office**  
820 Sibley Avenue N  
Litchfield, MN 55355  
Phone: (320) 693-7975

**St. Cloud Office**  
2351 Connecticut Avenue  
Ste. 110  
Sartell, MN 56377  
Phone: (320) 252-7565  
Toll Free: (800) 862-1337

## Compliance and Other Matters

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

### City's Response to Finding

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

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Conway, Deuth & Schmiesing, PLLP*

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

June 16, 2014

CITY OF LITCHFIELD, MINNESOTA

SCHEDULE OF FINDINGS  
YEAR ENDED DECEMBER 31, 2013

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

PREVIOUSLY REPORTED ITEM NOT RESOLVED

FINDING: 2007-001 AUDITOR PREPARED FINANCIAL STATEMENTS

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

MANAGEMENT'S RESPONSE

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