

# Annual Financial Report

## City of Becker

Becker, Minnesota

For the Year Ended

December 31, 2014

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER  
BECKER, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER, MINNESOTA  
 ANNUAL FINANCIAL REPORT  
 TABLE OF CONTENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Page No.</u>
<b>INTRODUCTORY SECTION</b>	
Elected and Appointed Officials	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	9
Management's Discussion and Analysis	13
<b>Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements	
Governmental Funds	
Balance Sheet	32
Reconciliation of the Balance Sheet to the Statement of Net Position	35
Statement of Revenues, Expenditures and Changes in Fund Balances	36
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	38
General Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	39
Community Center Fund	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	41
Proprietary Funds	
Statement of Net Position	42
Statement of Revenues, Expenses and Changes in Net Position	45
Statement of Cash Flows	46
Notes to the Financial Statements	49
<b>Combining and Individual Fund Financial Statements and Schedules</b>	
Nonmajor Governmental Funds	
Combining Balance Sheet	74
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	75
Nonmajor Special Revenue Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
Nonmajor Capital Project Funds	
Combining Balance Sheet	78
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79
General Fund	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	80
Debt Service Funds	
Combining Balance Sheet	84
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	85
Summary Financial Report	
Revenues and Expenditures for General Operations	86
<b>OTHER REPORTS</b>	
Independent Auditor's Report on Minnesota Legal Compliance	89

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

**INTRODUCTORY SECTION**

**CITY OF BECKER  
BECKER, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

THIS PAGE IS LEFT BLANK  
INTENTIONALLY



CITY OF BECKER, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2014

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Jerome (Lefty) Kleis	Mayor	12/31/2016
Rick Hendrickson	Council Member	12/31/2014
Lynette Brannan	Council Member	12/31/2014
Adam Oliver	Council Member	12/31/2016
Tracy Bertram	Council Member	12/31/2016

**CITY OFFICIALS - APPOINTED**

<u>Name</u>	<u>Title</u>
Greg Pruszinske	City Administrator
Julie Blesi	City Clerk

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

**FINANCIAL SECTION**

**CITY OF BECKER  
BECKER, MINNESOTA**

**FOR THE YEAR ENDED  
DECEMBER 31, 2014**

THIS PAGE IS LEFT BLANK  
INTENTIONALLY



## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Becker, 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 Becker, Minnesota (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

### **Opinions**

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

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

## Other Matters

### *Required Supplementary Information*

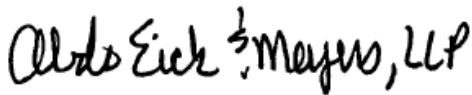
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

### *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 introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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



ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
April 15, 2015

THIS PAGE IS LEFT BLANK  
INTENTIONALLY



## **Management's Discussion and Analysis**

As management of the City of Becker, Minnesota (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014.

### **Financial Highlights**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$65,840,048. Of this amount, \$15,124,852 is unrestricted and may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$470,215. The increase was primarily related to the revenues in excess of expenditures in business-type activities.
- At the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,616,688, a decrease of \$256,932 in comparison with the prior year, after the \$230,000 prior period adjustment related to notes receivable. Approximately 8 percent of this total amount, \$882,148, is available for spending at the City's discretion; \$7,213,581 of the City's unrestricted amount has been assigned for specific purposes.
- At the end of the current fiscal year, total fund balance for the General fund was \$1,429,661. Of this amount, \$262,674 was classified as nonspendable for prepaid items and due from other funds. Unrestricted fund balance for the General fund was \$1,166,987 or 48 percent of total General fund expenditures. Of this amount, \$146,960 of the unrestricted balance was assigned for specific purposes within the General fund.
- The City's total debt decreased by \$7,034,401 or 39 percent during the current fiscal year due to the refunding payment made from escrow of \$5,200,000 to pay off the 2005 Wastewater Treatment Facility Bonds on February 1, 2014.

## Overview of the Financial Statements

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

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

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

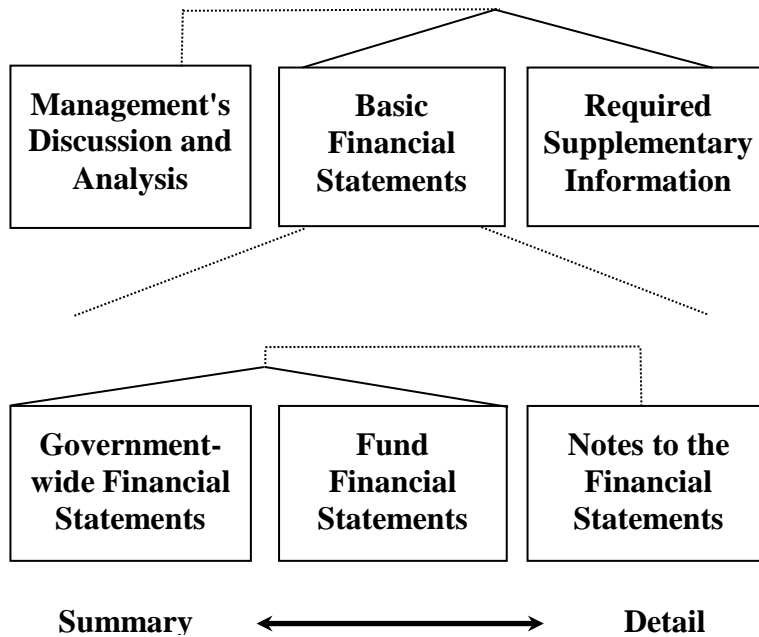


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the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

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

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

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

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

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

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

The government-wide financial statements include not only the City itself (known as the *primary government*), but also a legally separate *component unit* for which the City is financially accountable. Financial information for the Economic Development Authority (EDA) is reported as a separate special revenue fund. The EDA, although legally separate, functions for all practical purposes as a department of the City, and therefore has been included as an integral part of the primary government.

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

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

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

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

The City maintains 10 individual governmental funds, two of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, Community Center fund, Debt Service fund and the Revolving Capital fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General, Community Center, and Fire Department funds. A budgetary comparison statement has been provided for the General fund and Community Center fund, to demonstrate compliance with this budget.

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

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

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

The basic proprietary fund financial statements start on page 42 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 49 of this report.

**Other information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to the financial statements. Combining and individual fund statements and schedules start on page 74 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$65,840,048 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (73 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's net investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### City of Becker's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
<b>Assets</b>						
Current and other assets	\$ 12,276,670	\$ 12,891,061	\$ (614,391)	\$ 7,251,694	\$ 11,836,328	\$ (4,584,634)
Capital assets	21,758,525	22,064,019	(305,494)	36,400,639	37,656,973	(1,256,334)
Total assets	<u>34,035,195</u>	<u>34,955,080</u>	<u>(919,885)</u>	<u>43,652,333</u>	<u>49,493,301</u>	<u>(5,840,968)</u>
<b>Liabilities</b>						
Long-term liabilities outstanding	2,765,745	3,070,740	(304,995)	8,393,325	15,122,731	(6,729,406)
Other liabilities	556,482	653,517	(97,035)	131,928	231,560	(99,632)
Total liabilities	<u>3,322,227</u>	<u>3,724,257</u>	<u>(402,030)</u>	<u>8,525,253</u>	<u>15,354,291</u>	<u>(6,829,038)</u>
<b>Net position</b>						
Net investment in capital assets	20,075,262	20,054,692	20,570	28,081,483	27,836,008	245,475
Restricted	1,791,859	1,897,771	(105,912)	766,592	1,869,403	(1,102,811)
Unrestricted	8,845,847	9,278,360	(432,513)	6,279,005	4,433,599	1,845,406
Total net position	<u>\$ 30,712,968</u>	<u>\$ 31,230,823</u>	<u>\$ (517,855)</u>	<u>\$ 35,127,080</u>	<u>\$ 34,139,010</u>	<u>\$ 988,070</u>

An additional portion of the City's net position (4 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$15,124,852) may be used to meet the City's ongoing obligations to citizens and creditors.

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

The City's net position increased \$470,215 during the current fiscal year.

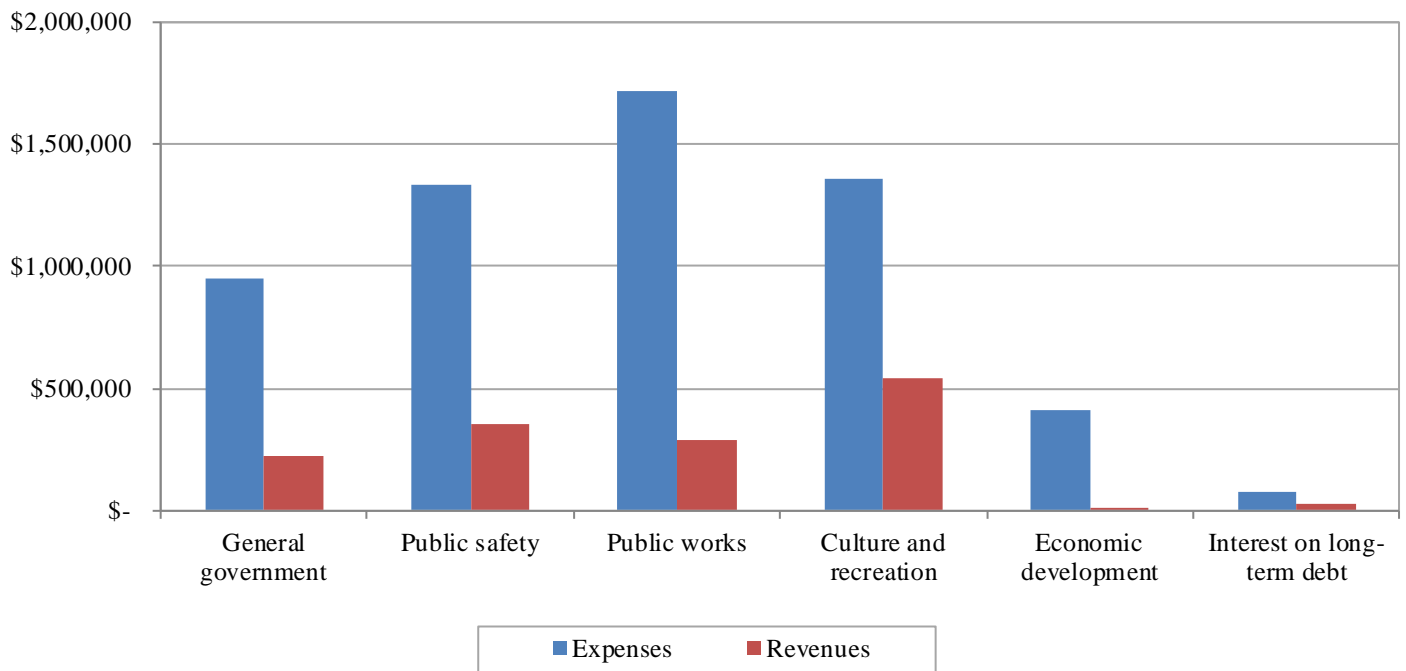
**Governmental activities.** Governmental activities decreased the City's net position by \$517,855, thereby not contributing to the total increase in net position of the City. The statement of activities is on page 28. Key elements of those changes are as follows:

### City of Becker's Changes in Net Position

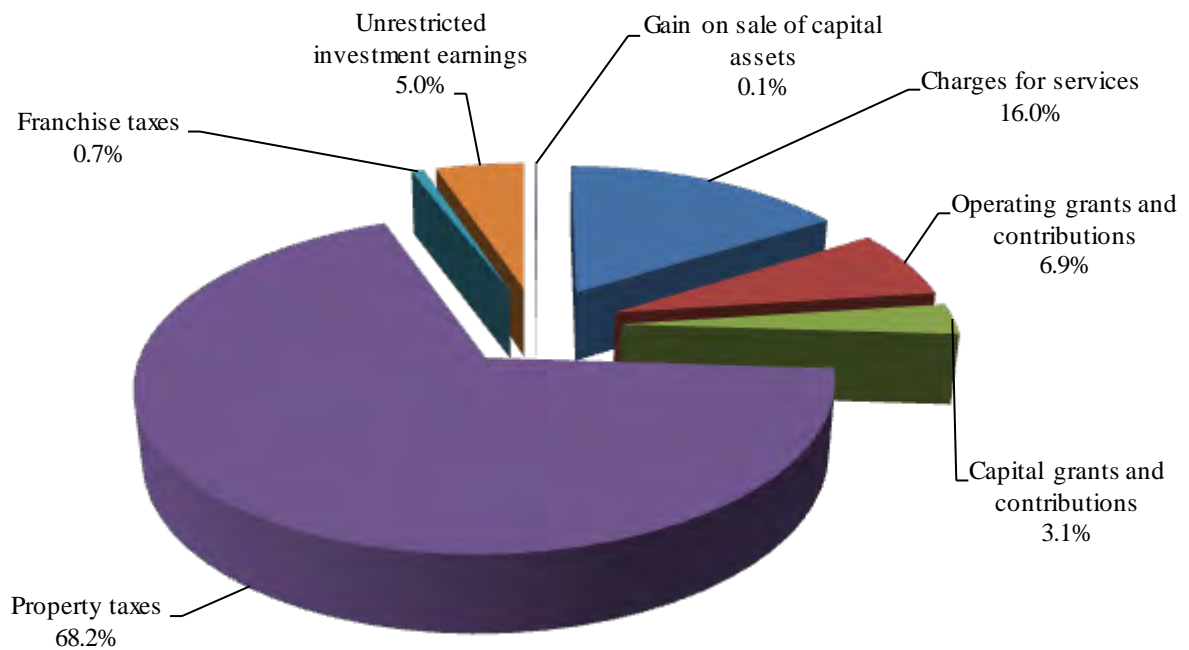
	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 886,203	\$ 1,007,111	\$ (120,908)	\$ 2,943,073	\$ 2,808,628	\$ 134,445
Operating grants and contributions	382,056	711,313	(329,257)	19,103	42,382	(23,279)
Capital grants and contributions	171,116	236,087	(64,971)	-	-	-
General revenues						
Property taxes	3,760,408	3,061,252	699,156	1,486,571	1,664,850	(178,279)
Franchise taxes	35,875	27,753	8,122	-	-	-
Unrestricted investment earnings (loss)	276,276	(86,493)	362,769	91,257	(11,219)	102,476
Gain (loss) on sale of capital assets	5,896	84,621	(78,725)	-	4,650	(4,650)
<b>Total revenues</b>	<b>5,517,830</b>	<b>5,041,644</b>	<b>476,186</b>	<b>4,540,004</b>	<b>4,509,291</b>	<b>30,713</b>
Expenses						
General government	947,031	887,372	59,659	-	-	-
Public safety	1,334,258	1,287,734	46,524	-	-	-
Public works	1,719,041	2,092,514	(373,473)	-	-	-
Culture and recreation	1,359,947	1,254,558	105,389	-	-	-
Economic development	408,017	97,419	310,598	-	-	-
Interest on long-term debt	76,050	52,807	23,243	-	-	-
Water	-	-	-	638,830	534,218	104,612
Sewer	-	-	-	1,914,408	2,162,018	(247,610)
Golf Course	-	-	-	1,190,037	1,124,056	65,981
<b>Total expenses</b>	<b>5,844,344</b>	<b>5,672,404</b>	<b>171,940</b>	<b>3,743,275</b>	<b>3,820,292</b>	<b>(77,017)</b>
Increase (decrease) in net position before transfers	(326,514)	(630,760)	304,246	796,729	688,999	107,730
Transfers	(191,341)	(2,256,924)	2,065,583	191,341	2,256,924	(2,065,583)
<b>Change in net position</b>	<b>(517,855)</b>	<b>(2,887,684)</b>	<b>2,369,829</b>	<b>988,070</b>	<b>2,945,923</b>	<b>(1,957,853)</b>
Net position, January 1	31,230,823	34,118,507	(2,887,684)	34,139,010	31,193,087	2,945,923
<b>Net position, December 31</b>	<b>\$30,712,968</b>	<b>\$31,230,823</b>	<b>\$ (517,855)</b>	<b>\$35,127,080</b>	<b>\$34,139,010</b>	<b>\$ 988,070</b>

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

### Expenses and Program Revenues - Governmental Activities

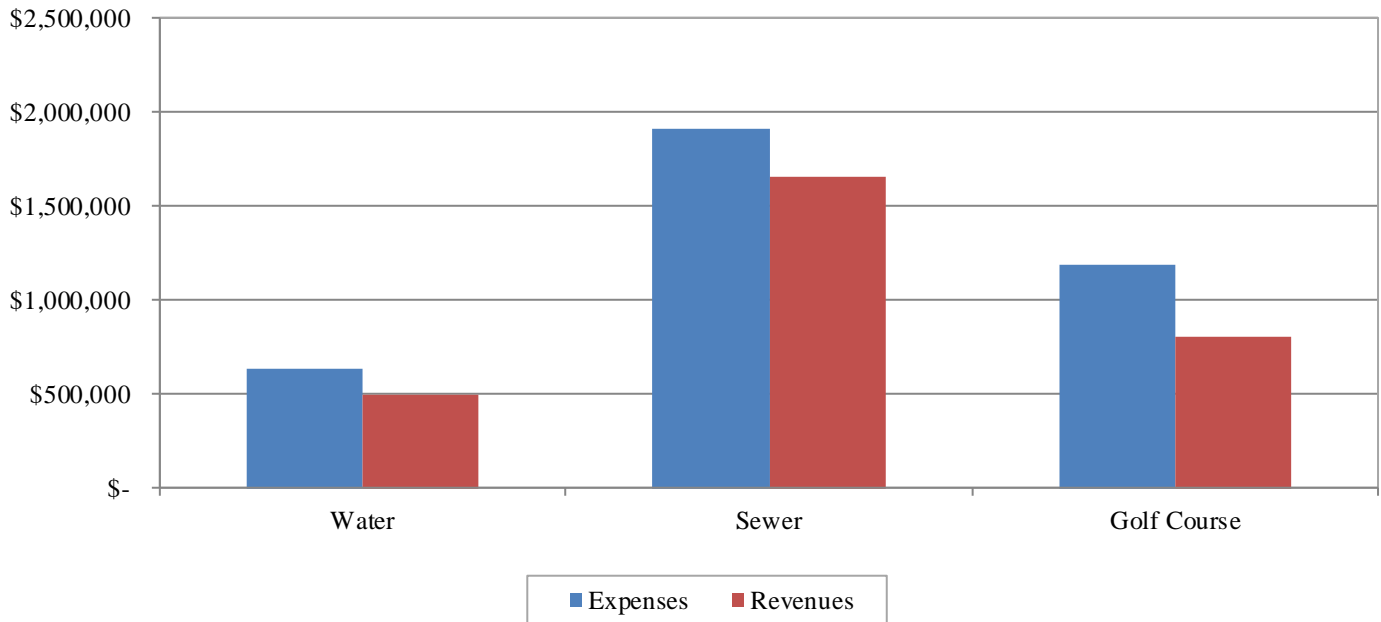


### Revenues by Source - Governmental Activities

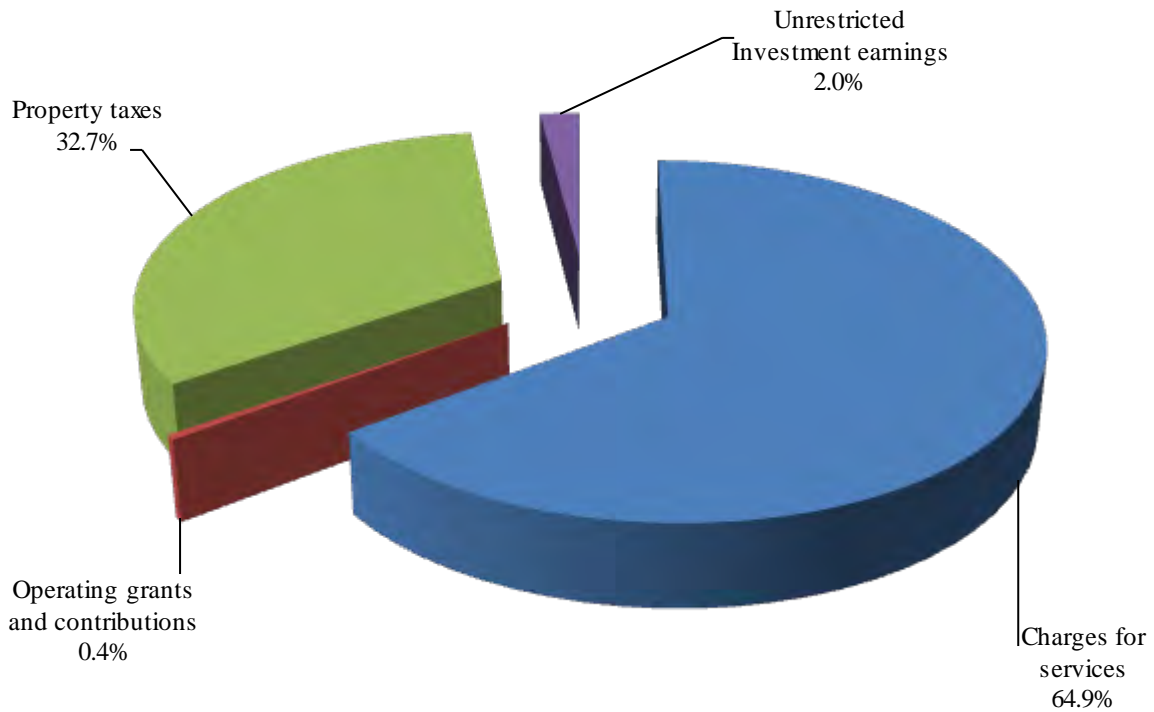


**Business-type activities:** There was an increase of \$988,070 in net position in connection with the City's business-type activities during the year.

### Expenses and Program Revenues - Business-type Activities



### Revenue by Source - Business-type Activities





## Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$10,616,688, a decrease of \$256,932 in comparison with the prior year, after a \$230,000 prior period adjustment for notes receivable. Approximately 8 percent of the total fund balance, \$882,148, constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of governmental fund balance (\$9,734,540) is not available for new spending because it is either 1) nonspendable (\$599,971) 2) restricted (\$1,920,988) or 3) assigned (\$7,213,581). For further classification refer to Note 3F on page 68 of this report.

The General fund is the chief operating fund of the City. At the end of the current year, the fund balance of the General fund was \$1,429,661. 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 38 percent and total fund balance represents 47 percent of current year expenditures and transfers out.

The fund balance of the City's General fund decreased \$219,419 during the current fiscal year. The decrease is due to a transfer to other funds of \$617,900 during the year.

The Community Center fund has a fund balance deficit of \$135,918. The fund balance decreased \$61,524 during the year as a result of a \$59,500 transfer to the revolving capital fund for future capital.

The Debt Service fund has a total fund balance of \$920,862, all of which is restricted for the payment of future debt service. The fund balance increased \$144,668 in 2014 after a prior period adjustment related to notes receivable. The decrease of \$85,332 prior to the \$230,000 prior period adjustment can be attributed to debt service expenses in excess of revenues during the year. The City did not levy for the G.O. Improvement Bond series 2010A due to cash flow projections showing enough cash to pay for future debt service payments.

The Revolving Capital fund has a total fund balance of \$6,350,584, \$330,300 of which is nonspendable in form of land held for resale. The remaining balance is assigned for future capital purchases. The fund balance decreased 718,541 during the year due to capital purchases and transfers out.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$6,279,005. The total increase in net position for the funds was \$988,070. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

### General Fund Budgetary Highlights

The City's General fund budget was not amended during the year. The budget called for revenues to exceed expenditures by \$617,900 before transfers out of \$617,900 to balance the budget.

### Community Center Fund Budgetary Highlights

The City's Community Center fund budget was not amended during the year. The budget called for revenues to exceed expenditures by \$83,500 before transfers out of \$83,500 to balance the budget.

## Capital Asset and Debt Administration

**Capital assets.** The City's investment in capital assets for its governmental and business type activities as of December 31, 2014, amounts to \$58,159,164 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, roads, highways and bridges.

### City of Becker's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
Land	\$ 2,535,703	\$ 2,602,621	\$ (66,918)	\$ 3,719,180	\$ 3,728,765	\$ (9,585)
Construction in progress	1,123,712	-	1,123,712	-	145,504	(145,504)
Buildings	5,764,821	5,976,269	(211,448)	422,841	515,646	(92,805)
Infrastructure	9,458,536	10,258,173	(799,637)	31,469,198	32,221,540	(752,342)
Improvements other than buildings	456,832	517,465	(60,633)	316,465	387,263	(70,798)
Machinery and equipment	2,418,921	2,709,491	(290,570)	472,955	658,255	(185,300)
<b>Total</b>	<b>\$21,758,525</b>	<b>\$22,064,019</b>	<b>\$ (305,494)</b>	<b>\$36,400,639</b>	<b>\$37,656,973</b>	<b>\$ (1,256,334)</b>

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

- 2014 Street Improvement Project in process
- Purchased of a 2014 Ford Explorer Police squad
- Purchase of 2015 K2500 Silverado Crew Cab Fire vehicle

Additional information on the City's capital assets can be found in Note 3C starting on page 60 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total bonded debt outstanding of \$10,650,000. While all the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

### City of Becker's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2014	2013	Increase (Decrease)	2014	2013	Increase (Decrease)
G.O. improvement bonds	\$ 970,000	\$ 1,155,000	\$ (185,000)	\$ 7,385,000	\$ 13,960,000	\$ (6,575,000)
General obligation revenue bonds	-	-	-	675,000	755,000	(80,000)
G.O Special assessment bonds	1,620,000	1,740,000	(120,000)	-	-	-
Capital lease payable	-	-	-	259,156	332,883	(73,727)
Compensated absences	175,745	175,740	5	74,169	74,848	(679)
<b>Total</b>	<b>\$ 2,765,745</b>	<b>\$ 3,070,740</b>	<b>\$ (304,995)</b>	<b>\$ 8,393,325</b>	<b>\$ 15,122,731</b>	<b>\$ (6,729,406)</b>

The City's total debt decreased by \$7,034,401 or 39 percent during the current fiscal year. The main reason for the decrease was the principal payment of \$5,200,000 from escrow to refund the 2005 Wastewater Treatment Facility Bonds.

Minnesota statutes limit the amount of net general obligation debt a City may issue to 3 percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$25,582,770. The City is well below the legal debt margin.

Additional information on the City's long-term debt can be found in Note 3E starting on page 64 of this report.

#### **Economic Factors and Next Year's Budgets and Rates**

The City continues to monitor the Utility Transition Valuation Aid program at the state. In 2015, the City decided to not budget for the aid due to uncertainty in qualifying for the aid in subsequent years. It is the goal of the City to budget without the dependency of the utility aid in future years.

The City continues to monitor legislative action at the state level regarding the regulation and taxing of utilities.

The slow market has limited new development within the City in past years. In 2014, 10 new residential permits valued cumulatively at \$2,224,820 were pulled, in 2013, 11 new single family home building permits were pulled valued cumulatively at \$2,267,812. 2012 also had 11 permits valued at \$1,723,000. However, the number of commercial permits has increased over the past few years. In 2014, there were a total of 28 permits valued at \$1,482,063, in 2013, 22 commercial permits were pulled valued at \$15,073,246. 2012 had a total of 13 commercial permits valued at \$1,946,486.

General fund budgeted expenditures for 2015 are \$3,971,739, a 31 percent increase. A significant portion of this increase is due to additional levy for funding of the capital improvement plans. Budgeted expenditures for the Fire Department, Economic Development, and the Community Center together increased \$140,826 and also includes additional levy for capital improvement plans. The debt service levy decreased \$363,536 in 2015. Despite increases in the overall levy of \$690,023, the city's overall tax rate for 2015 actually decreased from 34.368 percent in 2014 to 34.230 percent in 2015 due to an increase in tax capacity. The City of Becker continues to have the lowest tax rate of the cities of Sherburne County.

The City increased water and sewer utility rates by 5 percent in 2015. The last increase was in 2014.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Treasurer, City of Becker, 12060 Sherburne Avenue, Becker, Minnesota 55308.

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

CITY OF BECKER  
BECKER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER, MINNESOTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2014

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Cash and temporary investments	\$ 9,411,682	\$ 5,636,648	\$ 15,048,330
Restricted cash and temporary investments	-	766,592	766,592
Receivables			
Accrued interest	44,075	-	44,075
Delinquent taxes	30,055	13,289	43,344
Accounts	3,135	331,370	334,505
Notes	200,400	-	200,400
Special assessments	1,098,637	19,436	1,118,073
Due from other governments	1,128,762	428,225	1,556,987
Inventories	-	45,132	45,132
Land held for resale	330,300	-	330,300
Prepaid items	29,624	11,002	40,626
Capital assets			
Land and construction in progress	3,659,415	3,719,180	7,378,595
Depreciable (net of accumulated depreciation)	18,099,110	32,681,459	50,780,569
<b>TOTAL ASSETS</b>	<b>34,035,195</b>	<b>43,652,333</b>	<b>77,687,528</b>
<b>LIABILITIES</b>			
Accounts payable	197,668	37,076	234,744
Accrued salaries and benefits payable	74,079	25,017	99,096
Accrued interest payable	25,192	55,860	81,052
Deposits payable	259,543	641	260,184
Unearned revenue	-	13,334	13,334
Noncurrent liabilities			
Due within one year	451,960	1,712,417	2,164,377
Due in more than one year	2,313,785	6,680,908	8,994,693
<b>TOTAL LIABILITIES</b>	<b>3,322,227</b>	<b>8,525,253</b>	<b>11,847,480</b>
<b>NET POSITION</b>			
Net investment in capital assets	20,075,262	28,081,483	48,156,745
Restricted for			
Debt service	1,698,470	766,592	2,465,062
Economic development	93,389	-	93,389
Unrestricted	8,845,847	6,279,005	15,124,852
<b>TOTAL NET POSITION</b>	<b>\$ 30,712,968</b>	<b>\$ 35,127,080</b>	<b>\$ 65,840,048</b>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 947,031	\$ 213,427	\$ 7,288	\$ -
Public safety	1,334,258	7,678	318,779	28,932
Public works	1,719,041	149,905	-	142,184
Culture and recreation	1,359,947	515,193	28,510	-
Economic development	408,017	-	2,896	-
Interest on long-term debt	76,050	-	24,583	-
Total governmental activities	<u>5,844,344</u>	<u>886,203</u>	<u>382,056</u>	<u>171,116</u>
Business-type activities				
Water	638,830	502,858	-	-
Sewer	1,914,408	1,634,418	19,103	-
Golf Course	1,190,037	805,797	-	-
Total business-type activities	<u>3,743,275</u>	<u>2,943,073</u>	<u>19,103</u>	<u>-</u>
Total	<u>\$ 9,587,619</u>	<u>\$ 3,829,276</u>	<u>\$ 401,159</u>	<u>\$ 171,116</u>

General revenues

Taxes

  Property taxes, levied for general purposes

  Property taxes, levied for debt service

  Franchise taxes

Unrestricted investment earnings

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position, January 1

Net position, December 31

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



Net (Expenses) Revenues and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (726,316)	\$ -	\$ (726,316)
(978,869)	-	(978,869)
(1,426,952)	-	(1,426,952)
(816,244)	-	(816,244)
(405,121)	-	(405,121)
(51,467)	-	(51,467)
<u>(4,404,969)</u>	<u>-</u>	<u>(4,404,969)</u>
-	(135,972)	(135,972)
-	(260,887)	(260,887)
<u>-</u>	<u>(384,240)</u>	<u>(384,240)</u>
-	(781,099)	(781,099)
<u>(4,404,969)</u>	<u>(781,099)</u>	<u>(5,186,068)</u>
3,589,283	-	3,589,283
171,125	1,486,571	1,657,696
35,875	-	35,875
276,276	91,257	367,533
5,896	-	5,896
<u>(191,341)</u>	<u>191,341</u>	<u>-</u>
<u>3,887,114</u>	<u>1,769,169</u>	<u>5,656,283</u>
(517,855)	988,070	470,215
<u>31,230,823</u>	<u>34,139,010</u>	<u>65,369,833</u>
<u>\$ 30,712,968</u>	<u>\$ 35,127,080</u>	<u>\$ 65,840,048</u>

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

**FUND FINANCIAL STATEMENTS**

CITY OF BECKER  
BECKER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2014

CITY OF BECKER, MINNESOTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

	General	Community Center	Debt Service
<b>ASSETS</b>			
Cash and temporary investments	\$ 334,286	\$ (58,492)	\$ 684,481
Receivables			
Accrued interest	43,390	-	-
Taxes	25,745	-	332
Accounts	3,135	-	-
Notes	-	-	195,000
Special assessments	296,169	-	802,468
Due from other governments	962,076	-	42,231
Due from other funds	240,047	-	-
Land held for resale	-	-	-
Prepaid items	22,627	1,961	-
	<u>\$ 1,927,475</u>	<u>\$ (56,531)</u>	<u>\$ 1,724,512</u>
<b>TOTAL ASSETS</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 62,013	\$ 8,749	\$ 850
Accrued salaries and benefits payable	53,394	17,589	-
Deposits payable	60,493	-	-
Due to other funds	-	53,049	-
	<u>175,900</u>	<u>79,387</u>	<u>850</u>
<b>TOTAL LIABILITIES</b>			
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	25,745	-	332
Unavailable revenue - special assessments	296,169	-	802,468
	<u>321,914</u>	<u>-</u>	<u>802,800</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>			
<b>FUND BALANCES</b>			
Nonspendable	262,674	1,961	-
Restricted	-	-	920,862
Assigned	146,960	-	-
Unassigned	1,020,027	(137,879)	-
	<u>1,429,661</u>	<u>(135,918)</u>	<u>920,862</u>
<b>TOTAL FUND BALANCES</b>			
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
	<u>\$ 1,927,475</u>	<u>\$ (56,531)</u>	<u>\$ 1,724,512</u>

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

Revolving Capital	Other Governmental Funds	Total Governmental Funds
\$ 6,127,297	\$ 2,324,110	\$ 9,411,682
-	685	44,075
-	3,978	30,055
-	-	3,135
-	5,400	200,400
-	-	1,098,637
-	124,455	1,128,762
-	-	240,047
330,300	-	330,300
-	5,036	29,624
<u>\$ 6,457,597</u>	<u>\$ 2,463,664</u>	<u>\$ 12,516,717</u>
\$ 107,013	\$ 19,043	\$ 197,668
-	3,096	74,079
-	199,050	259,543
-	186,998	240,047
<u>107,013</u>	<u>408,187</u>	<u>771,337</u>
-	3,978	30,055
-	-	1,098,637
-	3,978	1,128,692
330,300	5,036	599,971
-	1,000,126	1,920,988
6,020,284	1,046,337	7,213,581
-	-	882,148
<u>6,350,584</u>	<u>2,051,499</u>	<u>10,616,688</u>
<u>\$ 6,457,597</u>	<u>\$ 2,463,664</u>	<u>\$ 12,516,717</u>

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER, MINNESOTA  
RECONCILIATION OF THE BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2014

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

Total fund balances - governmental funds	\$ 10,616,688
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	
Cost of capital assets	39,010,970
Less: accumulated depreciation	(17,252,445)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.	
Long-term liabilities at year-end consist of	
Compensated absences payable	(175,745)
Bond principal payable	(2,590,000)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.	
Taxes receivable	30,055
Special assessments receivable	1,098,637
Governmental funds do not report a liability for accrued interest until due and payable.	(25,192)
Total net position - governmental activities	\$ 30,712,968

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Community Center	Debt Service
<b>REVENUES</b>			
Taxes	\$ 2,754,688	\$ 436,400	\$ 171,125
Licenses and permits	135,964	-	-
Intergovernmental	138,527	-	-
Charges for services	117,091	511,192	-
Fines and forfeitures	14,665	-	-
Special assessments	72,998	-	90,531
Interest on investments	29,579	(712)	10,251
Miscellaneous	16,740	32,420	24,583
<b>TOTAL REVENUES</b>	<b>3,280,252</b>	<b>979,300</b>	<b>296,490</b>
<b>EXPENDITURES</b>			
Current			
General government	781,171	-	-
Public safety	831,416	-	-
Public works	590,103	-	-
Culture and recreation	165,308	981,324	-
Economic development	-	-	-
Capital outlay			
General government	-	-	-
Public safety	-	-	-
Public works	74,902	-	-
Culture and recreation	33	-	-
Debt service			
Principal	-	-	305,000
Interest and other charges	-	-	76,822
<b>TOTAL EXPENDITURES</b>	<b>2,442,933</b>	<b>981,324</b>	<b>381,822</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>837,319</b>	<b>(2,024)</b>	<b>(85,332)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	-	-
Sale of capital assets	-	-	-
Transfers out	(617,900)	(59,500)	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(617,900)</b>	<b>(59,500)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCES</b>	<b>219,419</b>	<b>(61,524)</b>	<b>(85,332)</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>1,210,242</b>	<b>(74,394)</b>	<b>776,194</b>
<b>PRIOR PERIOD ADJUSTMENT (NOTE 6)</b>	<b>-</b>	<b>-</b>	<b>230,000</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 1,429,661</b>	<b>\$ (135,918)</b>	<b>\$ 920,862</b>

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



Revolving Capital	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 431,686	\$ 3,793,899
-	-	135,964
-	173,003	311,530
52,987	9,106	690,376
-	-	14,665
-	-	163,529
187,946	49,212	276,276
54,111	29,037	156,891
<u>295,044</u>	<u>692,044</u>	<u>5,543,130</u>
96,724	-	877,895
-	286,795	1,118,211
-	-	590,103
14,104	-	1,160,736
-	76,061	76,061
9,770	-	9,770
53,811	107,136	160,947
1,325,892	-	1,400,794
68,245	-	68,278
-	-	305,000
-	-	76,822
<u>1,568,546</u>	<u>469,992</u>	<u>5,844,617</u>
<u>(1,273,502)</u>	<u>222,052</u>	<u>(301,487)</u>
691,300	-	691,300
5,896	-	5,896
<u>(142,235)</u>	<u>(63,006)</u>	<u>(882,641)</u>
<u>554,961</u>	<u>(63,006)</u>	<u>(185,445)</u>
(718,541)	159,046	(486,932)
7,069,125	1,892,453	10,873,620
-	-	230,000
<u>\$ 6,350,584</u>	<u>\$ 2,051,499</u>	<u>\$ 10,616,688</u>

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

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

Total net change in fund balances - governmental funds \$ (486,932)

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense.

Capital outlay	1,336,105
Depreciation expense	(1,309,643)
Net disposal of capital assets	(331,956)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Principal repayments	305,000
----------------------	---------

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

772

Certain revenues are recognized as soon as they are earned. Under the modified accrual basis of accounting certain revenues cannot be recognized until they are available to liquidate liabilities of the current period.

Property taxes	2,384
Special assessments	(33,580)

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.

Compensated absences	<u>(5)</u>
----------------------	------------

Change in net position - governmental activities	<u><u>\$ (517,855)</u></u>
--	----------------------------

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 2,747,568	\$ 2,747,568	\$ 2,754,688	\$ 7,120
Licenses and permits	54,000	54,000	135,964	81,964
Intergovernmental	101,788	101,788	138,527	36,739
Charges for services	103,150	103,150	117,091	13,941
Fines and forfeitures	10,500	10,500	14,665	4,165
Special assessments	-	-	72,998	72,998
Interest on investments	8,000	8,000	29,579	21,579
Miscellaneous	6,400	6,400	16,740	10,340
	<u>3,031,406</u>	<u>3,031,406</u>	<u>3,280,252</u>	<u>248,846</u>
TOTAL REVENUES				
EXPENDITURES				
Current				
General government	738,851	738,851	781,171	(42,320)
Public safety	806,855	806,855	831,416	(24,561)
Public works	681,800	681,800	590,103	91,697
Culture and recreation	132,300	132,300	165,308	(33,008)
Capital outlay	53,700	53,700	74,935	(21,235)
	<u>2,413,506</u>	<u>2,413,506</u>	<u>2,442,933</u>	<u>(29,427)</u>
TOTAL EXPENDITURES				
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	617,900	617,900	837,319	219,419
OTHER FINANCING USES				
Transfers out	(617,900)	(617,900)	(617,900)	-
NET CHANGE IN FUND BALANCES	-	-	219,419	219,419
FUND BALANCES, JANUARY 1	<u>1,210,242</u>	<u>1,210,242</u>	<u>1,210,242</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,210,242</u>	<u>\$ 1,210,242</u>	<u>\$ 1,429,661</u>	<u>\$ 219,419</u>

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

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER, MINNESOTA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
COMMUNITY CENTER FUND  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Community Center			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 436,400	\$ 436,400	\$ 436,400	\$ -
Charges for services	475,500	475,500	511,192	35,692
Interest on investments	-	-	(712)	(712)
Miscellaneous	30,000	30,000	32,420	2,420
TOTAL REVENUES	941,900	941,900	979,300	37,400
EXPENDITURES				
Current				
Culture and recreation	858,400	858,400	981,324	(122,924)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	83,500	83,500	(2,024)	(85,524)
OTHER FINANCING USES				
Transfers out	(83,500)	(83,500)	(59,500)	24,000
NET CHANGE IN FUND BALANCES	-	-	(61,524)	(61,524)
FUND BALANCES, JANUARY 1	(74,394)	(74,394)	(74,394)	-
FUND BALANCES, DECEMBER 31	\$ (74,394)	\$ (74,394)	\$ (135,918)	\$ (61,524)

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise funds			Totals
	600 Water	610 Sewer	620 Golf Course	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and temporary investments	\$ 2,220,523	\$ 3,406,999	\$ 9,126	\$ 5,636,648
Restricted cash and temporary investments	-	766,592	-	766,592
Receivables				
Taxes	-	13,289	-	13,289
Accounts	56,341	272,943	2,086	331,370
Special assessments	10,336	9,100	-	19,436
Due from other governments	-	428,225	-	428,225
Inventories	-	-	45,132	45,132
Prepaid items	1,196	4,259	5,547	11,002
<b>TOTAL CURRENT ASSETS</b>	<b>2,288,396</b>	<b>4,901,407</b>	<b>61,891</b>	<b>7,251,694</b>
<b>NONCURRENT ASSETS</b>				
Capital assets				
Land	-	43,500	3,675,680	3,719,180
Buildings and systems	9,703,095	33,701,702	1,966,624	45,371,421
Improvements other than buildings	-	-	1,201,904	1,201,904
Machinery and equipment	76,695	373,780	1,261,477	1,711,952
Less accumulated depreciation	(3,171,222)	(9,060,611)	(3,371,985)	(15,603,818)
<b>TOTAL NONCURRENT ASSETS</b>	<b>6,608,568</b>	<b>25,058,371</b>	<b>4,733,700</b>	<b>36,400,639</b>
<b>TOTAL ASSETS</b>	<b>8,896,964</b>	<b>29,959,778</b>	<b>4,795,591</b>	<b>43,652,333</b>

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF NET POSITION - CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise funds			Totals
	600 Water	610 Sewer	620 Golf Course	
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable	\$ 3,938	\$ 25,578	\$ 7,274	\$ 36,790
Accrued salaries and benefits payable	6,426	9,869	9,008	25,303
Accrued interest payable	3,636	52,224	-	55,860
Deposits payable	641	-	-	641
Unearned revenue	-	-	13,334	13,334
Compensated absences payable - current	11,799	26,767	22,769	61,335
Capital lease payable - current	-	-	76,082	76,082
Bonds payable - current	85,000	1,490,000	-	1,575,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>111,440</b>	<b>1,604,438</b>	<b>128,467</b>	<b>1,844,345</b>
<b>NONCURRENT LIABILITIES</b>				
Compensated absences payable	2,469	5,601	4,764	12,834
Capital lease payable	-	-	183,074	183,074
Bonds payable	590,000	5,895,000	-	6,485,000
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>592,469</b>	<b>5,900,601</b>	<b>187,838</b>	<b>6,680,908</b>
<b>TOTAL LIABILITIES</b>	<b>703,909</b>	<b>7,505,039</b>	<b>316,305</b>	<b>8,525,253</b>
<b>NET POSITION</b>				
Net investment in capital assets	5,933,568	17,673,371	4,474,544	28,081,483
Restricted for debt service	-	766,592	-	766,592
Unrestricted	2,259,487	4,014,776	4,742	6,279,005
<b>TOTAL NET POSITION</b>	<b>\$ 8,193,055</b>	<b>\$ 22,454,739</b>	<b>\$ 4,479,286</b>	<b>\$ 35,127,080</b>

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

THIS PAGE IS LEFT BLANK  
INTENTIONALLY



CITY OF BECKER, MINNESOTA  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise funds			Totals
	600 Water	610 Sewer	620 Golf Course	
<b>SALES AND COST OF SALES</b>				
Sales	\$ -	\$ -	\$ 112,836	\$ 112,836
Cost of sales	-	-	(83,241)	(83,241)
Gross profit	-	-	29,595	29,595
<b>OPERATING REVENUES</b>				
Charges for services	502,858	1,634,418	692,961	2,830,237
<b>OPERATING EXPENSES</b>				
Wages and salaries	108,539	263,993	335,975	708,507
Employee benefits	42,378	114,065	108,230	264,673
Materials and supplies	59,278	89,135	82,871	231,284
Repairs and maintenance	5,518	86,505	58,324	150,347
Professional services	40,126	28,746	9,599	78,471
Utilities	41,644	276,736	52,704	371,084
Depreciation	248,582	858,240	230,950	1,337,772
Miscellaneous	14,487	20,530	141,815	176,832
<b>TOTAL OPERATING EXPENSES</b>	560,552	1,737,950	1,020,468	3,318,970
<b>OPERATING LOSS</b>	(57,694)	(103,532)	(297,912)	(459,138)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Taxes	-	1,486,571	-	1,486,571
Interest on investments	43,171	48,448	(362)	91,257
Miscellaneous	-	19,103	-	19,103
Loss on disposal of capital assets	(67,214)	(29,200)	(75,682)	(172,096)
Interest expense	(11,064)	(147,258)	(10,646)	(168,968)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	(35,107)	1,377,664	(86,690)	1,255,867
<b>INCOME (LOSS) BEFORE TRANSFERS</b>	(92,801)	1,274,132	(384,602)	796,729
TRANSFERS IN	9,106	112,235	130,000	251,341
TRANSFERS OUT	(60,000)	-	-	(60,000)
<b>CHANGE IN NET POSITION</b>	(143,695)	1,386,367	(254,602)	988,070
<b>NET POSITION, JANUARY 1</b>	8,336,750	21,068,372	4,733,888	34,139,010
<b>NET POSITION, DECEMBER 31</b>	<u>\$ 8,193,055</u>	<u>\$ 22,454,739</u>	<u>\$ 4,479,286</u>	<u>\$ 35,127,080</u>

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise funds			Totals
	600 Water	610 Sewer	620 Golf Course	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers and users	\$ 517,610	\$ 1,222,142	\$ 832,835	\$ 2,572,587
Payments to suppliers	(166,569)	(493,526)	(427,460)	(1,087,555)
Payments to employees	(149,903)	(378,058)	(445,723)	(973,684)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<b>201,138</b>	<b>350,558</b>	<b>(40,348)</b>	<b>511,348</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	-	100,000	130,000	230,000
Transfers to other funds	(60,000)	-	-	(60,000)
<b>NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES</b>	<b>(60,000)</b>	<b>100,000</b>	<b>130,000</b>	<b>170,000</b>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>				
Transfers from other funds	9,106	12,235	-	21,341
Property taxes	-	1,485,844	-	1,485,844
Acquisition of property and equipment	(189,066)	(64,468)	-	(253,534)
Receipt from bond escrow agent	-	5,200,000	-	5,200,000
Interest paid on bonds	(11,248)	(211,918)	(10,646)	(233,812)
Principal paid on bonds	(80,000)	(6,575,000)	(73,727)	(6,728,727)
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<b>(271,208)</b>	<b>(153,307)</b>	<b>(84,373)</b>	<b>(508,888)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Interest received (paid) on investments	43,171	41,940	(362)	84,749
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(86,899)</b>	<b>339,191</b>	<b>4,917</b>	<b>257,209</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>2,307,422</b>	<b>3,834,400</b>	<b>4,209</b>	<b>6,146,031</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 2,220,523</b>	<b>\$ 4,173,591</b>	<b>\$ 9,126</b>	<b>\$ 6,403,240</b>
<b>RECONCILIATION TO THE STATEMENTS OF NET POSITION</b>				
Cash and temporary investments	\$ 2,220,523	\$ 3,406,999	\$ 9,126	\$ 5,636,648
Restricted cash and temporary investments	-	766,592	-	766,592
<b>Total</b>	<b>\$ 2,220,523</b>	<b>\$ 4,173,591</b>	<b>\$ 9,126</b>	<b>\$ 6,403,240</b>

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

CITY OF BECKER, MINNESOTA  
STATEMENT OF CASH FLOWS - CONTINUED  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise funds			
	<u>600</u> Water	<u>610</u> Sewer	<u>620</u> Golf Course	Totals
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating loss	\$ (57,694)	\$ (103,532)	\$ (297,912)	\$ (459,138)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities				
Other income related to operations	-	19,103	-	19,103
Depreciation	248,582	858,240	230,950	1,337,772
(Increase) decrease in assets				
Accounts receivable	16,267	(10,647)	31,997	37,617
Special assessment receivable	(9,450)	(2,729)	-	(12,179)
Due from other governments	7,935	(418,003)	-	(410,068)
Inventories	-	-	(7,653)	(7,653)
Prepaid items	1,268	3,571	3,096	7,935
Increase (decrease) in liabilities				
Accounts payable	(7,099)	7,954	5,651	6,506
Salaries payable	315	(2,495)	(729)	(2,909)
Compensated absences	1,014	(904)	(789)	(679)
Unearned revenue	-	-	(4,959)	(4,959)
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 201,138</u>	 <u>\$ 350,558</u>	 <u>\$ (40,348)</u>	 <u>\$ 511,348</u>
 SCHEDULE OF NONCASH CAPITAL FINANCING ACTIVITIES				
Book value of disposed assets	<u>\$ 67,214</u>	<u>\$ 29,200</u>	<u>\$ 75,682</u>	<u>\$ 172,096</u>

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

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The City of Becker, Minnesota, operates under “Optional Plan A” as defined in the State of Minnesota statutes. The City is governed by an elected mayor and four City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The accompanying financial statements present the government entities for which the government is considered to be financially accountable.

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

As a result of applying the component unit definition criteria above, certain organizations have been defined and are presented in this report as follows:

- Blended Component Units- Reported as if they were part of the City.
- Joint Ventures and Jointly Governed Organizations- The relationship of the City with the entity is disclosed.

For each of the categories above, the specific entities are identified as follows:

*Blended component unit.* The Becker Economic Development Authority (EDA) is a legal entity separate from the City. Although legally separate, the Becker EDA is reported as if it were part of the primary government as a special revenue fund. The EDA may not exercise any of its authorized powers without prior approval of the City Council. The City has operational responsibility and it is this criterion that results in the EDA being reported as a blended component unit. Separate financial statements are not prepared for the Becker EDA.

*Joint ventures and jointly governed organizations.* The City has a joint powers agreement with the Township of Becker for fire protection services. The Becker Fire Department Joint Powers Board is a legal entity separate from the City. Although legally separate, the Becker Fire Department Joint Powers Board is reported as if it were part of the primary government because the City provides the majority of the funding necessary for operations.

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

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

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

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

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

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

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

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

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

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

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

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

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

The *Community Center fund* accounts property taxes and charges that are committed for the Community Center operations.

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

The *Revolving Capital fund* accounts for resources accumulated and payments made to purchase capital during the year.

The City reports the following major enterprise funds:

The *Water fund* accounts for the activities of the City's water distribution system.

The *Sewer fund* accounts for the activities of the City's sewer collection operations.

The *Golf Course fund* accounts for the activities of the City's golf course.

As a general rule, the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are charges between the City's electric and sewer 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 City enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

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

*Deposits and investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. The proprietary funds' portion in the government-wide cash and temporary investments pool is considered to be cash and cash equivalents for purposes of the statement of cash flows.

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

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

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

Investments for the City are reported at fair value. The broker money market investment pool operates in accordance with appropriate State laws and regulations. The reported value of the pool is the same as the fair value of the pool share.

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



CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Property taxes***

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

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

***Accounts receivable***

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2014. The City annually certifies delinquent water and sewer accounts to the County for collection in the following year. Therefore, there has been no allowance for doubtful accounts established.

***Special assessments***

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

***Interfund receivables and payables***

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

***Inventories and prepaid items***

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

***Land held for resale***

These assets represent land owned by the City with the intent to sell to developers. This land is recorded at the lesser of historical cost or net realizable value.

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Capital assets*

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of three years. Intangible assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an indefinite useful life. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition on infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities) the City chose to include all such items regardless of their acquisition date or amount. The City was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year). As the City constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. In the case of donations the City values these capital assets at the estimated fair value of the item at the date of its donation.

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

Assets	Useful Lives in Years
Buildings	20 - 50
Building improvements	10 - 20
Light vehicles	4 - 13
Machinery and equipment	3 - 20
Fire trucks	15 - 18
Utility distribution system	30 - 50
Land improvements	10 - 20
Infrastructure	20 - 50

*Deferred inflows of resources*

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

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Compensated absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is also a provision for payout of unpaid accumulated sick leave when an employee separates from service with the City. All vacation pay is accrued when incurred in the governmental and proprietary funds. It is expected the vacation pay will be liquidated with expendable available financial resources. A liability for accumulated sick leave is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The General fund is typically used to liquidate governmental compensated absences payable.

***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. Bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method for governmental activities. Bond issuance costs are reported as an expense in the period incurred.

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

***Fund balance***

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

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items, due from other funds, and land held for resale.

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

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

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

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unrestricted fund balance of 40 percent of the next year's budgeted operating expenditures for cash-flow timing needs.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Net position*

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net assets are displayed in three components:

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

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

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary information**

The City Council adopts an annual budget. The City follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Budget requests are submitted by all department heads to the City Administrator. The City Administrator and Treasurer compile the budget requests into an overall preliminary City budget.
2. The City Administrator and Treasurer present the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the fund level for the General, Special Revenue and Debt Service funds.
3. Formal budgetary integration is employed as a management control device during the year for the General, special revenue and Debt Service funds. Budgetary control for Capital Projects funds is accomplished through the use of project controls.
4. The budgets for the General, Community Center and Fire Department funds are adopted on a basis consistent with U.S. generally accepted accounting principles generally accepted in the United States of America. Annual appropriations lapse at year-end.
5. Expenditures may not legally exceed budgeted appropriations at the department level. No funds budget can be increased without City Council approval. The City Council may authorize transfers of budgeted amounts between departments within any fund. Management may amend budgets within a department level, so long as the total department budget is not changed.

There were no budget amendments made by the City during the year.

**B. Excess of expenditures over appropriations**

For the year ended December 31, 2014, expenditures exceeded appropriations in the General fund by \$29,427. The over expenditures were funded by revenues in excess of expenditures.

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED**

**C. Deficit fund balance**

The following fund had a fund balance deficit at December 31, 2014:

Fund	Amount
Major	
Community Center	\$ 135,918

The deficit in the fund will be eliminated with future revenues.

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City’s carrying amount of deposits was \$2,296,964 and the bank balance was \$2,370,334. Of the bank balance, \$847,029 was covered by federal depository insurance; the remaining bank balance was covered by collateral held by the City’s agent in the City’s name.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

***Investments***

As of December 31, 2014, the City had the following investments that are insured or registered, or securities held by the City or its agent in the City's name.

<u>Types of Investments</u>	<u>Credit Quality/ Ratings (1)</u>	<u>Segmented Time Distribution (2)</u>	<u>Carrying Amount</u>
Pooled investments			
Money Market Mutual funds	N/A	less than 6 months	\$ 2,749,448
4M fund	N/A	less than 6 months	<u>3,103,477</u>
Total pooled investments			<u>5,852,925</u>
Non-pooled investments			
Brokered CD's	N/A	less than 6 months	648,102
Brokered CD's	N/A	6 months to 1 year	745,897
Brokered CD's	N/A	1 to 3 years	2,482,812
Brokered CD's	N/A	more than 3 years	<u>1,569,563</u>
Total Brokered CD's			5,446,374
U.S. Government Securities	AA+	more than 3 years	<u>2,216,309</u>
Total non-pooled investments			<u>7,662,683</u>
Total investments			<u>\$ 13,515,608</u>

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

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

N/A Indicated not applicable or available

- *Credit Risk.* Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. In accordance with its investment policy, the City limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment policy does not address concentration of credit risk, placing no limit on the amount that may be invested in any one issuer. The City has invested more than 5 percent (\$1,799,951) in Federal Home Loan Bank (FHLB).
- *Interest Rate Risk.* The interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting long term investments of the portfolio. The maturity of the long term investments cannot exceed ten years.

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Cash summary*

A reconciliation of cash as shown on the statement of net position for the City follows:

Carrying amount of deposits	\$ 2,296,964
Investments	13,515,608
Cash on hand	<u>2,350</u>
Total	<u><u>\$ 15,814,922</u></u>
As presented on the Statement of Net Position	
Cash and temporary investments	\$ 15,048,330
Restricted cash and temporary investments	<u>766,592</u>
Total	<u><u>\$ 15,814,922</u></u>

**B. Receivables**

*Notes receivable*

The City built a new fire station which Becker Township will be reimbursing for their share of the project. The note is due and payable semiannually with interest accruing. The bond related to the project was refunded in 2011 and the receivable was recorded in the G.O. Fire Station Refunding Bonds, Series 2011A fund. The principal balance of \$195,000 at December 31, 2014 is offset by restricted fund balance.

The City has an outstanding note receivable to satisfy a mortgage and special utility assessment. The note is due and payable annually. The note was recorded as a receivable in the Economic Development special revenue fund. The principal balance of \$5,400 at December 31, 2014 has been offset by restricted fund balance because upon collection it will be restricted for economic development.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**C. Capital assets**

Capital asset activity for the year ended December 31, 2014 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,602,621	\$ -	\$ (66,918)	\$ 2,535,703
Construction in progress	-	1,123,712	-	1,123,712
Total capital assets, not being depreciated	<u>2,602,621</u>	<u>1,123,712</u>	<u>(66,918)</u>	<u>3,659,415</u>
Capital assets, being depreciated				
Buildings	9,339,412	-	(67,614)	9,271,798
Infrastructure	20,107,482	33,363	(36,062)	20,104,783
Improvements other than buildings	1,219,096	23,450	(90,856)	1,151,690
Machinery and equipment	5,711,801	155,580	(1,044,097)	4,823,284
Total capital assets being depreciated	<u>36,377,791</u>	<u>212,393</u>	<u>(1,238,629)</u>	<u>35,351,555</u>
Less accumulated depreciation for				
Buildings	(3,363,143)	(195,597)	51,763	(3,506,977)
Infrastructure	(9,849,309)	(800,941)	4,003	(10,646,247)
Improvements other than buildings	(701,631)	(42,216)	48,989	(694,858)
Machinery and equipment	(3,002,310)	(270,889)	868,836	(2,404,363)
Total accumulated depreciation	<u>(16,916,393)</u>	<u>(1,309,643)</u>	<u>973,591</u>	<u>(17,252,445)</u>
Total capital assets, being depreciated, net	<u>19,461,398</u>	<u>(1,097,250)</u>	<u>(265,038)</u>	<u>18,099,110</u>
Governmental activities capital assets, net	<u>\$ 22,064,019</u>	<u>\$ 26,462</u>	<u>\$ (331,956)</u>	<u>\$ 21,758,525</u>



CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated				
Land	\$ 3,728,765	\$ -	\$ (9,585)	\$ 3,719,180
Construction in progress	<u>145,504</u>	<u>135,854</u>	<u>(281,358)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>3,874,269</u>	<u>135,854</u>	<u>(290,943)</u>	<u>3,719,180</u>
Capital assets, being depreciated				
Buildings	2,026,710	-	(60,086)	1,966,624
Water System	9,461,126	334,571	(92,602)	9,703,095
Sewer System	33,725,242	64,467	(88,007)	33,701,702
Improvements other than buildings	1,269,094	-	(67,190)	1,201,904
Machinery and equipment	<u>2,128,174</u>	<u>-</u>	<u>(416,222)</u>	<u>1,711,952</u>
Total capital assets, being depreciated	<u>48,610,346</u>	<u>399,038</u>	<u>(724,107)</u>	<u>48,285,277</u>
Less accumulated depreciation for				
Buildings	(1,511,064)	(67,668)	34,949	(1,543,783)
Water System	(2,923,470)	(240,058)	41,793	(3,121,735)
Sewer System	(8,041,358)	(836,225)	63,719	(8,813,864)
Improvements other than buildings	(881,831)	(45,192)	41,584	(885,439)
Machinery and equipment	<u>(1,469,919)</u>	<u>(148,629)</u>	<u>379,551</u>	<u>(1,238,997)</u>
Total accumulated depreciation	<u>(14,827,642)</u>	<u>(1,337,772)</u>	<u>561,596</u>	<u>(15,603,818)</u>
Total capital assets, being depreciated, net	<u>33,782,704</u>	<u>(938,734)</u>	<u>(162,511)</u>	<u>32,681,459</u>
Business-type activities capital assets, net	<u>\$ 37,656,973</u>	<u>\$ (802,880)</u>	<u>\$ (453,454)</u>	<u>\$ 36,400,639</u>

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

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

**Governmental activities**

General government	\$ 59,364
Public safety	180,020
Public works	885,218
Culture and recreation	<u>185,041</u>

Total depreciation expense - governmental activities	<u><u>\$ 1,309,643</u></u>
--	----------------------------

**Business-type activities**

Water	\$ 248,582
Sewer	858,240
Golf Course	<u>230,950</u>

Total depreciation expense - business-type activities	<u><u>\$ 1,337,772</u></u>
---	----------------------------

**Construction commitments**

The City has an active construction project as of December 31, 2014. At year end, the City's commitment with contractors is as follows:

Project	Spent to date	Remaining Commitment
2014 Street Improvements	<u>\$ 1,033,747</u>	<u>\$ 442,847</u>

**D. Interfund receivables, payables and transfers**

**Interfund balances**

The compositions of interfund balances as of December 31, 2014 are as follows:

Receivable Fund	Payable Fund	Amount
General	Community Center	\$ 53,049
General	Fire Department	<u>186,998</u>
Total		<u><u>\$ 240,047</u></u>

The Community Center fund received an interfund loan from the General fund to cover a deficit cash balance. The interfund loan from the General fund to the Fire Department is to account for transactions flowing through the General fund that relate directly to the Fire Department.

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

*Interfund transfers*

The following interfund transfers were made during 2014:

Fund	Transfers in				Total
	Revolving Capital	Water Enterprise	Sewer Enterprise	Golf Course Enterprise	
Transfers out					
General	\$ 617,900	\$ -	\$ -	\$ -	\$ 617,900
Revolving Capital	-	-	12,235	130,000	142,235
Community Center	59,500	-	-	-	59,500
Nonmajor governmental	13,900	9,106	40,000	-	63,006
Water enterprise	-	-	60,000	-	60,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total transfers in	<u>\$ 691,300</u>	<u>\$ 9,106</u>	<u>\$ 112,235</u>	<u>\$ 130,000</u>	<u>\$ 942,641</u>

The City annually budgets for transfers between funds. These annual budgeted transfers are made for certain funds portion of debt service payments, to cover administrative fees and to fund certain capital improvement projects. The City's fund balance policy identifies a fund balance goal for the General fund, and excess amounts are transferred to other funds as approved by Council. Unbudgeted transfers were approved by City Council resolution for capital outlay activity.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**E. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental and business-type activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. In addition, general obligation bonds have been issued to refund special assessments related bonds.

General obligation bonds

General obligation bonds are direct obligations and pledge the full faith and credit of the City. General obligation bonds currently outstanding are as follows:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
Governmental activities					
G.O. Fire Station					
Bonds, Series 2011A	\$1,335,000	0.50 - 2.15 %	11/15/11	02/01/19	<u>\$ 970,000</u>
Business-type activities					
2008A Wastewater Treatment Facility Bonds					
	1,460,000	2.90 - 3.75	02/01/08	02/01/22	920,000
2009A Wastewater Treatment Facility Refunding Bonds					
	2,965,000	1.85 - 2.60	03/15/09	02/01/15	530,000
2010B Wastewater Treatment Facility Refunding Bonds					
	1,355,000	0.70 - 2.00	12/01/10	02/01/17	700,000
2012A Wastewater Treatment Facility Refunding Bonds					
	5,235,000	0.70 - 2.00	04/01/12	02/01/22	<u>5,235,000</u>
Total business-type G.O. bonds					<u>7,385,000</u>
Total G.O. bonds					<u><u>\$ 8,355,000</u></u>

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

Year Ending December 31,	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2015	\$ 185,000	\$ 14,913	\$ 199,913	\$ 1,490,000	\$ 113,053	\$ 1,603,053
2016	190,000	12,612	202,612	970,000	79,885	1,049,885
2017	195,000	9,721	204,721	980,000	80,778	1,060,778
2018	195,000	6,260	201,260	760,000	67,662	827,662
2019	205,000	2,204	207,204	770,000	55,643	825,643
2020-2022	-	-	-	2,415,000	78,392	2,493,392
Total	<u>\$ 970,000</u>	<u>\$ 45,710</u>	<u>\$ 1,015,710</u>	<u>\$ 7,385,000</u>	<u>\$ 475,413</u>	<u>\$ 7,860,413</u>

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Revenue bonds

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water fund and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require over 18 percent of revenues from the fund. For 2014, principal and interest paid and total customer revenues for the Water fund were \$91,248 and \$502,858, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2012A Water Revenue Refunding Bonds	\$ 840,000	0.55 - 2.00 %	04/01/12	02/01/23	<u>\$ 675,000</u>

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

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2015	\$ 85,000	\$ 8,452	\$ 93,452
2016	85,000	7,835	92,835
2017	90,000	7,045	97,045
2018	90,000	6,077	96,077
2019	60,000	5,170	65,170
2020-2023	265,000	10,295	275,295
Total	<u>\$ 675,000</u>	<u>\$ 44,874</u>	<u>\$ 719,874</u>

G.O. special assessment bonds

The following bonds were issued to finance capital improvements in governmental funds. They will be retired from the collection of taxes and special assessments.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2010A Assessment Improvement Bonds	\$ 1,860,000	1.00 - 4.80 %	12/01/10	02/01/26	<u>\$ 1,620,000</u>

Annual debt service requirements to maturity for special assessment bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2015	\$ 120,000	\$ 57,023	\$ 177,023
2016	125,000	54,566	179,566
2017	125,000	51,441	176,441
2018	125,000	47,847	172,847
2019	130,000	43,860	173,860
2020-2024	695,000	143,746	838,746
2025-2026	300,000	14,250	314,250
Total	<u>\$ 1,620,000</u>	<u>\$ 412,733</u>	<u>\$ 2,032,733</u>

CITY OF BECKER, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Capital lease obligation

The City is obligated under a capital lease for golf equipment entered into on October 13, 2011. The lease agreement with PNC Equipment has an interest rate of 4.15 percent, and will mature May 7, 2017.

The City is obligated under a capital lease of lawn mowers entered into on February 15, 2013. The lease agreement with MTI Distributing and has an interest rate of 3.55 percent, and will mature October 27, 2017.

The assets and liabilities under the capital leases listed above are recorded at the lower of the present value of the minimum lease payments or the fair value of the assets.

The assets acquired through the capital lease are as follows:

	Business-type Activities
Asset	
Golf Carts	\$ 296,739
Lawn mowers	151,864
Less: Accumulated depreciation	(243,617)
Total	\$ 204,986

Minimum future lease payments under the capital lease in the aggregate are as follows:

Year Ending December 31,	Business-type Activities
2015	\$ 84,373
2016	84,373
2017	112,143
Total minimum lease payments	280,889
Less: amount representing interest	(21,733)
Present value of minimum lease payments	\$ 259,156

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable					
G.O. improvement bonds	\$ 1,155,000	\$ -	\$ (185,000)	\$ 970,000	\$ 185,000
G.O. special assessment bonds	1,740,000	-	(120,000)	1,620,000	120,000
Total bonds payable	2,895,000	-	(305,000)	2,590,000	305,000
Compensated absences	175,740	146,965	(146,960)	175,745	146,960
Governmental activity long-term liabilities	<u>\$ 3,070,740</u>	<u>\$ 146,965</u>	<u>\$ (451,960)</u>	<u>\$ 2,765,745</u>	<u>\$ 451,960</u>
<b>Business-type activities</b>					
Bonds payable					
G.O. improvement bonds	\$ 13,960,000	\$ -	\$ (6,575,000)	\$ 7,385,000	\$ 1,490,000
G.O. revenue bonds	755,000	-	(80,000)	675,000	85,000
Total bonds payable	14,715,000	-	(6,655,000)	8,060,000	1,575,000
Capital lease	332,883	-	(73,727)	259,156	76,082
Compensated absences	74,848	60,656	(61,335)	74,169	61,335
Business-type activity long-term liabilities	<u>\$ 15,122,731</u>	<u>\$ 60,656</u>	<u>\$ (6,790,062)</u>	<u>\$ 8,393,325</u>	<u>\$ 1,712,417</u>

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**F. Components of fund balance**

At December 31, 2014, portions of the City's fund balance are not available for appropriation due to not being in spendable form (Nonspendable), legal restrictions (Restricted), policy and/or intent (Assigned). The following is a summary of the components of fund balance:

	General	Community Center	Debt Service	Revolving Capital	Other Governmental Funds	Total
Nonspendable						
Due from other funds	\$ 240,047	\$ -	\$ -	\$ -	\$ -	\$ 240,047
Land held for resale	-	-	-	330,300	-	330,300
Prepaid items	22,627	1,961	-	-	5,036	29,624
<b>Total nonspendable</b>	<b>262,674</b>	<b>1,961</b>	<b>-</b>	<b>330,300</b>	<b>5,036</b>	<b>599,971</b>
Restricted for						
Debt service	-	-	920,862	-	-	920,862
Economic development	-	-	-	-	93,389	93,389
Capital improvements	-	-	-	-	906,737	906,737
<b>Total restricted</b>	<b>-</b>	<b>-</b>	<b>920,862</b>	<b>-</b>	<b>1,000,126</b>	<b>1,920,988</b>
Assigned to						
Fire department operation	-	-	-	-	596,028	596,028
Economic development	-	-	-	-	177,867	177,867
Benefits payable	146,960	-	-	-	6,086	153,046
Capital improvements	-	-	-	6,020,284	266,356	6,286,640
<b>Total assigned</b>	<b>146,960</b>	<b>-</b>	<b>-</b>	<b>6,020,284</b>	<b>1,046,337</b>	<b>7,213,581</b>
Unassigned	1,020,027	(137,879)	-	-	-	882,148
<b>Total fund balance</b>	<b>\$ 1,429,661</b>	<b>\$ (135,918)</b>	<b>\$ 920,862</b>	<b>\$ 6,350,584</b>	<b>\$ 2,051,499</b>	<b>\$10,616,688</b>

**G. Conduit debt obligations**

Conduit debt obligations are certain limited obligation revenue bonds or similar debt instruments issued for the express purpose of providing capital financing for a specific third party. The City has issued various revenue bonds to provide funding to private sector entities for projects deemed to be in the public interest. Although these bonds bear the name of the City, the City has no obligation for such debt. Accordingly, the bonds are not reported as liabilities in the financial statements of the City.

As of December 31, 2014, the City's conduit debt is detailed as follows:

Variable Rate Demand Industrial Development Revenue Bonds (Plymouth Foam Project), Series 2004	\$ 1,185,000
Senior Housing Revenue Refunding Bonds (Shepherd of Grace Project), Series 2014	8,280,000
<b>Total</b>	<b>\$ 9,465,000</b>



CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE**

**A. Plan description**

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

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

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota statute and vest after 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 the 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 and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF 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 normal annuity is a lifetime annuity that ceases upon the death of the retiree - survivor annuity is payable. There are also various types of joint and survivor annuity options available which will reduce the monthly normal annuity amount, because the annuity is payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for an unearned annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the web at [www.mnpera.org](http://www.mnpera.org), by writing to PERA, 60 Empire Street, #200, St. Paul, Minnesota 55102 or by calling (651) 296-7460 or (800) 652-9026.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 4: DEFINED BENEFIT PENSION PLANS - STATEWIDE - CONTINUED**

**B. Funding policy**

*Minnesota statutes*, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.20 percent of their annual covered salary in 2014. In 2014, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan members, 7.25 percent for Coordinated Plan members, 15.3 percent for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ended December 31, 2014, 2013 and 2012 were \$122,964, \$118,613, and \$121,342, respectively. The City's contributions to the PEPFF for the years ending December 31, 2014, 2013, and 2012 were \$53,660, \$40,925, and \$34,389, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.50 percent for members and 7.50 percent for employers) and the Police and Fire Fund (10.80 percent for members and 16.20 percent for employers).

**C. Defined contribution plan**

Elected officials of the City of Becker 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, specify 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. 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.

The City's contributions to the PEDCP for the years ended December 31, 2014, 2013 and 2012 were \$626, \$613 and \$635, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statutes.

CITY OF BECKER, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2014

**Note 5: OTHER INFORMATION**

**A. Risk management**

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

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

**B. Legal debt margin**

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The 2014 taxable market value of property was \$852,759,000 and the debt limit was \$25,582,770. The City is well below the legal debt margin.

**Note 6: PRIOR PERIOD ADJUSTMENT**

A prior period adjustment was recorded to reclassify the deferred inflow of resources for notes receivable previously presented in the Debt Service fund as unavailable revenue. The notes receivable are now offset with restricted fund balance.

THIS PAGE IS LEFT BLANK  
INTENTIONALLY

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

CITY OF BECKER  
BECKER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2014

CITY OF BECKER, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and temporary investments	\$ 951,967	\$ 1,372,143	\$ 2,324,110
Receivable			
Accrued interest	685	-	685
Taxes	3,978	-	3,978
Notes	5,400	-	5,400
Due from other governments	124,455	-	124,455
Prepaid items	5,036	-	5,036
<b>TOTAL ASSETS</b>	<b>\$ 1,091,521</b>	<b>\$ 1,372,143</b>	<b>\$ 2,463,664</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 19,043	\$ -	\$ 19,043
Accrued salaries and benefits payable	3,096	-	3,096
Deposits payable	-	199,050	199,050
Due to other funds	186,998	-	186,998
<b>TOTAL LIABILITIES</b>	<b>209,137</b>	<b>199,050</b>	<b>408,187</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - taxes	3,978	-	3,978
<b>FUND BALANCES</b>			
Nonspendable	5,036	-	5,036
Restricted	93,389	906,737	1,000,126
Assigned	779,981	266,356	1,046,337
<b>TOTAL FUND BALANCES</b>	<b>878,406</b>	<b>1,173,093</b>	<b>2,051,499</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 1,091,521</b>	<b>\$ 1,372,143</b>	<b>\$ 2,463,664</b>

CITY OF BECKER, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	Special Revenue	Capital Projects	Total Nonmajor Governmental Funds
REVENUES			
Taxes	\$ 431,686	\$ -	\$ 431,686
Intergovernmental	173,003	-	173,003
Charges for services	-	9,106	9,106
Interest on investments	5,968	43,244	49,212
Miscellaneous	29,037	-	29,037
	639,694	52,350	692,044
TOTAL REVENUES			
EXPENDITURES			
Current			
Public safety	286,795	-	286,795
Economic development	76,061	-	76,061
Capital outlay			
Public safety	107,136	-	107,136
	469,992	-	469,992
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER EXPENDITURES	169,702	52,350	222,052
OTHER FINANCING USES			
Transfers out	(13,900)	(49,106)	(63,006)
NET CHANGE IN FUND BALANCES	155,802	3,244	159,046
FUND BALANCES, JANUARY 1	722,604	1,169,849	1,892,453
FUND BALANCES, DECEMBER 31	\$ 878,406	\$ 1,173,093	\$ 2,051,499

CITY OF BECKER, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	<b>200</b>	<b>210</b>	
	Fire	Economic	
	<u>Department</u>	<u>Development</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 707,875	\$ 244,092	\$ 951,967
Receivable			
Accrued interest	685	-	685
Taxes	2,860	1,118	3,978
Notes	-	5,400	5,400
Due from other governments	92,654	31,801	124,455
Prepaid items	<u>4,972</u>	<u>64</u>	<u>5,036</u>
 TOTAL ASSETS	 <u><u>\$ 809,046</u></u>	 <u><u>\$ 282,475</u></u>	 <u><u>\$ 1,091,521</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 16,408	\$ 2,635	\$ 19,043
Accrued salaries and benefits payable	1,780	1,316	3,096
Due to other funds	<u>186,998</u>	<u>-</u>	<u>186,998</u>
 TOTAL LIABILITIES	 <u>205,186</u>	 <u>3,951</u>	 <u>209,137</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenues - taxes	<u>2,860</u>	<u>1,118</u>	<u>3,978</u>
<b>FUND BALANCES</b>			
Nonspendable	4,972	64	5,036
Restricted	-	93,389	93,389
Assigned	<u>596,028</u>	<u>183,953</u>	<u>779,981</u>
 TOTAL FUND BALANCES	 <u>601,000</u>	 <u>277,406</u>	 <u>878,406</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u><u>\$ 809,046</u></u>	 <u><u>\$ 282,475</u></u>	 <u><u>\$ 1,091,521</u></u>



CITY OF BECKER, MINNESOTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>200</b> Fire Department	<b>210</b> Economic Development	Total
<b>REVENUES</b>			
Taxes	\$ 321,346	\$ 110,340	\$ 431,686
Intergovernmental	170,107	2,896	173,003
Interest on investments	923	5,045	5,968
Miscellaneous			
Contributions and donations	21,050	-	21,050
Other	7,987	-	7,987
<b>TOTAL REVENUES</b>	<b>521,413</b>	<b>118,281</b>	<b>639,694</b>
<b>EXPENDITURES</b>			
Current			
Public safety	286,795	-	286,795
Economic development	-	76,061	76,061
Capital outlay			
Public safety	107,136	-	107,136
<b>TOTAL EXPENDITURES</b>	<b>393,931</b>	<b>76,061</b>	<b>469,992</b>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>127,482</b>	<b>42,220</b>	<b>169,702</b>
<b>OTHER FINANCING USES</b>			
Transfers out	-	(13,900)	(13,900)
<b>NET CHANGE IN FUND BALANCES</b>	<b>127,482</b>	<b>28,320</b>	<b>155,802</b>
<b>FUND BALANCES, JANUARY 1</b>	<b>473,518</b>	<b>249,086</b>	<b>722,604</b>
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 601,000</b>	<b>\$ 277,406</b>	<b>\$ 878,406</b>

CITY OF BECKER, MINNESOTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	<b>401</b>	<b>425</b>	<b>431</b>	
	Trunk Facilities	2011 Industrial Park Street and Utility Improvements	Fossum Fields Road Pedestrian Path	Total
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>				
Cash and temporary investments	\$ 219,717	\$ 906,737	\$ 245,689	\$ 1,372,143
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>LIABILITIES</b>				
Deposits payable	\$ -	\$ -	\$ 199,050	\$ 199,050
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>FUND BALANCES</b>				
Restricted	-	906,737	-	906,737
Assigned	219,717	-	46,639	266,356
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL FUND BALANCES</b>	<u>219,717</u>	<u>906,737</u>	<u>46,639</u>	<u>1,173,093</u>
<b>TOTAL LIABILITIES</b>				
<b>AND FUND BALANCES</b>	<u>\$ 219,717</u>	<u>\$ 906,737</u>	<u>\$ 245,689</u>	<u>\$ 1,372,143</u>

CITY OF BECKER, MINNESOTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>401</b>	<b>425</b>	<b>431</b>	
	Trunk Facilities	2011 Industrial Park Street and Utility Improvements	Fossum Fields Road Pedestrian Path	Total
REVENUES				
Charges for services	\$ 9,106	\$ -	\$ -	\$ 9,106
Interest on investments	16,618	21,064	5,562	43,244
<b>TOTAL REVENUES</b>	<b>25,724</b>	<b>21,064</b>	<b>5,562</b>	<b>52,350</b>
OTHER FINANCING USES				
Transfer out	(49,106)	-	-	(49,106)
<b>NET CHANGE IN FUND BALANCES</b>	<b>(23,382)</b>	<b>21,064</b>	<b>5,562</b>	<b>3,244</b>
FUND BALANCES, JANUARY 1	243,099	885,673	41,077	1,169,849
<b>FUND BALANCES, DECEMBER 31</b>	<b>\$ 219,717</b>	<b>\$ 906,737</b>	<b>\$ 46,639</b>	<b>\$ 1,173,093</b>

CITY OF BECKER, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(With comparative actual amounts for the year ended December 31, 2013)

	2014			Variance with Final Budget	2013
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
<b>REVENUES</b>					
Taxes					
Property taxes	\$ 2,713,568	\$ 2,713,568	\$ 2,718,813	\$ 5,245	\$ 2,045,413
Franchise fees	34,000	34,000	35,875	1,875	27,753
Total	<u>2,747,568</u>	<u>2,747,568</u>	<u>2,754,688</u>	<u>7,120</u>	<u>2,073,166</u>
Licenses and permits	<u>54,000</u>	<u>54,000</u>	<u>135,964</u>	<u>81,964</u>	<u>184,736</u>
Intergovernmental					
State					
Fire state aid	55,000	55,000	73,421	18,421	78,776
Police state aid	30,000	30,000	40,619	10,619	33,176
PERA aid	7,288	7,288	7,288	-	7,288
Other grants and aids	<u>9,500</u>	<u>9,500</u>	<u>17,199</u>	<u>7,699</u>	<u>402,804</u>
Total	<u>101,788</u>	<u>101,788</u>	<u>138,527</u>	<u>36,739</u>	<u>522,044</u>
Charges for services					
General government	84,550	84,550	104,231	19,681	74,762
Public safety	600	600	1,196	596	192
Public works	18,000	18,000	11,573	(6,427)	19,021
Culture and recreation	<u>-</u>	<u>-</u>	<u>91</u>	<u>91</u>	<u>-</u>
Total	<u>103,150</u>	<u>103,150</u>	<u>117,091</u>	<u>13,941</u>	<u>93,975</u>
Special assessments	<u>-</u>	<u>-</u>	<u>72,998</u>	<u>72,998</u>	<u>94,082</u>
Fines and forfeitures	<u>10,500</u>	<u>10,500</u>	<u>14,665</u>	<u>4,165</u>	<u>12,000</u>
Interest on investments	<u>8,000</u>	<u>8,000</u>	<u>29,579</u>	<u>21,579</u>	<u>(8,381)</u>
Miscellaneous					
Contributions and donations	-	-	10,932	10,932	-
Other	<u>6,400</u>	<u>6,400</u>	<u>5,808</u>	<u>(592)</u>	<u>23,216</u>
Total	<u>6,400</u>	<u>6,400</u>	<u>16,740</u>	<u>10,340</u>	<u>23,216</u>
<b>TOTAL REVENUES</b>	<u>3,031,406</u>	<u>3,031,406</u>	<u>3,280,252</u>	<u>248,846</u>	<u>2,994,838</u>

CITY OF BECKER, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(With comparative actual amounts for the year ended December 31, 2013)

EXPENDITURES	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
Current					
General government					
Mayor and Council					
Personal services	\$ 29,465	\$ 29,465	\$ 29,547	\$ (82)	\$ 30,193
Supplies	600	600	355	245	596
Other services and charges	1,200	1,200	1,020	180	762
Total	31,265	31,265	30,922	343	31,551
Administration					
Personal services	158,800	158,800	152,376	6,424	154,761
Other services and charges	3,000	3,000	2,724	276	2,329
Total	161,800	161,800	155,100	6,700	157,090
City hall					
Personal services	81,500	81,500	80,073	1,427	77,778
Supplies	24,700	24,700	31,059	(6,359)	26,773
Other services and charges	68,150	68,150	73,393	(5,243)	65,842
Total	174,350	174,350	184,525	(10,175)	170,393
Finance					
Personal services	111,150	111,150	98,681	12,469	107,090
Other services and charges	2,100	2,100	1,916	184	870
Total	113,250	113,250	100,597	12,653	107,960
City attorney					
Other services and charges	15,000	15,000	21,150	(6,150)	21,425
Planning					
Personal services	84,250	84,250	86,879	(2,629)	77,445
Supplies	300	300	298	2	109
Other services and charges	6,700	6,700	6,428	272	5,457
Total	91,250	91,250	93,605	(2,355)	83,011
Other general government					
Other services and charges	151,936	151,936	195,272	(43,336)	153,598
Total general government	738,851	738,851	781,171	(42,320)	725,028

CITY OF BECKER, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
<b>EXPENDITURES - CONTINUED</b>					
Current - continued					
Public safety					
Police					
Personal services	\$ 617,400	\$ 617,400	\$ 603,881	\$ 13,519	\$ 515,117
Supplies	47,200	47,200	42,335	4,865	43,858
Other services and charges	55,750	55,750	55,709	41	52,826
Total	720,350	720,350	701,925	18,425	611,801
Fire					
Other services and charges	60,000	60,000	81,421	(21,421)	80,776
Other public safety					
Personal services	6,105	6,105	6,297	(192)	5,981
Supplies	200	200	-	200	157
Other services and charges	20,200	20,200	41,773	(21,573)	44,200
Total	26,505	26,505	48,070	(21,565)	50,338
Total public safety	806,855	806,855	831,416	(24,561)	742,915
Public works					
Street and Highways					
Personal services	394,200	394,200	324,091	70,109	319,775
Supplies	95,800	95,800	73,876	21,924	85,169
Other services and charges	191,800	191,800	192,136	(336)	187,609
Total public works	681,800	681,800	590,103	91,697	592,553
Culture and recreation					
Personal services	70,500	70,500	88,543	(18,043)	87,371
Supplies	16,500	16,500	22,792	(6,292)	22,694
Other services and charges	45,300	45,300	53,973	(8,673)	44,331
Total culture and recreation	132,300	132,300	165,308	(33,008)	154,396
Total current expenditures	2,359,806	2,359,806	2,367,998	(8,192)	2,214,892

CITY OF BECKER, MINNESOTA  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2014  
(With comparative actual amounts for the year ended December 31, 2013)

	2014				2013
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Capital outlay					
Public works	\$ 52,700	\$ 52,700	\$ 74,902	\$ (22,202)	\$ 57,253
Culture and recreation	1,000	1,000	33	967	1,791
Total capital outlay	<u>53,700</u>	<u>53,700</u>	<u>74,935</u>	<u>(21,235)</u>	<u>59,044</u>
TOTAL EXPENDITURES	<u>2,413,506</u>	<u>2,413,506</u>	<u>2,442,933</u>	<u>(29,427)</u>	<u>2,273,936</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>617,900</u>	<u>617,900</u>	<u>837,319</u>	<u>219,419</u>	<u>720,902</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	3,179
Transfers out	<u>(617,900)</u>	<u>(617,900)</u>	<u>(617,900)</u>	<u>-</u>	<u>(1,087,100)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(617,900)</u>	<u>(617,900)</u>	<u>(617,900)</u>	<u>-</u>	<u>(1,083,921)</u>
NET CHANGE IN FUND BALANCES	-	-	219,419	219,419	(363,019)
FUND BALANCES, JANUARY 1	<u>1,210,242</u>	<u>1,210,242</u>	<u>1,210,242</u>	<u>-</u>	<u>1,573,261</u>
FUND BALANCES, DECEMBER 31	<u>\$ 1,210,242</u>	<u>\$ 1,210,242</u>	<u>\$ 1,429,661</u>	<u>\$ 219,419</u>	<u>\$ 1,210,242</u>

CITY OF BECKER, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2014

	<b>316</b>	<b>320</b>	
	G.O.	G.O.	
	Fire Station	Improvement	
	Refunding Bonds	Bonds	
	Series 2011A	Series 2010A	Total
	<u>          </u>	<u>          </u>	<u>          </u>
<b>ASSETS</b>			
Cash and temporary investments	\$ 144,189	\$ 540,292	\$ 684,481
Receivables			
Taxes	218	114	332
Notes	195,000	-	195,000
Special assessments	-	802,468	802,468
Due from other governments	42,231	-	42,231
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u><u>\$ 381,638</u></u>	<u><u>\$ 1,342,874</u></u>	<u><u>\$ 1,724,512</u></u>
<b>LIABILITIES</b>			
Accounts payable	\$ 200	\$ 650	\$ 850
	<u>          </u>	<u>          </u>	<u>          </u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue - taxes	218	114	332
Unavailable revenue - special assessments	-	802,468	802,468
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>218</u>	<u>802,582</u>	<u>802,800</u>
<b>FUND BALANCES</b>			
Restricted for debt service	381,220	539,642	920,862
	<u>          </u>	<u>          </u>	<u>          </u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><u>\$ 381,638</u></u>	<u><u>\$ 1,342,874</u></u>	<u><u>\$ 1,724,512</u></u>



CITY OF BECKER, MINNESOTA  
DEBT SERVICE FUNDS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2014

	<b>316</b> G.O. Fire Station Refunding Bonds Series 2011A	<b>320</b> G.O. Improvement Bonds Series 2010A	Total
<b>REVENUES</b>			
Taxes	\$ 171,037	\$ 88	\$ 171,125
Special assessments	-	90,531	90,531
Interest on investments	4,913	5,338	10,251
Miscellaneous	-	24,583	24,583
<b>TOTAL REVENUES</b>	<u>175,950</u>	<u>120,540</u>	<u>296,490</u>
<b>EXPENDITURES</b>			
Debt service			
Principal	185,000	120,000	305,000
Interest and other charges	17,274	59,548	76,822
<b>TOTAL EXPENDITURES</b>	<u>202,274</u>	<u>179,548</u>	<u>381,822</u>
<b>NET CHANGE IN FUND BALANCES</b>	(26,324)	(59,008)	(85,332)
<b>FUND BALANCES, JANUARY 1</b>	177,544	598,650	776,194
<b>PRIOR PERIOD ADJUSTMENT</b>	<u>230,000</u>	-	<u>230,000</u>
<b>FUND BALANCES, DECEMBER 31</b>	<u><u>\$ 381,220</u></u>	<u><u>\$ 539,642</u></u>	<u><u>\$ 920,862</u></u>

CITY OF BECKER, MINNESOTA  
SUMMARY FINANCIAL REPORT  
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2014 AND 2013

	Totals		Percent Increase (Decrease)
	2014	2013	
<b>REVENUES</b>			
Taxes	\$ 3,793,899	\$ 3,147,651	20.53 %
Licenses and permits	135,964	184,736	(26.40)
Intergovernmental	311,530	642,675	(51.53)
Charges for services	690,376	813,184	(15.10)
Fines and forfeits	14,665	12,000	22.21
Special assessments	163,529	673,504	(75.72)
Interest on investments	276,276	(86,493)	(419.42)
Miscellaneous	156,891	161,829	(3.05)
<b>TOTAL REVENUES</b>	<b>\$ 5,543,130</b>	<b>\$ 5,549,086</b>	<b>(0.11) %</b>
Per Capita	\$ 1,191	\$ 1,204	(1.07) %
<b>EXPENDITURES</b>			
Current			
General government	\$ 877,895	\$ 815,567	7.64 %
Public safety	1,118,211	998,587	11.98
Public works	590,103	592,553	(0.41)
Culture and recreation	1,160,736	1,044,677	11.11
Economic development	76,061	97,419	(21.92)
Capital outlay			
General government	9,770	2,201	343.89
Public safety	160,947	703,107	(77.11)
Public works	1,400,794	1,312,798	6.70
Culture and recreation	68,278	179,148	(61.89)
Debt service			
Principal	305,000	300,000	1.67
Interest and other charges	76,822	53,364	43.96
<b>TOTAL EXPENDITURES</b>	<b>\$ 5,844,617</b>	<b>\$ 6,099,421</b>	<b>(4.18) %</b>
Per Capita	\$ 1,256	\$ 1,323	(5.10) %
Total Long-term Indebtedness	\$ 2,590,000	\$ 2,895,000	(10.54) %
Per Capita	557	628	(11.40)
General Fund Balance - December 31	\$ 1,429,661	\$ 1,210,242	18.13 %
Per Capita	307	263	16.99

The purpose of this report is to provide a summary of financial information concerning the City of Becker to interested citizens. The complete financial statements may be examined at City Hall, 12060 Sherburne Avenue, Becker, MN 55308. Questions about this report should be directed to Greg Pruszinske, City Administrator at (763) 200-4244.

**OTHER REPORTS**

CITY OF BECKER  
BECKER, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2014

THIS PAGE IS LEFT BLANK  
INTENTIONALLY



## INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council  
City of Becker, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Becker, Minnesota (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2015.

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota Statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with provisions for tax increment financing, as the City currently does not have any tax increment financing districts.

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 procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions. 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.

ABDO, EICK & MEYERS, LLP  
Minneapolis, Minnesota  
April 15, 2015