

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF MAPLE PLAIN, MINNESOTA
ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS
FOR THE YEAR ENDED DECEMBER 31, 2013

	<u>Page No.</u>
INTRODUCTORY SECTION	
Elected and Appointed Officials	7
FINANCIAL SECTION	
Independent Auditor's Report	11
Management's Discussion and Analysis	15
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds	
Balance Sheet	34
Reconciliation of the Balance Sheet to the Statement of Net Position	37
Statement of Revenues, Expenditures and Changes in Fund Balances	38
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	41
General and Fire Partnership Funds	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	42
Proprietary Funds	
Statements of Net Position	44
Statements of Revenues, Expenses and Changes in Fund Net Position	46
Statements of Cash Flows	48
Notes to the Financial Statements	53
Combining and Individual Fund Financial Statements and Schedules	
Nonmajor Governmental Funds	
Combining Balance Sheet	74
Statement of Revenues, Expenditures and Changes in Fund Balances	75
Nonmajor Capital Projects Funds	
Combining Balance Sheet	76
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
General Fund	
Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual	78
Nonmajor Debt Service Funds	
Combining Balance Sheet	82
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	83
Summary Financial Report	
Revenues and Expenditures for General Operations - Governmental Funds	84
OTHER REQUIRED REPORTS	
Independent Auditor's Report on Minnesota Legal Compliance	87
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	88
Schedule of Findings and Responses	91

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INTRODUCTORY SECTION

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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

ELECTED

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Roger Hackbarth	Mayor	12/31/16
Justin McCoy	Council Member	12/31/16
Dave Eisinger	Council Member	12/31/16
Jerry Young	Council Member	12/31/14
Michael DeLuca	Council Member	12/31/16

APPOINTED

Tessia Melvin	City Administrator
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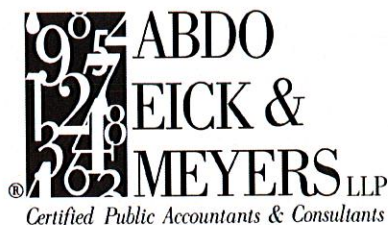
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FINANCIAL SECTION

**CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2013**

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Maple Plain, Minnesota

Report on 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 Maple Plain, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2012 financial statements and, in our report dated March 8, 2013 we express unmodified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

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

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 15 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

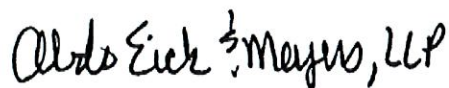
Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the City's basis financial statements. The introductory section and combining and individual fund financial statements and schedules are presented for purposes of additional analysis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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2014 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 18, 2014

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Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$10,170,951 (*net position*). Of this amount, \$4,027,071 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased \$491,015 from 2012 to 2013. The increase was supported primarily by general revenues, including property taxes, unrestricted grants and contributions, and interest earned on investments. Another reason for the increase was from operating income from the Water, Sewer, and Storm Water funds.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$3,168,340, an increase of \$138,869 in comparison with the prior year. Approximately 31 percent of this total amount, \$971,143, is available for spending at the City's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General fund was \$971,143, or 67 percent of total 2013 General fund expenditures. The General fund balance decreased \$215,913 over the prior year.
- The City's total outstanding debt increased by \$737,151 during the current fiscal year. This was due to the City issuing the 2013A G.O. bonds for a variety of capital purchases included a plow truck, hawk signal, water meters and water and sewer mains.

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

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

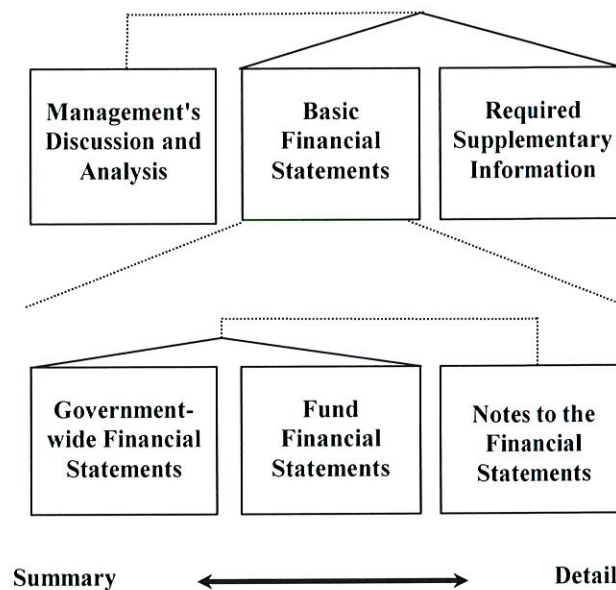


Figure 2 summarizes the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the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

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

	Government-wide Statements	Fund Financial Statements	
		Governmental Funds	Proprietary Funds
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"> • Statement of Net Positions • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statements of Net Positions • Statements of Revenues, Expenses and Changes in Fund Net Positions • Statements of Cash Flows
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 deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

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

The government-wide financial statements start on page 29 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 the following categories: governmental funds and proprietary 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 11 individual governmental 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, Fire Partnership fund, Capital Project fund and Capital Improvement fund, which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements or schedules* elsewhere in this report.

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

The basic governmental fund financial statements start on page 34 of this report.

Proprietary funds. The City maintains one type of proprietary funds. *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 storm water operations.

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

The basic proprietary fund financial statements start on page 44 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 53 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 \$10,170,951 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (54 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 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 Maple Plain's Summary of Net Position

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Assets						
Current and other assets	\$ 3,539,560	\$ 3,395,973	\$ 143,587	\$ 2,168,080	\$ 1,322,869	\$ 845,211
Capital assets	4,634,622	4,290,744	343,878	5,507,449	5,544,021	(36,572)
Total assets	8,174,182	7,686,717	487,465	7,675,529	6,866,890	808,639
Liabilities						
Noncurrent liabilities	2,057,931	1,776,200	281,731	3,306,147	2,850,727	455,420
Other liabilities	239,888	301,315	(61,427)	74,794	36,717	38,077
Total liabilities	2,297,819	2,077,515	220,304	3,380,941	2,887,444	493,497
Net position						
Net investment in capital assets	2,707,534	2,526,371	181,163	2,786,490	2,694,021	92,469
Restricted for						
Debt service	66,315	66,381	(66)	-	-	-
Capital projects	-	-	-	583,541	-	583,541
Unrestricted	3,102,514	3,016,450	86,064	924,557	1,285,425	(360,868)
Total net position	\$ 5,876,363	\$ 5,609,202	\$ 267,161	\$ 4,294,588	\$ 3,979,446	\$ 315,142

The remaining balance of *unrestricted* (\$4,027,071) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City reported positive balances in all 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 \$491,015 during the current fiscal year. The governmental activities increased net position by \$175,873 and the business-type activities increased the net position by \$315,142.

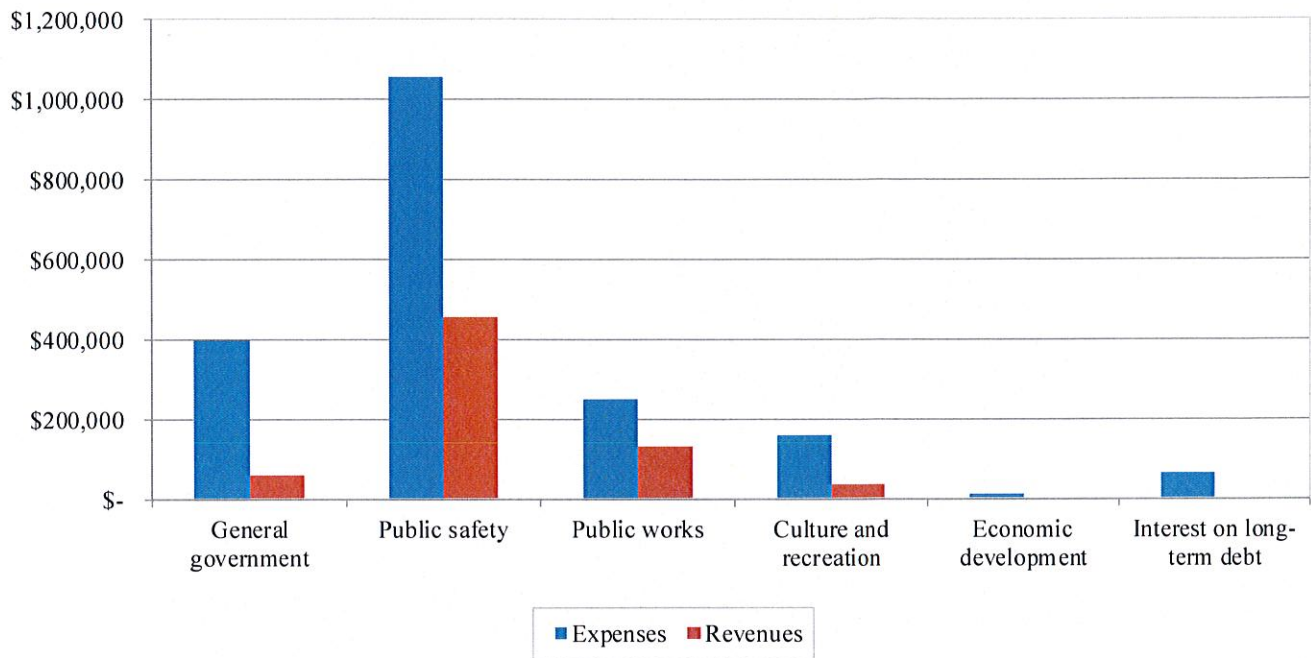
Governmental activities. Governmental activities increased the City's net position by \$175,873, thereby accounting for 35.8 percent of the total increase in net position. The statement of activities starts on page 30. Key elements of these changes are as follows:

City of Maple Plain's Changes in Net Position

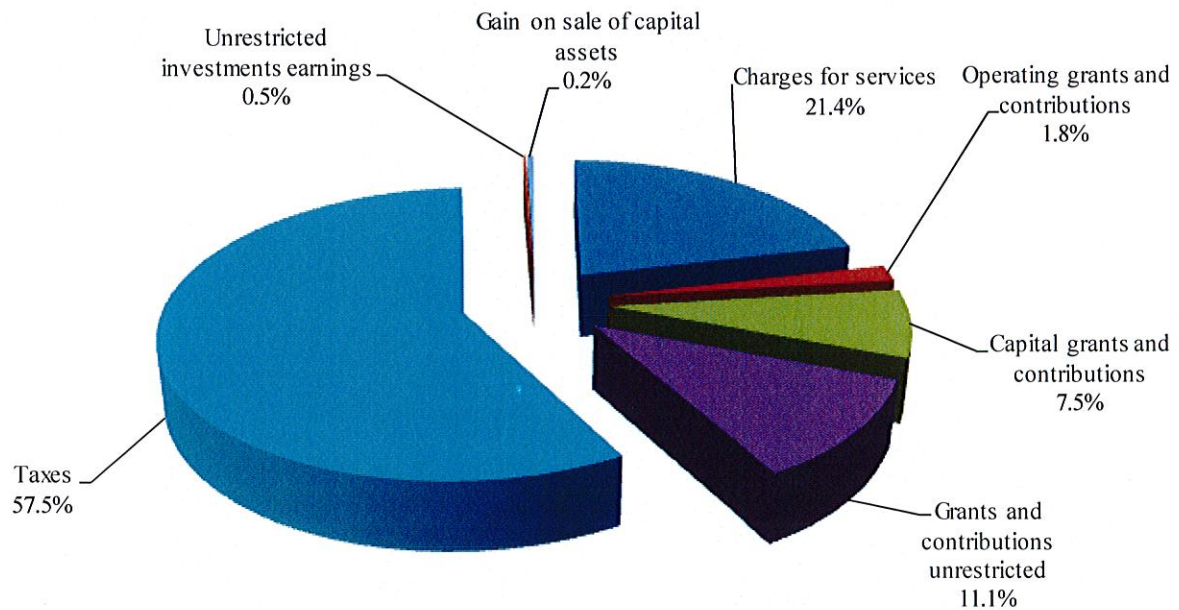
	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 475,787	\$ 486,244	\$ (10,457)	\$ 872,935	\$ 903,158	\$ (30,223)
Operating grants and contributions	39,399	36,579	2,820	-	-	-
Capital grants and contributions	166,777	1,163,904	(997,127)	24,092	5,029	19,063
General revenues						
Taxes	1,277,090	1,226,885	50,205	-	-	-
Grants and contributions not restricted to specific programs	246,691	248,251	(1,560)	-	-	-
Unrestricted investment earnings	10,174	10,669	(495)	7,413	5,080	2,333
Gain on sale of capital assets	3,396	1,500	1,896	-	-	-
Total revenues	2,219,314	3,174,032	(954,718)	904,440	913,267	(8,827)
Expenses						
General government	398,370	396,180	2,190	-	-	-
Public safety	1,055,580	955,406	100,174	-	-	-
Public works	248,570	229,332	19,238	-	-	-
Culture and recreation	160,885	103,862	57,023	-	-	-
Economic development	13,752	10,812	2,940	-	-	-
Interest on long-term debt	62,391	62,967	(576)	-	-	-
Water	-	-	-	370,033	316,404	53,629
Sewer	-	-	-	285,086	380,617	(95,531)
Storm sewer	-	-	-	38,072	22,412	15,660
Total expenses	1,939,548	1,758,559	180,989	693,191	719,433	(26,242)
Increase in net position before transfers	279,766	1,415,473	(1,135,707)	211,249	193,834	17,415
Transfer of capital assets	(86,094)	(367,088)	280,994	86,094	367,088	(280,994)
Transfers	(17,799)	(22,444)	4,645	17,799	22,444	(4,645)
Change in net position	175,873	1,025,941	(850,068)	315,142	583,366	(268,224)
Net position, January 1	5,609,202	4,583,261	1,025,941	3,979,446	3,396,080	583,366
Prior period adjustment	91,288	-	91,288	-	-	-
Net position, December 31	\$ 5,876,363	\$ 5,609,202	\$ 267,161	\$ 4,294,588	\$ 3,979,446	\$ 315,142

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

Expenses and Program Revenues - Governmental Activities



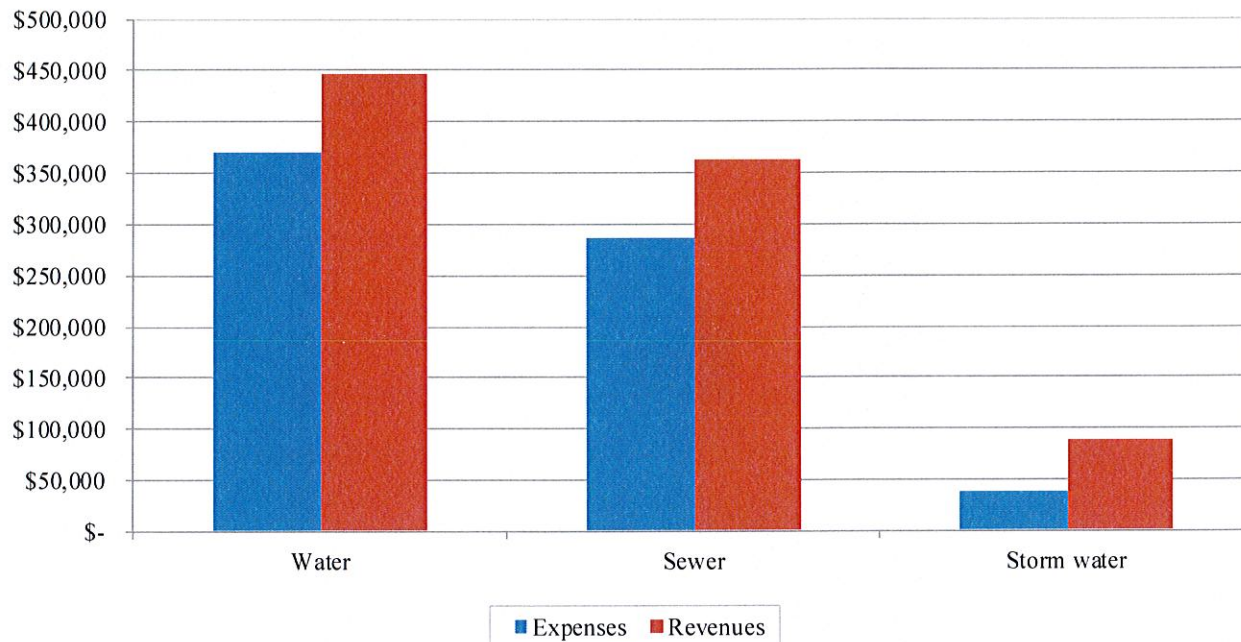
Revenues by Source - Governmental Activities



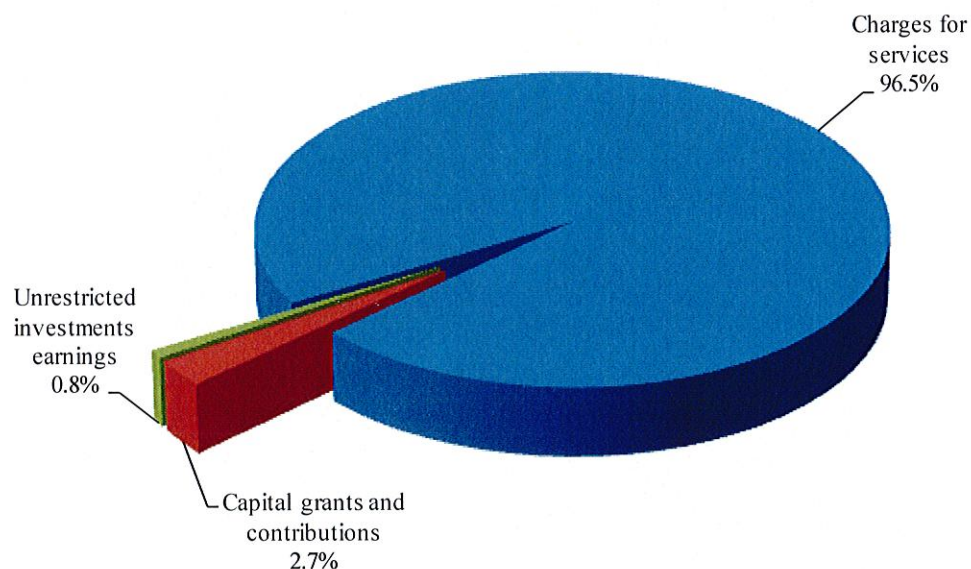
Business-type activities. Business-type activities increased the City's net position by \$315,142, accounting for 64.2 percent of the total increase in the City's net position. Key elements of this increase are as follows:

- The operations of the business-type activities were able to produce an operating margin of over \$270,000.

Expenses and Program Revenues - Business-type Activities



Revenues 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 \$3,168,340. The remainder of fund balance (\$2,197,197) is not available for new spending because it is either 1) restricted (\$147,191) 2) committed (\$489,878) or 3) assigned (\$1,560,128) for the purposes described in the notes to the financial statements.

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 \$987,373. As a measure of the General fund's liquidity, it may be useful to compare total fund balance to the following years' budgeted expenditures. Total fund balance represents 60 percent of that same amount.

The fund balance of the City's General fund decreased \$215,913 during the current fiscal year. The key factor of this decrease was the transfer out of the General fund for capital projects.

The Fire Partnership has a total fund balance of \$481,157, a decrease of \$12,001 from the prior year. The decrease was a result of expenditures in excess of revenues.

The Capital Project fund has a total fund balance of \$274,485, a decrease of \$22,981 from the prior year. The key factor of this decrease was expenses related to capital projects.

The Capital Improvement fund has a total fund balance of \$857,213, an increase of \$305,999 from the prior year. The key factor of this increase was transfers from other funds.

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

Unrestricted net position of the enterprise funds at the end of the year amounted to \$924,557. The total increase in net position for the funds was \$315,142. 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 called for no change in fund balance, but actual amounts for 2013 resulted in a decrease in fund balance in the amount of \$215,913. This was due to unbudgeted transfers out of the General fund for capital improvements and also expenditures were over budget.

Overall, revenues were over the budgeted amount by \$24,511. This was due in large part to licenses and permits and intergovernmental revenues being over budget by \$21,975 and \$27,240. Other items with negative budget variances include general property taxes which were under budget by \$39,126 and public works charges for services which were under budget by \$18,965.

Expenditures were \$17,520 over budget. The culture and recreation current function was the main contributor to this negative variance and was over budget by \$44,501. Other services and charges for community events was the largest contributor to this negative variance in culture and recreation which was \$31,058 over budget.

Fire Partnership Budgetary Highlights

The Fire Partnership budget called for an increase in fund balance of \$62,500, but actual amounts for 2013 resulted in a decrease in fund balance in the amount of \$12,001. This was largely due to revenues from charges for services which were \$21,665 under budget and capital outlay expenses which were \$46,133 over 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, 2013 amount to \$10,142,071 (net of accumulated depreciation). This investment in capital assets includes land, structures, improvements, machinery and equipment, park facilities, and roads and other infrastructure.

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

- The City continued work on the Oak & Boundary improvement project in 2013. Total costs for the project totaled \$967,456. The project is still ongoing.
- The City completed work on mill and overlay improvement for Howard Avenue. Total costs for the project totaled \$134,369.
- The City completed work on Park and Ride lot project. Total costs for the project totaled \$691,626.
- The City started and completed the Hawk Signal project in 2013. The total costs of this project were \$246,836.
- The City started work on the Budd Avenue Sewer main project. The total costs of this project were \$46,503. The project is still ongoing.
- The City started work on the Main Street Sidewalk project. The total costs of this project were \$134,740. The project is still ongoing.
- The City completed work on the Highway 12 Lift Station generator project for \$86,094.

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

City of Maple Plain's Capital Assets (net of depreciation)

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Land	\$ 1,511,172	\$ 1,511,172	\$ -	\$ -	\$ -	\$ -
Construction in progress	1,116,233	1,804,845	(688,612)	46,503	-	46,503
Buildings and structures	116,149	131,410	(15,261)	-	-	-
Improvements other than buildings	1,151,370	97,703	1,053,667	-	-	-
Infrastructure	-	-	-	5,354,193	5,522,022	(167,829)
Machinery and equipment	739,698	745,614	(5,916)	106,753	21,999	84,754
Total	<u>\$ 4,634,622</u>	<u>\$ 4,290,744</u>	<u>\$ 343,878</u>	<u>\$ 5,507,449</u>	<u>\$ 5,544,021</u>	<u>\$ (36,572)</u>

Long-term debt. At the end of the current fiscal year, the City had outstanding a G.O. Revenue bonds in the amount of \$3,304,500 and outstanding General Obligation bonds in the amount of \$1,975,000. It also had outstanding capital leases payable totaling \$77,088.

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

City of Maple Plain's Outstanding Debt

	Governmental Activities			Business-type Activities		
	2013	2012	Increase (Decrease)	2013	2012	Increase (Decrease)
Notes payable	\$ 77,088	\$ 94,373	\$ (17,285)	\$ -	\$ -	\$ -
G.O. bonds payable	1,975,000	1,670,000	305,000	-	-	-
Revenue bonds payable	-	-	-	3,304,500	2,850,000	454,500
Compensated absences payable	5,843	11,827	(5,984)	1,647	727	920
Total	\$ 2,057,931	\$ 1,776,200	\$ 281,731	\$ 3,306,147	\$ 2,850,727	\$ 455,420

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 City's applicable outstanding debt at year end is well below the statutory limit.

Economic Factors And Next Year's Budgets And Rates

- The City's 2014 budget (\$1,634,401) is a 1.6 percent decrease from 2013.
- The City's levy decreased from 2013 by 1.6 percent to \$1,268,400.
- The 2014 work plan will include the following projects:
 - Main Street West and Rainbow water and sewer replacement and street improvement. This project will need to be bonded for.
 - Water Meter Replacement project. The current bid is under the engineer estimated by about \$30,000. This project was bonded for in 2013. As a result of the completion of the project, the City anticipates to see an increase in water revenue as the new water meters will be more accurate.
- The City plans to add 18 detached townhomes to the City. Rose Creek Builders estimates that the houses will range from \$250,000-\$320,000. Rose Creek Builders currently has a purchase agreement with the City for a vacant lot that is owned by the City. The estimated price for this property is \$44,000. As a result of this project, the revenue from building permits, tax base and rooftops will increase.
- The City purchased a snow plow in March 2014. This was bonded for in 2013.

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 City Clerk-Treasurer, City of Maple Plain, 1620 Maple Avenue, Maple Plain, MN 55359.

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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CITY OF MAPLE PLAIN, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and temporary investments	\$ 3,355,092	\$ 1,318,993	\$ 4,674,085
Restricted cash and temporary investments	-	583,541	583,541
Receivables			
Delinquent taxes	43,529	-	43,529
Accounts	3,718	206,499	210,217
Special assessments	64,824	40,872	105,696
Due from other governments	24,031	984	25,015
Inventories	-	17,191	17,191
Investment in joint venture	48,366	-	48,366
Capital assets			
Nondepreciable	2,627,405	46,503	2,673,908
Depreciable, net of accumulated depreciation	2,007,217	5,460,946	7,468,163
 TOTAL ASSETS	 <u>8,174,182</u>	 <u>7,675,529</u>	 <u>15,849,711</u>
LIABILITIES			
Accounts payable	182,202	45,160	227,362
Accrued salaries payable	3,460	471	3,931
Due to other governments	23,084	204	23,288
Unearned revenue	12,691	-	12,691
Accrued interest payable	18,451	28,959	47,410
Noncurrent liabilities			
Due within one year	148,889	205,147	354,036
Due in more than one year	1,909,042	3,101,000	5,010,042
 TOTAL LIABILITIES	 <u>2,297,819</u>	 <u>3,380,941</u>	 <u>5,678,760</u>
NET POSITION			
Net investment in capital assets	2,707,534	2,786,490	5,494,024
Restricted for			
Debt service	66,315	-	66,315
Capital projects	-	583,541	583,541
Unrestricted	3,102,514	924,557	4,027,071
 TOTAL NET POSITION	 <u>\$ 5,876,363</u>	 <u>\$ 4,294,588</u>	 <u>\$ 10,170,951</u>

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

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

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 398,370	\$ 53,979	\$ 6,623	\$ -
Public safety	1,055,580	403,784	23,769	27,283
Public works	248,570	880	-	131,994
Culture and recreation	160,885	17,144	9,007	7,500
Economic development	13,752	-	-	-
Interest on long-term debt	62,391	-	-	-
Total governmental activities	<u>1,939,548</u>	<u>475,787</u>	<u>39,399</u>	<u>166,777</u>
Business-type activities				
Water	370,033	424,002	-	22,916
Sewer	285,086	360,972	-	1,176
Storm water	<u>38,072</u>	<u>87,961</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>693,191</u>	<u>872,935</u>	<u>-</u>	<u>24,092</u>
Total	<u>\$ 2,632,739</u>	<u>\$ 1,348,722</u>	<u>\$ 39,399</u>	<u>\$ 190,869</u>

General revenues

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Transfers of capital assets

Transfers

Total general revenues

Change in net position

Net position, January 1

Prior period adjustment (note 7)

Net position as restated, January 1

Net position, December 31

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

Net (Expense) Revenue and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
\$ (337,768)	\$ -	\$ (337,768)
(600,744)	-	(600,744)
(115,696)	-	(115,696)
(127,234)	-	(127,234)
(13,752)	-	(13,752)
(62,391)	-	(62,391)
<u>(1,257,585)</u>	<u>-</u>	<u>(1,257,585)</u>
-	76,885	76,885
-	77,062	77,062
-	49,889	49,889
<u>-</u>	<u>203,836</u>	<u>203,836</u>
<u>(1,257,585)</u>	<u>203,836</u>	<u>(1,053,749)</u>
1,224,722	-	1,224,722
52,368	-	52,368
246,691	-	246,691
10,174	7,413	17,587
3,396	-	3,396
(86,094)	86,094	-
(17,799)	17,799	-
<u>1,433,458</u>	<u>111,306</u>	<u>1,544,764</u>
<u>175,873</u>	<u>315,142</u>	<u>491,015</u>
5,609,202	3,979,446	9,588,648
91,288	-	91,288
<u>5,700,490</u>	<u>3,979,446</u>	<u>9,679,936</u>
<u>\$ 5,876,363</u>	<u>\$ 4,294,588</u>	<u>\$ 10,170,951</u>

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FUND FINANCIAL STATEMENTS

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

CITY OF MAPLE PLAIN, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013

	101	801/802/803	451
	General	Fire Partnership	Capital Project Fund
ASSETS			
Cash and temporary investments	\$ 1,012,252	\$ 499,364	\$ 405,480
Receivables			
Delinquent taxes	43,529	-	-
Accounts	339	3,379	-
Special assessments	2,229	-	-
Due from other funds	489	-	-
Due from other governments	24,031	-	-
	<u>24,031</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 1,082,869</u></u>	<u><u>\$ 502,743</u></u>	<u><u>\$ 405,480</u></u>
LIABILITIES			
Accounts payable	\$ 30,831	\$ 20,376	\$ 130,995
Accrued salaries payable	3,460	-	-
Due to other funds	-	489	-
Due to other governments	22,363	721	-
Unearned revenue	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>56,654</u>	<u>21,586</u>	<u>130,995</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - taxes	36,613	-	-
Unavailable revenue - special assessments	2,229	-	-
	<u>2,229</u>	<u>-</u>	<u>-</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>38,842</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Restricted	-	-	125,000
Committed	-	481,157	-
Assigned	16,230	-	149,485
Unassigned	971,143	-	-
	<u>971,143</u>	<u>-</u>	<u>-</u>
TOTAL FUND BALANCES	<u>987,373</u>	<u>481,157</u>	<u>274,485</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 1,082,869</u></u>	<u><u>\$ 502,743</u></u>	<u><u>\$ 405,480</u></u>

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

400 Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ 857,213	\$ 580,783	\$ 3,355,092
-	-	43,529
-	-	3,718
-	62,595	64,824
-	-	489
-	-	24,031
<u>\$ 857,213</u>	<u>\$ 643,378</u>	<u>\$ 3,491,683</u>
\$ -	\$ -	\$ 182,202
-	-	3,460
-	-	489
-	-	23,084
-	12,691	12,691
<u>-</u>	<u>12,691</u>	<u>221,926</u>
-	-	36,613
-	62,575	64,804
<u>-</u>	<u>62,575</u>	<u>101,417</u>
-	22,191	147,191
-	8,721	489,878
857,213	537,200	1,560,128
-	-	971,143
<u>857,213</u>	<u>568,112</u>	<u>3,168,340</u>
<u>\$ 857,213</u>	<u>\$ 643,378</u>	<u>\$ 3,491,683</u>

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

Total fund balances - governmental	\$ 3,168,340
Amounts reported for the governmental activities in the statement of net position are different because	
Governmental funds do not report an asset for equity interest in the joint venture	48,366
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Cost of capital assets	6,221,539
Less: accumulated depreciation	(1,586,917)
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	
Bond principal payable	(1,975,000)
Notes payable	(77,088)
Compensated absences payable	(5,843)
Some receivables are not available soon enough to pay for the current period's expenditures, and therefore are reported as unavailable revenues in the funds.	
Special assessments receivable	64,804
Taxes receivable	36,613
Governmental funds do not report a liability for accrued interest until due and payable.	(18,451)
Total net position - governmental activities	<u>\$ 5,876,363</u>

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

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

	101	801/802/803	451
	General	Fire Partnership	Capital Project Fund
REVENUES			
Taxes	\$ 1,232,258	\$ -	\$ -
Licenses and permits	60,810	-	-
Intergovernmental	276,832	23,679	108,152
Charges for services	19,574	333,536	-
Fines and forfeitures	13,226	-	-
Special assessments	333	-	-
Interest on investments	4,291	6	1,259
Miscellaneous	60,643	527	-
TOTAL REVENUES	1,667,967	357,748	109,411
EXPENDITURES			
Current			
General government	394,621	-	-
Public safety	675,016	237,910	-
Public works	206,268	-	-
Culture and recreation	81,534	-	-
Economic development	13,752	-	-
Capital outlay			
General government	4,739	-	-
Public safety	-	78,033	-
Public works	424	-	468,662
Culture and recreation	49,860	-	-
Debt service			
Principal	17,285	50,000	-
Interest and other	4,152	7,185	-
Bond issuance costs	-	-	17,265
TOTAL EXPENDITURES	1,447,651	373,128	485,927
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	220,316	(15,380)	(376,516)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Bonds issued	-	-	353,535
Sale of capital assets	17	3,379	-
Transfers out	(436,246)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(436,229)	3,379	353,535
NET CHANGE IN FUND BALANCES	(215,913)	(12,001)	(22,981)
FUND BALANCES, JANUARY 1	1,203,286	493,158	297,466
FUND BALANCES, DECEMBER 31	\$ 987,373	\$ 481,157	\$ 274,485

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

400 Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 22,818	\$ 1,255,076
-	-	60,810
-	27,962	436,625
-	-	353,110
-	-	13,226
-	7,225	7,558
2,578	2,040	10,174
-	-	61,170
<u>2,578</u>	<u>60,045</u>	<u>2,197,749</u>
-	-	394,621
-	-	912,926
-	-	206,268
-	-	81,534
-	-	13,752
-	23,421	28,160
-	-	78,033
-	28,452	497,538
-	7,500	57,360
-	-	67,285
-	33,398	44,735
-	-	17,265
<u>-</u>	<u>92,771</u>	<u>2,399,477</u>
<u>2,578</u>	<u>(32,726)</u>	<u>(201,728)</u>
303,421	115,026	418,447
-	1,465	355,000
-	-	3,396
<u>-</u>	<u>-</u>	<u>(436,246)</u>
<u>303,421</u>	<u>116,491</u>	<u>340,597</u>
305,999	83,765	138,869
<u>551,214</u>	<u>484,347</u>	<u>3,029,471</u>
<u>\$ 857,213</u>	<u>\$ 568,112</u>	<u>\$ 3,168,340</u>

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

Net change in fund balances - governmental funds	\$ 138,869
Amounts reported for governmental activities in the statement of activities are different because	
Governmental funds do not report income or loss in a joint venture	(42,922)
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	581,382
Depreciation expense	(151,410)
Capital contributed to enterprise funds	(86,094)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal repayments	67,285
Issuance of long-term debt	(355,000)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental fund 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.	(391)
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	22,014
Special assessments	(3,845)
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	5,985
Change in net position - governmental activities	<u>\$ 175,873</u>

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

CITY OF MAPLE PLAIN, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL AND FIRE PARTNERSHIP FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2013

	General			
	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 1,271,384	\$ 1,271,384	\$ 1,232,258	\$ (39,126)
Licenses and permits	38,835	38,835	60,810	21,975
Intergovernmental	249,592	249,592	276,832	27,240
Charges for services	19,845	19,845	19,574	(271)
Fines and forfeitures	13,200	13,200	13,226	26
Special assessments	-	-	333	333
Interest on investments	12,500	12,500	4,291	(8,209)
Miscellaneous	38,100	38,100	60,643	22,543
TOTAL REVENUES	1,643,456	1,643,456	1,667,967	24,511
EXPENDITURES				
Current				
General government	392,270	392,270	394,621	(2,351)
Public safety	679,658	679,658	675,016	4,642
Public works	262,503	262,503	206,268	56,235
Culture and recreation	37,033	37,033	81,534	(44,501)
Economic development	17,230	17,230	13,752	3,478
Capital outlay				
General government	-	-	4,739	(4,739)
Public safety	-	-	-	-
Public works	-	-	424	(424)
Culture and recreation	20,000	20,000	49,860	(29,860)
Debt service				
Principal	17,285	17,285	17,285	-
Interest and other	4,152	4,152	4,152	-
TOTAL EXPENDITURES	1,430,131	1,430,131	1,447,651	(17,520)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	213,325	213,325	220,316	6,991
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	17	17
Transfers out	(213,325)	(213,325)	(436,246)	(222,921)
TOTAL OTHER FINANCING SOURCES (USES)	(213,325)	(213,325)	(436,229)	(222,904)
NET CHANGE IN FUND BALANCES	-	-	(215,913)	(215,913)
FUND BALANCES, JANUARY 1	1,203,286	1,203,286	1,203,286	-
FUND BALANCES, DECEMBER 31	\$ 1,203,286	\$ 1,203,286	\$ 987,373	\$ (215,913)

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

Fire Partnership

Budgeted Amounts		Actual Amounts	Variance with Final Budget
Original	Final		
\$ -	\$ -	\$ -	\$ -
-	-	-	-
18,000	18,000	23,679	5,679
355,201	355,201	333,536	(21,665)
-	-	-	-
-	-	-	-
-	-	6	6
-	-	527	527
<hr/>		<hr/>	
373,201	373,201	357,748	(15,453)
<hr/>		<hr/>	
-	-	-	-
278,801	278,801	237,910	40,891
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
31,900	31,900	78,033	(46,133)
-	-	-	-
-	-	-	-
-	-	50,000	(50,000)
-	-	7,185	(7,185)
<hr/>		<hr/>	
310,701	310,701	373,128	(62,427)
<hr/>		<hr/>	
62,500	62,500	(15,380)	(77,880)
<hr/>		<hr/>	
-	-	3,379	3,379
-	-	-	-
<hr/>		<hr/>	
-	-	3,379	3,379
<hr/>		<hr/>	
62,500	62,500	(12,001)	(74,501)
493,158	493,158	493,158	-
<hr/>		<hr/>	
<u>\$ 555,658</u>	<u>\$ 555,658</u>	<u>\$ 481,157</u>	<u>\$ (74,501)</u>

CITY OF MAPLE PLAIN, MINNESOTA
STATEMENTS OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013 AND 2012

	Business-type Activities - Enterprise Funds			
	Water		Sewer	
	2013	2012	2013	2012
ASSETS				
CURRENT ASSETS				
Cash and temporary investments	\$ 966,154	\$ 864,014	\$ 106,922	\$ (8,705)
Restricted cash and temporary investments	401,643	-	181,898	-
Receivables				
Accounts	99,158	105,218	87,891	93,355
Special assessments	11,213	5,357	16,235	10,030
Due from other governments	984	-	-	-
Due from other funds	23,563	30,563	-	-
Inventories	17,191	15,726	-	-
Prepaid items	-	-	-	14,237
TOTAL CURRENT ASSETS	1,519,906	1,020,878	392,946	108,917
NONCURRENT ASSETS				
Special assessments receivable	-	-	9,793	15,326
Capital assets				
Construction in progress	-	-	46,503	-
Equipment and machinery	-	-	124,689	38,595
Infrastructure	5,404,835	5,404,835	1,295,292	1,295,292
Less accumulated depreciation	(1,155,949)	(1,019,622)	(410,795)	(384,519)
NET CAPITAL ASSETS	4,248,886	4,385,213	1,055,689	949,368
TOTAL NONCURRENT ASSETS	4,248,886	4,385,213	1,065,482	964,694
TOTAL ASSETS	5,768,792	5,406,091	1,458,428	1,073,611
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	22,109	7,965	19,478	2,122
Accrued interest payable	25,500	24,403	3,459	2,113
Accrued salaries payable	414	-	57	-
Due to other funds	-	-	23,563	30,563
Due to other governments	204	-	-	27
Compensated absences payable - current	1,098	485	549	97
Bonds payable - current	172,000	169,000	31,500	31,500
TOTAL CURRENT LIABILITIES	221,325	201,853	78,606	66,422
NONCURRENT LIABILITIES				
Compensated absences payable	-	121	-	24
Bonds payable	2,798,000	2,555,000	303,000	94,500
TOTAL NONCURRENT LIABILITIES	2,798,000	2,555,121	303,000	94,524
TOTAL LIABILITIES	3,019,325	2,756,974	381,606	160,946
NET POSITION				
Net investment in capital assets	1,680,529	1,661,213	903,087	823,368
Restricted for capital projects	401,643	-	181,898	-
Unrestricted	667,295	987,904	(8,163)	89,297
TOTAL NET POSITION	\$ 2,749,467	\$ 2,649,117	\$ 1,076,822	\$ 912,665

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

Business-type Activities - Enterprise Funds			
Storm Water		Totals	
2013	2012	2013	2012
\$ 245,917	\$ 177,879	\$ 1,318,993	\$ 1,033,188
-	-	583,541	-
19,450	19,048	206,499	217,621
3,631	1,855	31,079	17,242
-	-	984	-
-	-	23,563	30,563
-	-	17,191	15,726
-	9,529	-	23,766
268,998	208,311	2,181,850	1,338,106
-	-	9,793	15,326
-	-	46,503	-
-	-	124,689	38,595
238,654	238,654	6,938,781	6,938,781
(35,780)	(29,214)	(1,602,524)	(1,433,355)
202,874	209,440	5,507,449	5,544,021
202,874	209,440	5,517,242	5,559,347
471,872	417,751	7,699,092	6,897,453
3,573	87	45,160	10,174
-	-	28,959	26,516
-	-	471	-
-	-	23,563	30,563
-	-	204	27
-	-	1,647	582
-	-	203,500	200,500
3,573	87	303,504	268,362
-	-	-	145
-	-	3,101,000	2,649,500
-	-	3,101,000	2,649,645
3,573	87	3,404,504	2,918,007
202,874	209,440	2,786,490	2,694,021
-	-	583,541	-
265,425	208,224	924,557	1,285,425
\$ 468,299	\$ 417,664	\$ 4,294,588	\$ 3,979,446

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

	Business-type Activities - Enterprise Funds			
	Water		Sewer	
	2013	2012	2013	2012
OPERATING REVENUES				
Charges for services	\$ 423,670	\$ 443,021	\$ 360,972	\$ 375,834
OPERATING EXPENSES				
Personal services	60,428	52,593	10,865	15,888
Supplies	15,792	14,258	712	792
Repairs and maintenance	4,563	3,977	925	100
Depreciation	136,327	117,973	26,276	26,276
Professional services	34,752	23,517	172,396	246,180
Contracted services	-	-	43,173	79,876
Insurance	4,825	5,302	2,096	61
Utilities	33,346	27,411	3,232	2,675
Other	6,980	10,738	7,101	3,595
TOTAL OPERATING EXPENSES	297,013	255,769	266,776	375,443
OPERATING INCOME	126,657	187,252	94,196	391
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	5,535	3,966	1,132	237
Miscellaneous	332	1,713	-	439
Interest expense	(59,663)	(60,635)	(6,712)	(5,174)
Bond issuance costs	(13,357)	-	(11,598)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(67,153)	(54,956)	(17,178)	(4,498)
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	59,504	132,296	77,018	(4,107)
CAPITAL CONTRIBUTIONS				
Connection fees and special assessments	22,916	3,558	1,176	7,053
Contribution of capital assets	-	367,088	86,094	-
TRANSFERS IN	28,200	27,300	1,950	-
TRANSFERS OUT	(10,270)	(2,775)	(2,081)	(2,081)
CHANGE IN NET POSITION	100,350	527,467	164,157	865
NET POSITION, JANUARY 1	2,649,117	2,121,650	912,665	911,800
NET POSITION, DECEMBER 31	\$ 2,749,467	\$ 2,649,117	\$ 1,076,822	\$ 912,665

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

Business-type Activities - Enterprise Funds			
Storm Water		Totals	
2013	2012	2013	2012
\$ 87,961	\$ 76,569	\$ 872,603	\$ 895,424
4,309	329	75,602	68,810
-	-	16,504	15,050
-	-	5,488	4,077
6,566	6,566	169,169	150,815
16,939	3,085	224,087	272,782
-	5,123	43,173	84,999
-	-	6,921	5,363
-	-	36,578	30,086
10,258	7,309	24,339	21,642
38,072	22,412	601,861	653,624
49,889	54,157	270,742	241,800
746	877	7,413	5,080
-	-	332	2,152
-	-	(66,375)	(65,809)
-	-	(24,955)	-
746	877	(83,585)	(58,577)
50,635	55,034	187,157	183,223
-	-	24,092	10,611
-	-	86,094	367,088
-	-	30,150	27,300
-	-	(12,351)	(4,856)
50,635	55,034	315,142	583,366
417,664	362,630	3,979,446	3,396,080
\$ 468,299	\$ 417,664	\$ 4,294,588	\$ 3,979,446

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

	Business-type Activities - Enterprise Funds			
	Water		Sewer	
	2013	2012	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	\$ 423,222	\$ 436,322	\$ 360,866	\$ 354,191
Payments to suppliers	(87,375)	(92,703)	(198,069)	(326,338)
Payments to employees	(59,522)	(55,015)	(10,380)	(16,449)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>276,325</u>	<u>288,604</u>	<u>152,417</u>	<u>11,404</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer from other funds	28,200	27,300	1,950	-
Transfer to other funds	(10,270)	(2,775)	(2,081)	(2,081)
Issuance of interfund loan	-	(30,563)	-	30,563
(Payment) receipt on interfund loan	7,000	-	(7,000)	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>24,930</u>	<u>(6,038)</u>	<u>(7,131)</u>	<u>28,482</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Connection fees	22,916	3,558	-	5,582
Acquisition of capital assets	-	-	(46,503)	-
Proceeds from bonds issued, net of issuance costs	401,643	-	228,402	-
Principal payments on revenue bonds	(169,000)	(165,000)	(31,500)	(31,500)
Special assessments received	-	-	6,074	6,369
Interest paid on bonds	(58,566)	(62,113)	(5,366)	(5,686)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>196,993</u>	<u>(223,555)</u>	<u>151,107</u>	<u>(25,235)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received on investments	<u>5,535</u>	<u>3,966</u>	<u>1,132</u>	<u>237</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>503,783</u>	<u>62,977</u>	<u>297,525</u>	<u>14,888</u>
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>864,014</u>	<u>801,037</u>	<u>(8,705)</u>	<u>(23,593)</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 1,367,797</u>	<u>\$ 864,014</u>	<u>\$ 288,820</u>	<u>\$ (8,705)</u>

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

Business-type Activities - Enterprise Funds

Storm Water		Totals	
2013	2012	2013	2012
\$ 95,312	\$ 74,980	\$ 879,400	\$ 865,493
(23,711)	(17,960)	(309,155)	(437,001)
(4,309)	(329)	(74,211)	(71,793)
<u>67,292</u>	<u>56,691</u>	<u>496,034</u>	<u>356,699</u>
-	-	30,150	27,300
-	-	(12,351)	(4,856)
-	-	-	-
-	-	-	-
<u>-</u>	<u>-</u>	<u>17,799</u>	<u>22,444</u>
-	-	22,916	9,140
-	-	(46,503)	-
-	-	630,045	-
-	-	(200,500)	(196,500)
-	-	6,074	6,369
-	-	(63,932)	(67,799)
<u>-</u>	<u>-</u>	<u>348,100</u>	<u>(248,790)</u>
<u>746</u>	<u>877</u>	<u>7,413</u>	<u>5,080</u>
68,038	57,568	869,346	135,433
<u>177,879</u>	<u>120,311</u>	<u>1,033,188</u>	<u>897,755</u>
<u>\$ 245,917</u>	<u>\$ 177,879</u>	<u>\$ 1,902,534</u>	<u>\$ 1,033,188</u>

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

	Business-type Activities - Enterprise Funds			
	Water		Sewer	
	2013	2012	2013	2012
RECONCILIATION TO THE PROPRIETARY FUNDS				
STATEMENT OF NET POSITION				
Cash and temporary investments	\$ 966,154	\$ 864,014	\$ 106,922	\$ (8,705)
Restricted cash and temporary investments	401,643	-	181,898	-
TOTAL CASH AND CASH AND EQUIVALENTS	<u>\$ 1,367,797</u>	<u>\$ 864,014</u>	<u>\$ 288,820</u>	<u>\$ (8,705)</u>
RECONCILIATION OF OPERATING INCOME TO				
NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 126,657	\$ 187,252	\$ 94,196	\$ 391
Adjustments to reconcile operating income to				
net cash provided by operating activities				
Depreciation	136,327	117,973	26,276	26,276
Miscellaneous revenues	332	1,713	-	439
(Increase) decrease in assets				
Accounts receivable	6,060	(8,551)	5,464	(21,807)
Special assessments receivable	(5,856)	(1,286)	(5,570)	(1,699)
Due from other governments	(984)	1,425	-	1,424
Prepaid items	-	-	14,237	5,767
Inventories	(1,465)	3,414	-	-
Increase (decrease) in liabilities				
Accounts payable	14,144	(10,914)	17,356	1,174
Accrued salaries payable	414	(2,347)	57	(546)
Compensated absences payable	492	(75)	428	(15)
Due to other governments	204	-	(27)	-
NET CASH PROVIDED BY				
OPERATING ACTIVITIES	<u>\$ 276,325</u>	<u>\$ 288,604</u>	<u>\$ 152,417</u>	<u>\$ 11,404</u>
SCHEDULE OF NONCASH				
CAPITAL FINANCING ACTIVITIES				
Contribution of capital assets	<u>\$ -</u>	<u>\$ 367,088</u>	<u>\$ 86,094</u>	<u>\$ -</u>

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

Business-type Activities - Enterprise Funds			
Storm Water		Totals	
2013	2012	2013	2012
\$ 245,917	\$ 177,879	\$ 1,318,993	\$ 1,033,188
-	-	583,541	-
<u>\$ 245,917</u>	<u>\$ 177,879</u>	<u>\$ 1,902,534</u>	<u>\$ 1,033,188</u>
\$ 49,889	\$ 54,157	\$ 270,742	\$ 241,800
6,566	6,566	169,169	150,815
-	-	332	2,152
(402)	1,312	11,122	(29,046)
(1,776)	(837)	(13,202)	(3,822)
-	-	(984)	2,849
9,529	(2,064)	23,766	3,703
-	-	(1,465)	3,414
3,486	(2,443)	34,986	(12,183)
-	-	471	(2,893)
-	-	920	(90)
-	-	177	-
<u>\$ 67,292</u>	<u>\$ 56,691</u>	<u>\$ 496,034</u>	<u>\$ 356,699</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,094</u>	<u>\$ 367,088</u>

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Maple Plain (the City) operates under the "Optional Plan A" form of government as defined in Minnesota statutes. Under this plan, the government of the City is directed by a City Council composed of an elected Mayor and four elected City Council members. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The blended component units, although legally separate entities are, in substance, part of the City's operations and so data from these units are combined with data of the City. The City has the following component unit:

Blended Component Unit. The Economic Development Authority (EDA) of the City was created in 2006 pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. It is comprised of the members of the City Council and two members at large with a December 31 year end. The EDA activities are blended and reported as a special revenue fund due to substantively the same governing board and the financial benefit/burden relationship. Separate financial statements are not issued for this component unit.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

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

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days 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.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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.

The City reports the following major governmental funds:

The *General fund (101)* is the City'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 *Fire Partnership fund (801/802/803)* is a special revenue fund which accounts for charges for service that are committed for activities of the fire partnership agreement with the City of Independence.

The *Capital Project fund (451)* accounts for the resources accumulated and payments made for purchases of capital projects.

The *Capital Improvement fund (400)* accounts for the resources accumulated and payments made for improvements projects.

The City reports the following major proprietary funds:

The *Water fund (601/621)* account for costs associated with the City's water system and ensures that user charges are sufficient to pay for those costs.

The *Sewer fund (602/622)* account for the costs associated with the City's sewer system and ensures that user charges are sufficient to pay for those costs.

The *Storm Water fund (603/623)* account for the costs associated with the City's storm water system and ensures that user charges are sufficient to pay for those costs.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 water and sewer function 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's enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

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

Deposits and investments

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

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

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

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

Investments for the City are reported at fair value. Earnings on investments are allocated to the individual funds based upon the average cash and investment balances.

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

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, July, and December each year.

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

Accounts receivable

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

All inventories are stated at the lower of cost or market on the first-in, first-out (FIFO) method.

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

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 \$5,000, or as shown below; (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. For financial statement purposes only, a capitalization threshold is established for each capital asset category as follows:

Assets	Amount
Land and land improvements	\$ 10,000
Other improvements	25,000
Buildings	25,000
Building improvements	25,000
Machinery and equipment	5,000
Vehicles	5,000
Infrastructure	100,000
Other assets	5,000

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 back trending (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. 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.

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

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.

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

Assets	Useful Lives in Years
Land improvements	15 to 30
Other improvements	10 to 20
Buildings	20 to 40
Machinery and equipment	3 to 15
Infrastructure	20 to 60
Vehicles	3 to 15

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

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. Limited amounts of vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In such an instance, the General fund would be used to liquidate the liability.

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

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

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 two types of items, which arises only under a modified accrual basis of accounting that qualifies as needing to be reported in this category. Accordingly, the items, unavailable revenues, are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balance

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

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

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

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

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

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

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 unassigned fund balance of 60 percent of budgeted operating expenditures for cash-flow timing needs.

Net position

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

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

Comparative data/reclassifications

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

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

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City Administrator so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in December.

The appropriated budget is prepared by fund, function and department. The City's department heads, with the approval of the City Administrator, may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no budget amendments made during 2013.

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

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of Expenditures over Appropriations

The following funds had an excess of expenditures over appropriations at December 31, 2013:

Fund	Budget	Actual	Excess of Expenditures Over Appropriations
General	\$ 1,430,131	\$ 1,447,651	\$ 17,520
Fire Partnership	\$ 310,701	\$ 373,128	\$ 62,427

The General fund excess was funded with revenues in excess of budget and the Fire Partnership excess was funded with available fund balance.

Note 3: DETAILED NOTES ON ALL FUNDS

A. Deposits and investments

Deposits

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

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

Authorized collateral in lieu of a corporate surety bond includes:

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

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

At year end, the City's carrying amount of deposits was \$4,852,310 and the bank balance was \$4,895,119. Of the bank balance, \$500,000 was covered by federal depository insurance. The remaining balance was collateralized with securities held by the pledging financial institution's trust department in the City's name.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Cash and investments summary

A reconciliation of cash and investments as reported on the statement of net position follows:

	<u>Total</u>
Carrying amount of deposits	\$ 4,852,310
Investments	<u>405,316</u>
Total	<u><u>\$ 5,257,626</u></u>

Investments

The Minnesota Municipal Money Market Fund (the 4M Fund) is a customized cash management and investment program for Minnesota public funds. Sponsored and governed by the League of Minnesota Cities since 1987, the 4M Fund is a unique investment alternative designed to address the daily and long term investment needs of Minnesota cities and other municipal entities. Allowable under Minnesota statutes, the 4M Fund is comprised of top quality, rated investments.

The Minnesota Municipal Money Market Fund and broker money market investment pools operate in accordance with appropriate State laws and regulations. The 4M Fund is an external investment pool not registered with the Securities and Exchange Commission (SEC); however, it follows the same regulatory rules of the SEC under rule 2a7. The reported value of the pool is the same as the fair value of the pool share. Financial statements of the 4M Fund can be obtained by contracting RBC Global Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

At year end, the City's investment balances were as follows:

<u>Types of Investments</u>	<u>Credit Quality/ Ratings</u>	<u>Segmented Time Distribution (1)</u>	<u>Fair Value and Carrying Amount</u>
Minnesota Municipal Money Market Fund	N/A	less than 6 months	<u><u>\$ 405,316</u></u>

(1) Interest rate risk is disclosed using the segmented time distribution method.
N/A Indicated not applicable or available.

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

- *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 to the list on page 55 of the notes.
- *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.
- *Concentration of Credit Risk.* Is the risk of loss attributed to the magnitude of a government's investment in a single issuer.
- *Interest Rate Risk.* Is the risk that changes in interest rates will adversely affect the fair value of an investment.

The City does not currently have a formal investment policy that addresses the above mentioned risks.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

B. Capital assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 1,511,172	\$ -	\$ -	\$ 1,511,172
Construction in progress	1,804,845	223,477	(912,089)	1,116,233
 Total capital assets not being depreciated	 3,316,017	 223,477	 (912,089)	 2,627,405
 Capital assets being depreciated				
Buildings	545,200	-	-	545,200
Improvements other than buildings	102,464	1,072,831	-	1,175,295
Machinery and equipment	1,768,705	111,069	(6,135)	1,873,639
 Total capital assets being depreciated	 2,416,369	 1,183,900	 (6,135)	 3,594,134
 Less accumulated depreciation				
Buildings	(413,790)	(15,261)	-	(429,051)
Improvements other than buildings	(4,761)	(19,164)	-	(23,925)
Machinery and equipment	(1,023,091)	(116,985)	6,135	(1,133,941)
 Total accumulated depreciation	 (1,441,642)	 (151,410)	 6,135	 (1,586,917)
 Total capital assets being depreciated, net	 974,727	 1,032,490	 -	 2,007,217
 Governmental activities capital assets, net	 <u>\$ 4,290,744</u>	 <u>\$ 1,255,967</u>	 <u>\$ (912,089)</u>	 <u>\$ 4,634,622</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Construction in progress	\$ -	\$ 46,503	\$ -	\$ 46,503
Capital assets being depreciated				
Machinery and equipment	38,595	86,094	-	124,689
Infrastructure	6,938,781	-	-	6,938,781
Total capital assets being depreciated	6,977,376	86,094	-	7,063,470
Less accumulated depreciation for				
Machinery and equipment	(16,596)	(1,340)	-	(17,936)
Infrastructure	(1,416,759)	(167,829)	-	(1,584,588)
Total accumulated depreciation	(1,433,355)	(169,169)	-	(1,602,524)
Total capital assets being depreciated, net	5,544,021	(83,075)	-	5,460,946
Business-type activities capital assets, net	<u>\$ 5,544,021</u>	<u>\$ (36,572)</u>	<u>\$ -</u>	<u>\$ 5,507,449</u>

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

Governmental activities	
General government	\$ 9,283
Public safety	95,667
Public works	24,469
Culture and recreation	21,991
Total depreciation expense - governmental activities	<u>\$ 151,410</u>
Business-type activities	
Water	\$ 136,327
Sewer	26,276
Storm Water	6,566
Total depreciation expense - business-type activities	<u>\$ 169,169</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

As of December 31, 2013, the City has signed contracts in place for the following construction projects. The following summarizes those commitments:

Project	Spent to date	Remaining Commitment
Oak & Boandry Utility and Street Improvements	\$ 996,486	\$ 33,752
Helgren Road Watermain	14,037	176,198
Mainstreet Sidewalk	130,040	19,960
Total	<u>\$ 1,140,563</u>	<u>\$ 229,910</u>

C. Interfund receivables, payables and transfers

Interfund balances

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

Receivable Fund	Payable Fund	Amount
Water	Sewer	\$ 23,563
General	Fire Partnership	489
Total due from other funds		<u>\$ 24,052</u>

The interfund balance between the Water and Sewer funds is for cash flow and is payable with interest at 3 percent.

Interfund Transfers

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

Fund	Transfers in				Total
	Water	Sewer	Capital Improvement Fund	Other Governmental Funds	
Transfers out					
General	\$ 28,200	\$ 1,300	\$ 303,421	\$ 103,325	\$ 436,246
Water	-	650	-	9,620	10,270
Sewer	-	-	-	2,081	2,081
Total	<u>\$ 28,200</u>	<u>\$ 1,950</u>	<u>\$ 303,421</u>	<u>\$ 115,026</u>	<u>\$ 448,597</u>

The City annually budgets for transfers between funds. These annual budgeted transfers are made to cover administrative fees, fund certain capital improvement projects, and debt service.

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. 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.

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

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Equipment Certificate of 2008	\$ 335,000	3.70 - 4.20 %	12/17/08	2/1/16	\$ 155,000
G.O. Improvement Bonds of 2012	1,465,000	2.00 - 2.60	7/24/12	2/1/28	1,465,000
G.O. Improvement Bonds of 2013	355,000	0.6 - 2.80	9/19/13	2/1/23	355,000
Total G.O. Bonds					<u>\$ 1,975,000</u>

Annual requirement to maturity for general obligation bonds are as follows:

Year Ending December 31,	G.O. Bonds		
	Governmental Activities		
	Principal	Interest	Total
2014	\$ 125,000	\$ 42,356	\$ 167,356
2015	160,000	39,615	199,615
2016	165,000	35,665	200,665
2017	125,000	32,550	157,550
2018	130,000	30,290	160,290
2019 - 2023	710,000	110,010	820,010
2024 - 2028	560,000	36,370	596,370
Total	<u>\$ 1,975,000</u>	<u>\$ 326,856</u>	<u>\$ 2,301,856</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G.O. revenue bonds

The City issued G.O. revenue bonds for business-type activities to provide funds for the acquisition and construction of major capital facilities. These bonds are reported in the proprietary funds since they are expected to be repaid from proprietary fund revenues.

The following bonds were issued to finance capital improvements in the enterprise funds. They will be repaid from future revenues pledged from the Water and Sewer funds and are backed by the taxing power of the City. Annual principal and interest payments on the bonds are expected to require over 54 and 10 percent of revenues from the Water and Sewer funds, respectively. For 2013, principal and interest paid and total customer revenues for the Water fund were \$227,566 and \$423,670, respectively. For 2013, principal and interest paid and total customer revenues for the Sewer fund were \$36,866 and \$360,972, respectively.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Sewer Revenue Bonds of 2006	\$ 315,000	3.90 - 4.10 %	3/16/06	2/1/16	\$ 94,500
G.O. Water Revenue Note of 2007	3,468,767	2.15	7/9/07	8/20/26	2,555,000
G.O. Improvement Bonds of 2013	655,000	0.6 - 4.0	9/19/13	2/1/28	655,000
Total G.O. Revenue Bonds					<u>\$ 3,304,500</u>

Annual requirement to maturity for G.O. revenue bonds are as follows:

Year Ending December 31,	G.O. Revenue Bonds Business-type Activities		
	Principal	Interest	Total
2014	\$ 203,500	\$ 71,596	\$ 275,096
2015	252,500	68,566	321,066
2016	261,500	63,164	324,664
2017	234,000	58,173	292,173
2018	243,000	53,543	296,543
2019 - 2023	1,281,000	188,783	1,469,783
2024 - 2028	829,000	45,837	874,837
Total	<u>\$ 3,304,500</u>	<u>\$ 549,662</u>	<u>\$ 3,854,162</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Notes payable

The following notes payable were issued to purchase a lot and building for redevelopment purposes:

Description	Original Asset Amount	Interest Rate	Issue Date	Maturity Date	Balance at Year End
5220 Main Street	\$ 169,000	4.40 %	8/22/07	11/1/17	<u>\$ 77,088</u>

Annual requirement to maturity for notes payable is as follows:

Year Ending December 31,	Notes Payable Governmental Activities		
	Principal	Interest	Total
2014	\$ 18,046	\$ 3,392	\$ 21,438
2015	18,840	2,598	21,438
2016	19,669	1,769	21,438
2017	20,533	903	21,436
Total	<u>\$ 77,088</u>	<u>\$ 8,662</u>	<u>\$ 85,750</u>

Changes in long-term liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
G.O. bonds payable	\$ 1,670,000	\$ 355,000	\$ (50,000)	\$ 1,975,000	\$ 125,000
Notes payable	94,373	-	(17,285)	77,088	18,046
Compensated absences payable	11,827	19,136	(25,120)	5,843	5,843
Governmental activities long-term liabilities	<u>\$ 1,776,200</u>	<u>\$ 374,136</u>	<u>\$ (92,405)</u>	<u>\$ 2,057,931</u>	<u>\$ 148,889</u>
Business-type activities					
Bonds payable					
G.O. revenue bonds	\$ 2,850,000	\$ 655,000	\$ (200,500)	\$ 3,304,500	\$ 203,500
Compensated absences payable	727	1,910	(990)	1,647	1,647
Business-type activities long-term liabilities	<u>\$ 2,850,727</u>	<u>\$ 656,910</u>	<u>\$ (201,490)</u>	<u>\$ 3,306,147</u>	<u>\$ 205,147</u>

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

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

E. Fund balance classifications

The following is a summary of the components of fund balance:

	General	Fire Partnership	Capital Project Fund	Capital Improvement Fund	Other Governmental Funds	Total
Restricted for						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 22,191	\$ 22,191
Capital projects	-	-	125,000	-	-	125,000
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,000</u>	<u>\$ -</u>	<u>\$ 22,191</u>	<u>\$ 147,191</u>
Committed to						
Fire protection services	\$ -	\$ 481,157	\$ -	\$ -	\$ -	\$ 481,157
Economic development	-	-	-	-	8,721	8,721
Total Committed	<u>\$ -</u>	<u>\$ 481,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,721</u>	<u>\$ 489,878</u>
Assigned to						
Street improvements 250	\$ -	\$ -	\$ -	\$ -	\$ 99,842	\$ 99,842
Building capital 402	-	-	-	-	152,345	152,345
Park and ride 450	-	-	-	-	45	45
Equipment 501	-	-	-	-	284,968	284,968
Capital improvement 400	-	-	-	857,213	-	857,213
Capital projects 451	-	-	149,485	-	-	149,485
Special projects 110	6,230	-	-	-	-	6,230
Planning 115	10,000	-	-	-	-	10,000
Total Assigned	<u>\$ 16,230</u>	<u>\$ -</u>	<u>\$ 149,485</u>	<u>\$ 857,213</u>	<u>\$ 537,200</u>	<u>\$ 1,560,128</u>
Unassigned	<u>\$ 971,143</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 971,143</u>
Total	<u>\$ 987,373</u>	<u>\$ 481,157</u>	<u>\$ 274,485</u>	<u>\$ 857,213</u>	<u>\$ 568,112</u>	<u>\$ 3,168,340</u>

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

Note 4: DEFINED BENEFIT PENSION PLAN - 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) which is a cost-sharing, multiple-employer retirement plan. The plan is 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.

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

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of 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. 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 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or (800) 652-9026.

B. Funding policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.25 percent, respectively, of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members and 7.25 percent for Coordinated Plan GERF members. The City's contributions to the General Employees Retirement Fund for the years ending December 31, 2013, 2012 and 2011 were \$16,089, \$17,272, and \$16,030, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

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

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED

C. Defined contribution plan

Elected officials of the City of Maple Plain 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, 2013, 2012 and 2011 were \$241, \$351, and \$351, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statutes.

Note 5: JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATIONS

Joint ventures

West Hennepin Public Safety Department

In 1995, the Cities of Maple Plain and Independence, Minnesota, formed the West Hennepin Public Safety Department (the "Department"). The City participates in a joint powers agreement, which establishes the Department for the purpose of providing police protection within the two communities. The agreement creates a Board of Commissioners (the Board), composed of representatives from each member city, consisting of four members. The Board exercises legislative authority and determines all matters of policy. The Board appoints personnel responsible for the proper administration of all affairs relating to the Department's activities. The Board must, on or before August 15th each year, prepare and submit a detailed budget of the Department's needs for the next calendar year to the governing body of each city in the Department with a statement of the proportion of the budget to be provided by each city. The governing body of each city in the Department shall review and approve the budget by November 1st.

The following financial information is taken from the Department's audited financial statements for the year ended December 31, 2013:

Total assets	\$ 295,748
Total liabilities	\$ 156,494
Total net position	\$ 142,254
Total revenue	\$ 1,491,793
Total expense	\$ 1,618,033

The City's equity interest and its share of the net income (loss) of the Department are added to the value of the "Investment in Joint Venture" in the government-wide financial statement under governmental activities. As of December 31, 2013 the amount reported as investment in joint venture was \$48,366.

According to a formula in the agreement, the City's share of the Department's budget is approximately 34 percent. Payments to the Department in 2013 totaled \$449,000. The Department's financial statements for the period ending December 31, 2013 are available at the City's Municipal Center.

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

Note 5: JOINT VENTURES - CONTINUED

Maple Plain-Independence Fire Services Partnership

On December 31, 2002 the Maple Plain-Independence Fire Services Partnership (the "Fire Partnership") was established under a joint powers agreement among the Cities of Maple Plain and Independence to provide fire protection in the fire service area of the two cities. Maple Plain is considered the managing partner.

The governing body consists of a 5 member Board. Two individuals, the Mayor and another City Council Member from each City, are appointed by their respective City Council to serve on the Board and the fire chief is also a member of the Board. The Fire Partnership does not have any component units.

As provided for in the joint powers agreement, in the event of termination, all real and personal property and cash held by the Fire Partnership would be divided among the members. The managing partner shall, at its sole discretion either sell the capital assets and distribute the net proceeds from the sale to each partner based on the partner's partnership interest or purchase the partnership interest Independence has in any capital assets of the partnership.

The governmental fund financial activity of the Fire Partnership are currently reported in a special revenue fund in the basic financial statements and the capital assets and related long-term liabilities are recorded within the governmental activities in the statement of net position. The City contributed \$161,795 to the Fire Partnership in 2013. The City of Independence holds a 52.65 percent equity interest in the Fire Partnership.

Jointly governed organizations

Pioneer-Sarah Creek Watershed Management Commission

The Pioneer-Sarah Creek Watershed Management Commission is a joint powers watershed management organization formed under Minnesota statutes 103B.201-103B.255 and Minnesota Rules Chapter 8410. The Pioneer-Sarah Creek watershed covers about 70.5 square miles in northwestern Hennepin County. The six cities in the watershed jointly manage the water resources in this area through the Commission. The member cities are Maple Plain, Loretto, Independence, Medina, Minnetrista and Greenfield. The goal of the Commission is to enhance the water quality of the water resources within the watershed. The Commission seeks to carry out this goal through public information and education, analysis of the causes of harmful impacts on the water resources, regulation of the use of water bodies and their beds, regulation of land use, and capital improvement projects.

The City remitted \$9,283 to the Commission in 2013. The contribution was reported in the City's Storm Water fund.

Complete financial statements can be obtained at the Commission's web site: <http://pioneersarahcreek.org>.

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

Note 6: OTHER INFORMATION

A. Risk management

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

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

B. Legal debt margin

The City's statutory debt limit is computed as 3 percent of the taxable market value of property within the City. Long-term debt issued and financed partially or entirely by special assessments or the net revenues of enterprise fund operations is excluded from the debt limit computation. The City's applicable debt does not exceed the limit.

C. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2013 was \$240,047. This accounted for 14 percent of General fund revenues.

Note 7: PRIOR PERIOD ADJUSTMENT

The City recorded a prior period adjustment for recording the equity interest in a joint venture. The adjustment is detailed as follows:

Government-wide statements

Governmental activities

Equity interest in joint venture

\$ 91,288

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

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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

	Special Revenue Economic Development	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
ASSETS				
Cash and temporary investments	\$ 8,721	\$ 22,171	\$ 549,891	\$ 580,783
Special assessments receivable	-	62,595	-	62,595
TOTAL ASSETS	<u>\$ 8,721</u>	<u>\$ 84,766</u>	<u>\$ 549,891</u>	<u>\$ 643,378</u>
LIABILITIES				
Unearned revenue	\$ -	\$ -	\$ 12,691	\$ 12,691
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - special assessments	-	62,575	-	62,575
FUND BALANCES				
Restricted	-	22,191	-	22,191
Committed	8,721	-	-	8,721
Assigned	-	-	537,200	537,200
TOTAL FUND BALANCES	<u>8,721</u>	<u>22,191</u>	<u>537,200</u>	<u>568,112</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 8,721</u>	<u>\$ 84,766</u>	<u>\$ 549,891</u>	<u>\$ 643,378</u>

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

	Special Revenue Economic Development	Debt Service	Capital Projects	Total Nonmajor Governmental Funds
REVENUES				
Taxes	\$ -	\$ 22,818	\$ -	\$ 22,818
Intergovernmental	-	-	27,962	27,962
Special assessments	-	7,225	-	7,225
Interest on investments	30	-	2,010	2,040
TOTAL REVENUES	30	30,043	29,972	60,045
EXPENDITURES				
Capital outlay				
General government	-	-	23,421	23,421
Public works	-	-	28,452	28,452
Culture and recreation	-	-	7,500	7,500
Debt service				
Interest and other	-	33,398	-	33,398
TOTAL EXPENDITURES	-	33,398	59,373	92,771
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	30	(3,355)	(29,401)	(32,726)
OTHER FINANCING SOURCES				
Transfers in	-	6,845	108,181	115,026
Bonds issued	-	1,465	-	1,465
TOTAL OTHER FINANCING SOURCES	-	8,310	108,181	116,491
NET CHANGE IN FUND BALANCES	30	4,955	78,780	83,765
FUND BALANCES, JANUARY 1	8,691	17,236	458,420	484,347
FUND BALANCES, DECEMBER 31	\$ 8,721	\$ 22,191	\$ 537,200	\$ 568,112

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

	250 Street Improvement Fund	401 Park Capital Fund	402 Building Fund	450 Park and Ride Fund	501 Equipment Capital Fund	Total
ASSETS						
Cash and temporary investments	<u>\$ 99,842</u>	<u>\$ -</u>	<u>\$ 152,345</u>	<u>\$ 12,736</u>	<u>\$ 284,968</u>	<u>\$ 549,891</u>
LIABILITIES						
Unearned revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,691</u>	<u>\$ -</u>	<u>\$ 12,691</u>
FUND BALANCES						
Assigned for						
Street improvements	99,842	-	-	-	-	99,842
Park and ride project	-	-	-	45	-	45
Building capital	-	-	152,345	-	-	152,345
Equipment	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>284,968</u>	<u>284,968</u>
TOTAL FUND BALANCES	<u>99,842</u>	<u>-</u>	<u>152,345</u>	<u>45</u>	<u>284,968</u>	<u>537,200</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 99,842</u>	<u>\$ -</u>	<u>\$ 152,345</u>	<u>\$ 12,736</u>	<u>\$ 284,968</u>	<u>\$ 549,891</u>

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

	250 Street Improvement Fund	401 Park Capital Fund	402 Building Fund	450 Park and Ride Fund	501 Equipment Capital Fund	Total
REVENUES						
Intergovernmental	\$ -	\$ 7,500	\$ -	\$ 20,462	\$ -	\$ 27,962
Interest on investments	347	-	528	44	1,091	2,010
TOTAL REVENUES	347	7,500	528	20,506	1,091	29,972
EXPENDITURES						
Capital outlay						
General government	-	-	-	-	23,421	23,421
Public works	751	-	-	20,461	7,240	28,452
Culture and recreation	-	7,500	-	-	-	7,500
TOTAL EXPENDITURES	751	7,500	-	20,461	30,661	59,373
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(404)	-	528	45	(29,570)	(29,401)
OTHER FINANCING SOURCES						
Transfers in	37,500	-	40,000	-	30,681	108,181
NET CHANGE IN FUND BALANCES	37,096	-	40,528	45	1,111	78,780
FUND BALANCES, JANUARY 1	62,746	-	111,817	-	283,857	458,420
FUND BALANCES, DECEMBER 31	<u>\$ 99,842</u>	<u>\$ -</u>	<u>\$ 152,345</u>	<u>\$ 45</u>	<u>\$ 284,968</u>	<u>\$ 537,200</u>

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

	2013			2012
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
REVENUES				
Taxes				
General property	\$ 1,271,384	\$ 1,271,384	\$ 1,232,258	\$ 1,230,329
Licenses and permits				
Business	12,820	12,820	13,660	12,885
Nonbusiness	26,015	26,015	47,150	22,577
Total	38,835	38,835	60,810	35,462
Intergovernmental				
Federal				
Other federal grants	-	-	27,283	27,283
State				
Local government aid	240,047	240,047	240,047	240,047
Market value credits	-	-	-	(294)
PERA aid	935	935	935	935
Other state grants	-	-	2,277	2,563
County				
Other county grants	8,610	8,610	6,290	4,485
Total	249,592	249,592	276,832	247,736
Charges for services				
General government	-	-	1,550	1,550
Public works	19,845	19,845	880	(18,965)
Culture and recreation	-	-	17,144	17,144
Total	19,845	19,845	19,574	(271)
Fines and forfeitures	13,200	13,200	13,226	26
Special assessments	-	-	333	333
Interest on investments	12,500	12,500	4,291	(8,209)
Miscellaneous				
Contributions and donations	-	-	9,007	9,007
Rents and royalties	31,700	31,700	33,195	1,495
Other	6,400	6,400	18,441	12,041
Total	38,100	38,100	60,643	22,543
TOTAL REVENUES	1,643,456	1,643,456	1,667,967	24,511
				1,628,814

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Mayor and Council					
Personal services	\$ 28,824	\$ 28,824	\$ 26,597	\$ 2,227	\$ 24,743
Supplies	-	-	110	(110)	-
Other services and charges	32,134	32,134	55,081	(22,947)	22,243
Total	60,958	60,958	81,788	(20,830)	46,986
Financial administration					
Personal services	156,124	156,124	135,015	21,109	169,863
Supplies	4,400	4,400	3,901	499	3,608
Other services and charges	57,386	57,386	91,497	(34,111)	50,825
Total	217,910	217,910	230,413	(12,503)	224,296
Elections					
Other services and charges	320	320	130	190	2,798
Recording and reporting					
Other services and charges	6,650	6,650	2,703	3,947	6,065
Assessing					
Other services and charges	14,698	14,698	14,085	613	14,684
Legal					
Other services and charges	30,000	30,000	23,630	6,370	28,288
Planning and zoning					
Other services and charges	26,600	26,600	17,019	9,581	32,889
General government buildings					
Supplies	1,000	1,000	-	1,000	816
Other services and charges	34,134	34,134	24,853	9,281	19,519
Total	35,134	35,134	24,853	10,281	20,335
Total general government	392,270	392,270	394,621	(2,351)	376,341
Public safety					
Police					
Other services and charges	471,358	471,358	475,093	(3,735)	446,067

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

	2013				2012
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public safety - continued					
Fire					
Other services and charges	\$ 187,545	\$ 187,545	\$ 189,760	\$ (2,215)	\$ 187,459
Building inspection					
Other services and charges	20,000	20,000	9,661	10,339	5,463
Civil defense					
Other services and charges	505	505	502	3	953
Animal control					
Other services and charges	250	250	-	250	85
Total public safety	679,658	679,658	675,016	4,642	640,027
Public works					
Streets and alleys					
Personal services	88,598	88,598	78,147	10,451	79,418
Supplies	25,550	25,550	13,885	11,665	12,167
Other services and charges	93,393	93,393	67,361	26,032	72,593
Total	207,541	207,541	159,393	48,148	164,178
Street lighting					
Other services and charges	22,000	22,000	27,402	(5,402)	21,364
Snow and ice removal					
Personal services	9,092	9,092	15,174	(6,082)	7,562
Supplies	3,750	3,750	4,187	(437)	4,738
Total	12,842	12,842	19,361	(6,519)	12,300
Sanitation					
Other services and charges	20,120	20,120	112	20,008	13,130
Total public works	262,503	262,503	206,268	56,235	210,972
Culture and recreation					
Municipal parks					
Personal services	15,535	15,535	13,747	1,788	15,410
Supplies	6,799	6,799	6,710	89	5,638
Other services and charges	12,699	12,699	15,462	(2,763)	28,087
Total	35,033	35,033	35,919	(886)	49,135

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

	2013			2012
	Budgeted Amounts		Actual	Actual
	Original	Final	Amounts	Amounts
EXPENDITURES - CONTINUED				
Current - continued				
Culture and recreation - continued				
Community events				
Other services and charges	\$ -	\$ -	\$ 31,058	\$ (31,058)
				\$ 30,114
Shade tree disease control				
Other services and charges	2,000	2,000	14,557	(12,557)
				-
Total culture and recreation	37,033	37,033	81,534	(44,501)
				79,249
Economic development				
Other services and charges	17,230	17,230	13,752	3,478
				10,812
Total current expenditures	1,388,694	1,388,694	1,371,191	17,503
				1,317,401
Capital outlay				
General government	-	-	4,739	(4,739)
				443
Public works	-	-	424	(424)
				-
Culture and recreation	20,000	20,000	49,860	(29,860)
				22,799
Total capital outlay	20,000	20,000	55,023	(35,023)
				23,242
Debt service				
Principal	17,285	17,285	17,285	-
				16,557
Interest and other	4,152	4,152	4,152	-
				4,881
Total debt service	21,437	21,437	21,437	-
				21,438
TOTAL EXPENDITURES	1,430,131	1,430,131	1,447,651	(17,520)
				1,362,081
EXCESS OF REVENUES OVER EXPENDITURES	213,325	213,325	220,316	6,991
				266,733
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	17	17
				-
Transfers out	(213,325)	(213,325)	(436,246)	(222,921)
				(240,167)
TOTAL OTHER FINANCING SOURCES (USES)	(213,325)	(213,325)	(436,229)	(222,904)
				(240,167)
NET CHANGE IN FUND BALANCES	-	-	(215,913)	(215,913)
				26,566
FUND BALANCES, JANUARY 1	1,203,286	1,203,286	1,203,286	-
				1,176,720
FUND BALANCES, DECEMBER 31	\$ 1,203,286	\$ 1,203,286	\$ 987,373	\$ (215,913)
				\$ 1,203,286

CITY OF MAPLE PLAIN, MINNESOTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013

	351 2012A G.O. Bonds	352 2013A G.O. Bonds	Total
ASSETS			
Cash and temporary investments	\$ 20,706	\$ 1,465	\$ 22,171
Special assessments	<u>62,595</u>	<u>-</u>	<u>62,595</u>
TOTAL ASSETS	<u><u>\$ 83,301</u></u>	<u><u>\$ 1,465</u></u>	<u><u>\$ 84,766</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - special assessments	\$ 62,575	\$ -	\$ 62,575
FUND BALANCES			
Restricted for debt service	<u>20,726</u>	<u>1,465</u>	<u>22,191</u>
TOTAL DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u><u>\$ 83,301</u></u>	<u><u>\$ 1,465</u></u>	<u><u>\$ 84,766</u></u>

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

	351 2012A G.O. Bonds	352 2013A G.O. Bonds	Total
REVENUES			
Taxes	\$ 22,818	\$ -	\$ 22,818
Special assessments	<u>7,225</u>	<u>-</u>	<u>7,225</u>
TOTAL REVENUES	30,043	-	30,043
EXPENDITURES			
Debt service			
Interest and other	<u>33,398</u>	<u>-</u>	<u>33,398</u>
DEFICIENCY OF REVENUES UNDER EXPENDITURES	<u>(3,355)</u>	<u>-</u>	<u>(3,355)</u>
OTHER FINANCING SOURCES			
Transfers in	6,845	-	6,845
Bonds issued	<u>-</u>	<u>1,465</u>	<u>1,465</u>
TOTAL OTHER FINANCING SOURCES	<u>6,845</u>	<u>1,465</u>	<u>8,310</u>
NET CHANGE IN FUND BALANCES	3,490	1,465	4,955
FUND BALANCES, JANUARY 1	<u>17,236</u>	<u>-</u>	<u>17,236</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ 20,726</u></u>	<u><u>\$ 1,465</u></u>	<u><u>\$ 22,191</u></u>

CITY OF MAPLE PLAIN, MINNESOTA
SUPPLEMENTARY INFORMATION
SUMMARY FINANCIAL REPORT
REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS -
GOVERNMENTAL FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2013 AND 2012

	Totals		Percent Increase (Decrease)
	2013	2012	
REVENUES			
Taxes	\$ 1,255,076	\$ 1,230,329	2.01 %
Special assessments	7,558	15,100	(49.95)
Licenses and permits	60,810	35,462	71.48
Intergovernmental	436,625	1,361,293	(67.93)
Charges for services	353,110	370,723	(4.75)
Fines and forfeits	13,226	21,234	(37.71)
Interest on investments	10,174	10,669	(4.64)
Miscellaneous	61,170	65,119	(6.06)
TOTAL REVENUES	<u>\$ 2,197,749</u>	<u>\$ 3,109,929</u>	(29.33) %
Per Capita	<u>\$ 1,229</u>	<u>\$ 1,741</u>	(29.41) %
EXPENDITURES			
Current			
General government	\$ 394,621	\$ 376,341	4.86 %
Public safety	912,926	844,144	8.15
Public works	206,268	210,975	(2.23)
Culture and recreation	81,534	79,249	2.88
Economic development	13,752	10,812	27.19
Capital outlay			
General government	28,160	13,257	112.42
Public safety	78,033	19,054	309.54
Public works	497,538	2,119,996	(76.53)
Culture and recreation	57,360	109,709	(47.72)
Debt service			
Principal	67,285	61,557	9.31
Interest and other charges	62,000	70,366	(11.89)
TOTAL EXPENDITURES	<u>\$ 2,399,477</u>	<u>\$ 3,915,460</u>	(38.72) %
Per Capita	<u>\$ 1,342</u>	<u>\$ 2,192</u>	(38.79) %
Total Long-term Indebtedness	\$ 2,052,088	\$ 1,764,373	16.31 %
Per Capita	1,148	988	16.18
General Fund Balance - December 31	\$ 987,373	\$ 1,203,286	(17.94) %
Per Capita	552	674	(18.04)

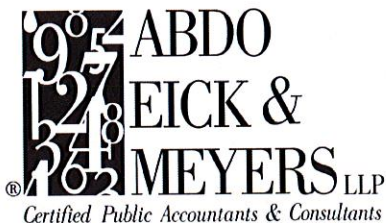
The purpose of this report is to provide a summary of financial information concerning the City of Maple Plain to interested citizens. The complete financial statements may be examined at City Hall, 1620 Maple Avenue, Maple Plain, MN 55359. Questions about this report should be directed to the City Clerk at (952) 479-0515.

OTHER REQUIRED REPORTS

CITY OF MAPLE PLAIN
MAPLE PLAIN, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT ON MINNESOTA LEGAL COMPLIANCE

Honorable Mayor and City Council
City of Maple Plain, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Plain, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, and have issued our report thereon dated March 18, 2014.

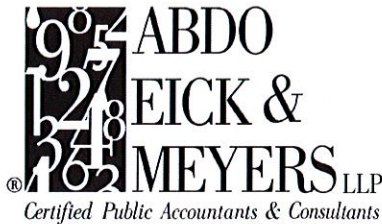
The *Minnesota Legal Compliance Audit Guide for Political Subdivisions*, promulgated by the State Auditor pursuant to Minnesota statute §6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and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

ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 18, 2014



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

Honorable Mayor and City Council
City of Maple Plain, Minnesota

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Maple Plain, Minnesota (the City), as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying Schedule of Findings and Responses as finding 2013-003 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as findings 2013-001, 2013-002 and 2013-004 to be significant deficiencies.

Compliance and Other Matters

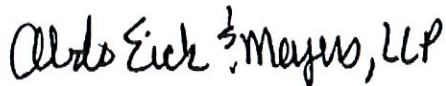
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

The City's Responses to Findings

The City's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. The City's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



ABDO, EICK & MEYERS, LLP
Minneapolis, Minnesota
March 18, 2014

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CITY OF MAPLE PLAIN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Finding</u>	<u>Description</u>
2013-001	Limited segregation of duties
<i>Condition:</i>	During our audit, we reviewed procedures over cash disbursements and utility billing and found the City to have limited segregation of duties related to these procedures.
<i>Criteria:</i>	There are four general categories of duties: authorization, custody, record keeping and reconciliation. In an ideal system, different employees perform each of these four major functions. In other words, no one person has control of two or more of these responsibilities.
<i>Cause:</i>	During the year the Deputy Clerk had access to the check stock, prepared the checks, entered transactions into the accounting system, and had access to the City's automated check signing machine. The Deputy Clerk prepares and mails customer billing statements, receives and endorses checks/currency, prepares and takes the deposit slip to the bank, and maintains the utility billing register.
<i>Effect:</i>	The existence of this limited segregation of duties increases the risk of fraud.
<i>Recommendation:</i>	While we recognize staff is not large enough to eliminate these deficiencies, we believe the risk can be reduced with better monitoring. We recommend that the Deputy Clerk not have access to the automated check signing machine. We also recommend another person other than the City administrator or Deputy Clerk review bank statements for unusual activity before the City Administrator completes the reconciliations. For utility billing, we recommend that the City Administrator review the utility billing register after customer billing statements are generated.
<i>Management response:</i>	Management recognizes that it is not economically feasible to correct this finding, is aware of the deficiency and is relying on continued oversight by management and the City Council to monitor this deficiency. Ongoing consideration is given as to how this may be addressed.

CITY OF MAPLE PLAIN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Finding</u>	<u>Description</u>
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2013-002	Preparation of financial statements
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<i>Condition:</i>	As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Recent auditing standards require auditors to communicate this situation to the City Council as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organizations of your size. However, based on recent auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
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<i>Criteria:</i>	Internal controls should be in place to provide reasonable assurance over financial reporting.
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<i>Cause:</i>	From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do with organization of your size.
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<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting.
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<i>Recommendation:</i>	It is your responsibility to make the ultimate decision to accept this degree of risk associated with this condition because of cost or other considerations. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions they might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements. While the City is reviewing the financial statements we recommend a disclosure checklist is utilized to ensure all required disclosures are presented and the City should agree its financial software to the numbers reported in the financial statements.
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Management response:

For now, the City's management accepts the degree of risk associated with this deficiency and thoroughly reviews a draft of the financial statements.

CITY OF MAPLE PLAIN, MINNESOTA
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2013

<u>Finding</u>	<u>Description</u>
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2013-003	Material audit adjustment
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<i>Condition:</i>	During our audit, we noted three material audit adjustments. These included an entry to record additional grants receivable, an entry to record a prior period adjustment for an investment in a joint venture, and an entry to adjust a transfer to the proper fund.
<i>Criteria:</i>	The financial statements are the responsibility of the City's management; therefore, the City must be able to prevent or detect a material misstatement in the financial statements including footnote disclosures.
<i>Cause:</i>	The year-end trial balance did not reflect all necessary accounting entries.
<i>Effect:</i>	This indicates that it would be likely that a misstatement may occur and not be detected by the City's system of internal control.
<i>Recommendation:</i>	We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed.

Management response:

Management understands the finding, and concurs that complete reconciliations of all accounts, including journal entries to adjust balances to these reconciliations needs to be done prior to the start of the audit. Staff strives to make sure this is done.

2013-004	Authorized bank signatories
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<i>Condition:</i>	During our audit, we requested confirmations of authorized bank signatories from each bank where the City holds deposits. We discovered that the City's previous City Administrator and Mayor were still listed as signors at one of the banks
<i>Criteria:</i>	Internal controls should be in place to ensure that former employees do not have access to City bank accounts.
<i>Cause:</i>	Oversight caused the former City Administrator and Mayor to be listed as signors.
<i>Effect:</i>	The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors or misappropriation of assets of the City.
<i>Recommendation:</i>	We recommend that the City confirm signors at each bank regularly to ensure that only current employees have authorization as signatories.

Management response:

The City has taken the required steps to ensure that the former City Administrator and Mayor has been removed from the authorized signatories list.

