

**CITY OF KENYON, MINNESOTA**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**



CITY OF KENYON, MINNESOTA

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**CITY OF KENYON, MINNESOTA**

**INTRODUCTORY SECTION**

**DECEMBER 31, 2014**

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**CITY OF KENYON, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
CITY OFFICIALS**

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Michael Engel	Mayor	12/31/2014
Fred Barsness	Council Member	12/31/2014
Bryan Haugen	Council Member	12/31/2014
Richard Nielsen	Council Member	12/31/2016
Russ Thurmes	Council Member	12/31/2016

**CITY OFFICIAL - APPOINTED**

Mark Vahlsing	City Administrator
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**PUBLIC UTILITIES COMMISSION - APPOINTED**

Scott Swenhaugen	Chairperson	12/31/2016
David Claxton	Commissioner	12/31/2015
Richard Nielsen	Commissioner	12/31/2014

**PUBLIC UTILITIES COMMISSION ADMINISTRATION - APPOINTED**

Randy Eggert	Operations Superintendent
Susan Dodds	Bookkeeper

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**CITY OF KENYON, MINNESOTA**

**FINANCIAL SECTION**

**DECEMBER 31, 2014**

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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members  
of the City Council  
**City of Kenyon, Minnesota**

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Kenyon, Minnesota, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audits 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

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

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion on pages 4 through 13 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Report on Summarized Comparative Information*

The financial statements include partial prior year comparative information. Such information does not include all of the information required to constitute a presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the City of Kenyon, Minnesota's financial statement for the year ended December 31, 2013, from which such partial information was derived.

We have previously audited the City of Kenyon, Minnesota's 2013 financial statements and our report, dated February 24, 2014, expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Kenyon, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

**Other Matters (continued)**

*Other Information (continued)*

The combining and individual nonmajor fund financial statements and the supplementary information 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. Such information has been subjected to the auditing procedures applied in the audit of the 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 combining and individual nonmajor fund financial statements and the supplementary information are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2015, on our consideration of the City of Kenyon, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Kenyon, Minnesota's internal control over financial reporting and compliance.

*Smith, Schafu and Associates, Ltd.*

Rochester, Minnesota  
March 2, 2015

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## **CITY OF KENYON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of the City of Kenyon, we offer readers of the City of Kenyon's financial statements this narrative overview and analysis of the financial activities of the City of Kenyon for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the entire audit report.

### **FINANCIAL HIGHLIGHTS**

- The total net position at December 31, 2014 (assets exceeding liabilities) for the City of Kenyon was \$13,989,605. Of this amount, \$5,458,194 (unrestricted net position) may be used to meet the city's ongoing obligations to citizens and creditors.
- As of the close of the fiscal year, the City of Kenyon's governmental funds reported combined ending fund balances of \$1,817,171, of which 38 percent is available for use within the City's designations.
- At the end of the fiscal year, unassigned fund balance of the general fund was \$746,769, or 72 percent of total general fund expenditures compared to 59 percent in 2013.
- The City of Kenyon increased its existing debt principal by \$464,955 during the current fiscal year, leaving a remaining balance of \$2,814,559.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the City of Kenyon's basic financial statements. The City of Kenyon'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 supplementary information in addition to the basic financial statements.

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

The statement of net position presents all information on all of the City of Kenyon's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Kenyon 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 event changing the asset or liability 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. This may include uncollected taxes and other revenue or expenses that are appropriated for the current year even though cash is not received or expended until the following year.

The government-wide financial statements distinguish between functions of the City of Kenyon that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, sanitation and recycling, culture and recreation, and economic development. The business-type activities include water, sewer, electric, liquor, and storm sewer.

## CITY OF KENYON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The government-wide financial statements include the City of Kenyon itself (known as the primary government), as well as a legally separate economic development authority, which is reported as a governmental activity. The Economic Development Authority, although legally separate, functions for all practical purposes as a department of the City of Kenyon, and therefore has been included as an integral part of the primary government.

The government-wide financial statements can be found on pages 14-16 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 of Kenyon, 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 of Kenyon can be divided into two 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 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 of 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 the comparison between governmental funds and governmental activities.

The City of Kenyon maintains 11 individual governmental funds, including two major funds, General and Capital Outlay. The other eight governmental funds include: Fire, Library, Economic Development Authority, Police Forfeiture, Special Purpose Donations, 2004 Tax Abatement/Tax Increment Financing Sunset Home, Trondheim Road Extension, 2012 GO Improvement Bonds Debt Service, and 2007 GO Refunding Bonds Debt Service.

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 and Capital Outlay funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds are provided in the form of combining statements elsewhere in this report.

The City of Kenyon adopts an annual appropriated budget for its general, and special revenue funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with these budgets.

The basic governmental funds financial statements can be found on pages 17-18 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

The proprietary fund financial statements can be found on pages 25-30 of this report.

**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 31-51 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds are presented herewith. Combining and individual financial statements and schedules can be found on pages 52-57.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve, over time, as a useful indicator of a city's financial position. In the case of the City of Kenyon, assets exceeded liabilities by \$13,989,605 at the close of the fiscal year, with \$5,532,766 of this net position from governmental activities and \$8,456,839 from proprietary funds.

Of the net position \$8,253,536 or 59 percent is attributed to its investment in capital assets (e.g. land, buildings, streets, vehicles, machinery, and equipment) less any related debt used to acquire those assets that is still outstanding. The City of Kenyon uses these capital assets to provide services; consequently, these assets are not available for future spending. Although the City of Kenyon's investment in its capital assets is reported net of related debt, it should be noted that 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 Kenyon's Net Position**

	Government Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 2,029,472	\$ 1,877,046	\$ 4,009,007	\$ 3,473,628	\$ 6,038,479	\$ 5,350,674
Capital assets	4,124,318	4,286,444	6,933,747	6,710,312	11,058,065	10,996,756
Total assets	<u>\$ 6,153,790</u>	<u>\$ 6,163,490</u>	<u>\$10,942,754</u>	<u>\$10,183,940</u>	<u>\$17,096,544</u>	<u>\$16,347,430</u>
Long-term liabilities outstanding	\$ 551,210	\$ 651,772	\$ 2,253,319	\$ 1,685,829	\$ 2,804,529	\$ 2,337,601
Other liabilities	69,814	88,621	232,596	307,201	302,410	395,822
Total liabilities	<u>621,024</u>	<u>740,393</u>	<u>2,485,915</u>	<u>1,993,030</u>	<u>3,106,939</u>	<u>2,733,423</u>
Net position:						
Net investment in capital assets	3,573,108	3,634,672	4,680,428	5,024,483	8,253,536	8,659,155
Restricted	170,315	110,088	107,560	52,286	277,875	162,374
Unrestricted	1,789,343	1,678,337	3,668,851	3,114,141	5,458,194	4,792,478
Total Net Position	<u>5,532,766</u>	<u>5,423,097</u>	<u>8,456,839</u>	<u>8,190,910</u>	<u>13,989,605</u>	<u>13,614,007</u>
Total Liabilities & Net Position	<u>\$ 6,153,790</u>	<u>\$ 6,163,490</u>	<u>\$10,942,754</u>	<u>\$10,183,940</u>	<u>\$17,096,544</u>	<u>\$16,347,430</u>

A portion of the City of Kenyon's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the City's ongoing obligations to citizens.

**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Governmental Activities.** Governmental activities account for 40 percent of the City of Kenyon's net position.

The total increase in net position for governmental activities is \$109,669 for the year ended December 31, 2014. The total revenues for governmental activities amounted to \$1,579,827 while total expenses were \$1,536,851 and transfers in were \$66,693, which is illustrated in the statement below.

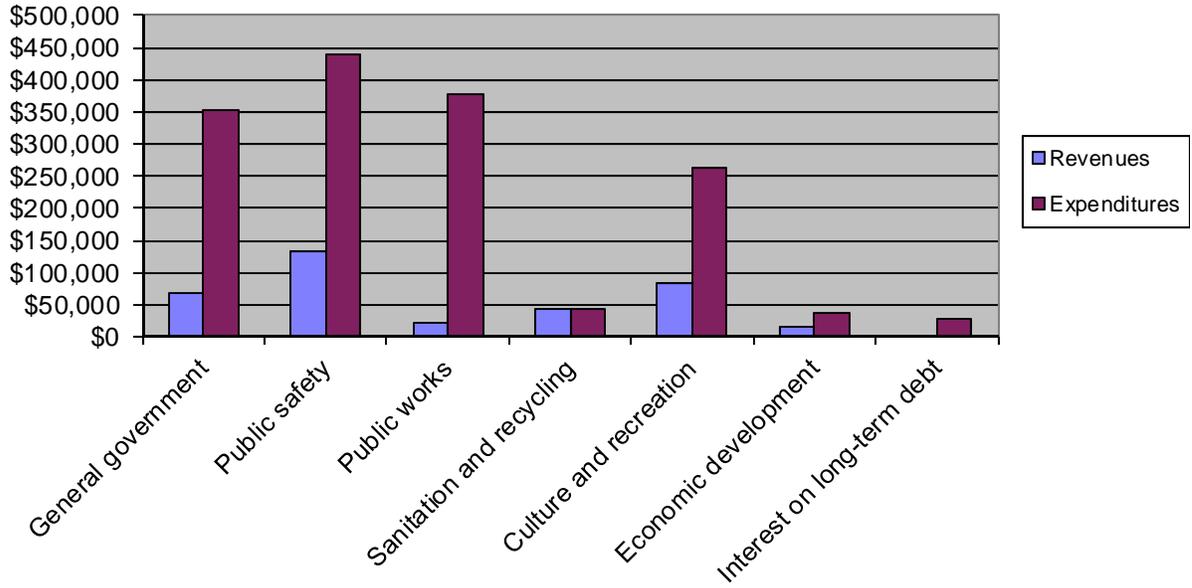
**City of Kenyon's Changes in Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
<b>Revenues:</b>						
<b>Program revenues</b>						
Charges for services	\$ 198,343	\$ 196,221	\$ 3,214,368	\$ 3,237,637	\$ 3,412,711	\$ 3,433,858
Operating grants & contributions	143,894	140,724			143,894	140,724
Capital grants & contributions	22,920	152,286	7,581	49,080	30,501	201,366
<b>General revenues:</b>						
General property taxes	637,147	736,866	92,552		729,699	736,866
Tax increments	19,594	19,650			19,594	19,650
Intergovernmental revenue	526,168	469,158	886	886	527,054	470,044
Interest earnings	8,381	16,879	17,079	19,800	25,460	36,679
Miscellaneous	22,380	9,798	47,012	26,844	69,392	36,642
Gain (loss) on sale of capital assets	1,000	115,659	(26,978)		(25,978)	115,659
<b>Total revenues</b>	<b>1,579,827</b>	<b>1,857,241</b>	<b>3,352,500</b>	<b>3,334,247</b>	<b>4,932,327</b>	<b>5,191,488</b>
<b>Expenses:</b>						
General government	352,011	329,417			352,011	329,417
Public safety	438,852	400,982			438,852	400,982
Public works	377,024	601,780			377,024	601,780
Sanitation and recycling	43,815	43,600			43,815	43,600
Culture and recreation	261,797	289,253			261,797	289,253
Economic development	36,625	17,832			36,625	17,832
Interest on long-term debt	26,727	29,673			26,727	29,673
Water			234,605	232,643	234,605	232,643
Sewer			344,616	319,795	344,616	319,795
Electric			1,734,650	1,833,802	1,734,650	1,833,802
Liquor			666,138	665,467	666,138	665,467
Storm sewer			39,869	27,920	39,869	27,920
<b>Total expenses</b>	<b>1,536,851</b>	<b>1,712,537</b>	<b>3,019,878</b>	<b>3,079,627</b>	<b>4,556,729</b>	<b>4,792,164</b>
Increase in net position before transfers and other items	42,976	144,704	332,622	254,620	375,598	399,324
Transfers	66,693	67,673	(66,693)	(67,673)		
Change in net position	109,669	212,377	265,929	186,947	375,598	399,324
Net Position – January 1	5,423,097	5,210,720	8,190,910	8,003,963	13,614,007	13,214,683
Net Position – December 31	\$ 5,532,766	\$ 5,423,097	\$ 8,456,839	\$ 8,190,910	\$ 13,989,605	\$ 13,614,007

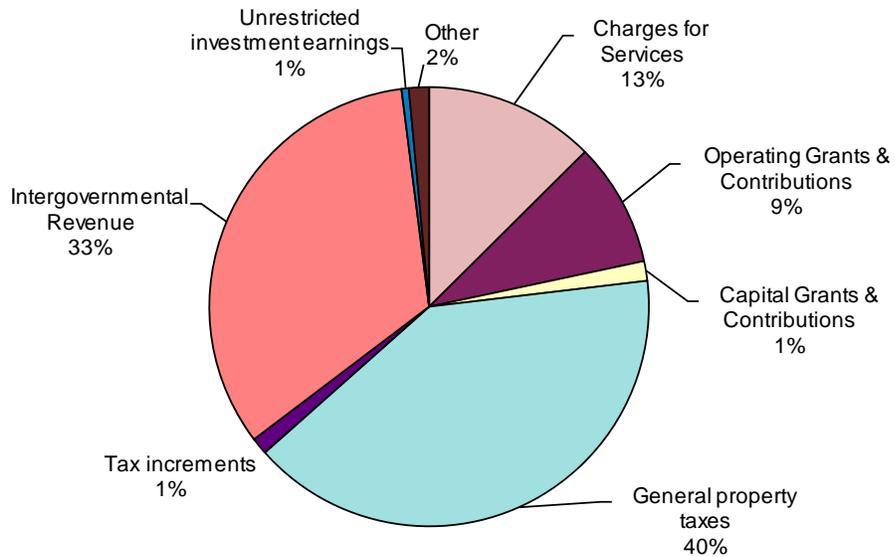
**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs show 2014 expenses and program revenues government activities.

**Expenditures and Program Revenues-Governmental Activities**



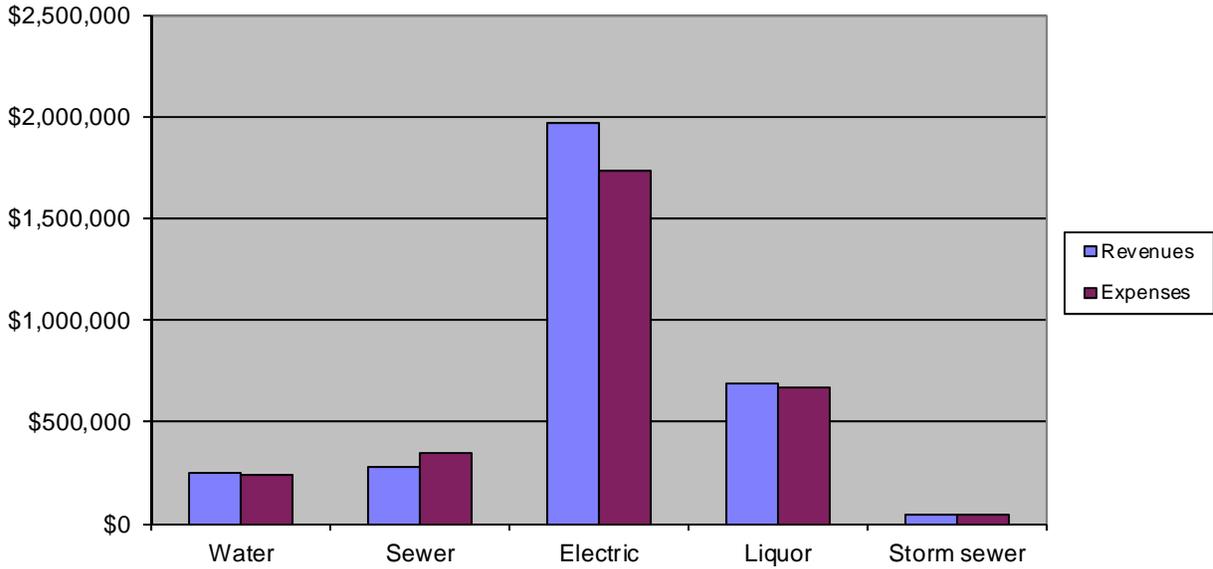
**Government Activities Revenues**



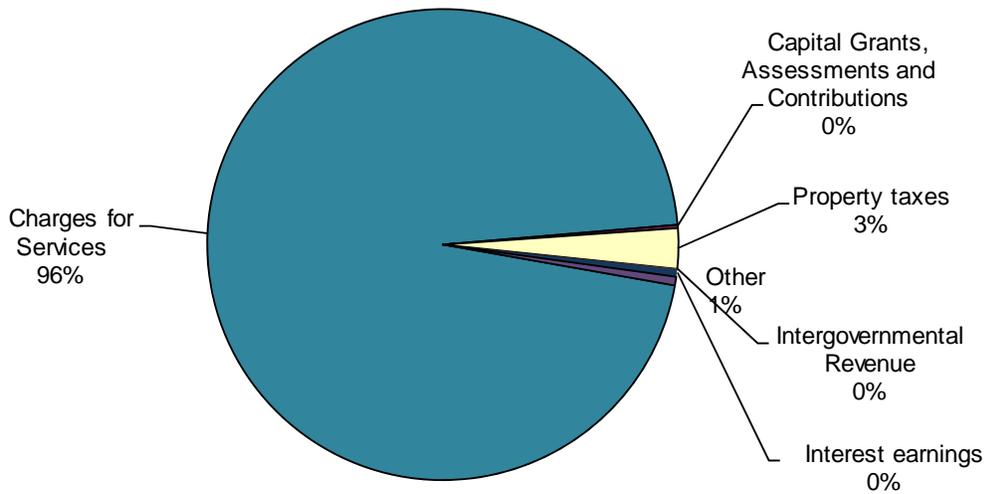
**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Business-type activities.** Business-type activities increased the City of Kenyon net position \$265,929 for the year ended December 31, 2014. Business-type activities revenues and expenses are illustrated in the charts below.

**Operating Expenses and Operating Program Revenues-Business Type-Activities**



**Business-Type Activities Revenue**



## CITY OF KENYON, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

### Financial Analysis of the City's Funds

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

GASB (Governmental Accounting Standards Board) Statement 54 requires fund balances to be classified as follows:

Nonspendable – Amounts that are not in spendable form. Included in this category are advances to other funds, prepaid items and inventory.

Restricted – Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions. The City's special purpose donation fund is considered restricted.

Committed – These amounts are constrained for specific purposes. Formal council action (resolution) is required to classify amounts into the committed category. These amounts may not be used for any other purpose unless the city council removes or changes this classification by taking the same type of action it used to previously commit those amounts.

Assigned – Amounts *intended* to be used by the City for specific purposes, but do not meet the criteria to be classified as restricted or committed. Most special revenue fund balances including Fire, Library, EDA, and Ambulance are reported in this category. A resolution was passed which allows the City Administrator to assign fund balance amounts without the formal action of the city council.

Unassigned – This includes any funds with negative balance and general fund balances that do not meet the criteria for the other categories

**Other information.** Additional information regarding the committed fund balances can be found in Note 7 to Financial Statements.

At the end of the current fiscal year, the City of Kenyon's governmental funds reported combined ending fund balances of \$1,817,171, which included an unassigned fund balance of the general fund of \$746,769.

The fund balance of the City of Kenyon's general fund increased by \$26,362 during the current year. Some of the key factors in this change are as follows:

- Other areas which were higher than anticipated included utilities, repairs and cost of fuel for vehicles.
- Miscellaneous revenue was approximately \$17,000 over budget due primarily to dividends received from the League of Minnesota Cities for worker's compensation and liability insurance premiums and liability claim reimbursements.

**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The 2007 G.O. Refunding Bond debt service fund has a total fund balance of \$103,755, all of which is restricted for the payment of debt service with a remaining balance of \$490,000 at December 31, 2014.

**Proprietary Funds.** The City of Kenyon'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 proprietary funds at year-end amounted to \$3,668,851 with a total increase in net position of \$265,929. Each of the following funds had net increases:

- Water (net increase of \$13,088) – rates were increased for these services in October 2011
- Sanitary Sewer (net increase of \$22,337) – sanitary sewer rates were also increased in October 2011
- Electric (net increase of \$207,329) - electric rates were increased in February 2013 to help recover losses incurred by rising electric costs.
- Liquor (net increase of \$20,528) – no transfer was made to the general fund for 2014. The council approved an additional \$10,000 principal payment to KMU in 2014 on the loan from the electric fund.
- Storm Sewer (net increase of \$2,647) - rates for storm sewer were increased in January 2012

**Capital Asset Administration.** The City of Kenyon's investment in capital assets for its governmental and business type activities as of December 31, 2014 amounts to \$11,058,065 (capital assets less accumulated depreciation). This investment in capital assets includes land, buildings, equipment, furniture, and infrastructure.

**City of Kenyon's Capital Assets**

	Government Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,216,097	\$ 1,216,097	\$ 57,185	\$ 57,185	\$ 1,273,282	\$ 1,273,282
Building and Improvements	1,726,378	1,726,378	6,926,413	5,435,611	8,652,791	7,161,989
Infrastructure	2,408,843	2,408,843	5,174,619	5,460,758	7,583,462	7,869,601
Machinery and Equipment	1,322,057	1,312,182	679,534	615,324	2,001,591	1,927,506
Transportation Equipment			303,969	340,672	303,969	340,672
Office Furniture and Equipment			49,632	44,890	49,632	44,890
Generators			2,395,536	2,395,536	2,395,536	2,395,536
Construction in progress	13,059	13,059		886,893	13,059	899,952
Total assets	6,686,434	6,676,559	15,586,888	15,236,869	22,273,322	21,913,428
Less: Accumulated Depreciation	(2,562,116)	(2,390,115)	(8,653,141)	(8,526,557)	(11,215,257)	(10,916,672)
Net Capital Assets	\$ 4,124,318	\$ 4,286,444	\$ 6,933,747	\$ 6,710,312	\$ 11,058,065	\$ 10,996,756

More detailed information on the City of Kenyon's capital assets is presented in the Notes to the Financial Statements on page 41-42.

**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Long-Term Debt.** At the end of the fiscal year, the City of Kenyon had long-term debt of \$2,814,559. Of this amount, \$490,000 for the 2007A Refunding Bond and \$71,240 for the street portion and \$101,400 for the sanitary sewer portion of the 2012A Bond will be payable primarily from general property taxes. The remaining \$347,360 of the 2012A bond combined with the sewer fund's PFA loan (\$1,714,559), the water fund's PFA loan (\$23,000) and the 2010 Minnesota Rural Water revenue note (\$67,000) are payable primarily from user fees and special assessments. In addition, those outstanding debt obligations with specific revenue sources pledged towards debt repayment are deducted from the debt limitation.

**City of Kenyon's Outstanding Debt**

	Government Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 561,240	\$ 663,775	\$ 448,760	\$ 496,225	\$ 1,010,000	\$ 1,160,000
General Obligation Revenue Bonds			1,804,559	1,189,604	1,804,559	1,189,604
Total assets	\$ 561,240	\$ 663,775	\$ 2,253,319	\$ 1,685,829	\$ 2,814,559	\$ 2,349,604

Additional information on the City of Kenyon's long-term debt can be found in the Notes to the Financial Statements on pages 43-45.

**Factors on the City of Kenyon's Future**

**Potential adjustments to the 2015 expenditure budget**

- Kenyon Fire Station - The City of Kenyon will be reviewing options for a new or expanded Fire Department facility. Options being reviewed will include a renovation and expansion project at the current site or new construction at a different site. This project will require long-term financing, but further expenditures may be needed in 2015 to secure a site and develop final plans for this project.
- Whitetail Ridge 2<sup>nd</sup> Addition Road Paving – The City will need to address uncompleted improvements to portions of Skogen Drive, and Whitetail Drive. They will need to pursue completion of the improvements through the original developer and/or assess the cost back to the abutting properties. The cost to complete the improvements will be in the range of \$80,000-\$100,000. Smaller connection projects may be considered for 2015. Funding will need to come from fund balance reserves or capital accounts.
- Infrastructure Improvements – The City and Kenyon Municipal Utilities are conducting feasibility work for possible improvements to the 1<sup>st</sup> Street area in 2015 or 2016. This project will prioritize connection of private sewer and water mains to the City system. Funding sources have not been finalized but will need to come from fund balance reserves, capital accounts or assessments benefiting property owners.

**CITY OF KENYON, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Potential future revenue sources**

- Institute Cable and/or Gas Franchise Fee – a franchise fee is paid to a local authority for the privilege of using the public rights-of-way and to compensate for the costs of regulation. The City of Kenyon received a Cable Franchise Fee until 1999 when an agreement was reached to provide free services to all government offices was reached. These franchise fees are typically passed on to the end users.
- Staff continues to work on several major redevelopment projects including the Hanke Ready Mix Plant and downtown building upgrades, in an effort to help increase the commercial tax capacity and make the downtown area more attractive to residents and visitors.
- The Kenyon Economic Development Authority will continue to review sites for possible acquisition for light industrial and commercial development opportunities. The goals of the EDA are to increase the City's tax capacity and create and retain employment opportunities in the City.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Kenyon's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, City of Kenyon, 709 Second Street, Kenyon, Minnesota 55946.

**CITY OF KENYON, MINNESOTA**  
**BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

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**CITY OF KENYON, MINNESOTA**  
**STATEMENT OF NET POSITION**

December 31, 2014

With Comparative Totals for December 31, 2013

	Governmental Activities	Business-Type Activities	Totals	
			2014	2013
<b>Assets</b>				
Cash and investments	\$ 1,757,339	\$ 3,209,456	\$ 4,966,795	\$ 4,294,644
Receivables	220,358	552,171	772,529	755,259
Internal balances	20,483	(20,483)		
Inventory		203,867	203,867	198,566
Prepaid expenses	31,292	63,996	95,288	102,205
Capital assets:				
Nondepreciable	1,229,156	57,185	1,286,341	2,173,233
Depreciable, net	2,895,162	6,876,562	9,771,724	8,823,523
<b>Total Assets</b>	<b>\$ 6,153,790</b>	<b>\$ 10,942,754</b>	<b>\$ 17,096,544</b>	<b>\$ 16,347,430</b>
<b>Liabilities and Net Position</b>				
<b>Liabilities</b>				
Accounts payable	\$ 32,393	\$ 191,459	\$ 223,852	\$ 326,505
Deposits payable	800	16,028	16,828	12,560
Compensated absences	19,669	11,658	31,327	33,070
Accrued liabilities	6,505	3,830	10,335	6,405
Accrued interest payable	8,947	9,621	18,568	17,282
Unearned revenue	1,500		1,500	
Noncurrent liabilities:				
Due within one year	107,535	166,465	274,000	232,286
Due in more than one year	443,675	2,086,854	2,530,529	2,105,315
<b>Total Liabilities</b>	<b>621,024</b>	<b>2,485,915</b>	<b>3,106,939</b>	<b>2,733,423</b>
<b>Net Position</b>				
Net investment in capital assets	3,573,108	4,680,428	8,253,536	8,659,155
Restricted for:				
Special purpose contribution	31,844		31,844	24,650
Tax increment districts	139		139	598
Public safety	790		790	790
Debt service	137,542	107,560	245,102	136,336
Unrestricted	1,789,343	3,668,851	5,458,194	4,792,478
<b>Total Net Position</b>	<b>5,532,766</b>	<b>8,456,839</b>	<b>13,989,605</b>	<b>13,614,007</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 6,153,790</b>	<b>\$ 10,942,754</b>	<b>\$ 17,096,544</b>	<b>\$ 16,347,430</b>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2014  
With Comparative Totals for December 31, 2013

<b>Functions/Programs</b>	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
General government	\$ 352,011	\$ 28,707	\$ 39,000	\$
Public safety	438,852	84,952	47,527	
Public works	377,024			22,920
Sanitation and recycling	43,815	44,641		
Culture and recreation	261,797	25,795	57,367	
Economic development	36,625	14,248		
Interest on long-term debt	26,727			
Total governmental activities	<u>1,536,851</u>	<u>198,343</u>	<u>143,894</u>	<u>22,920</u>
<b>Business-Type activities:</b>				
Water	234,605	244,575		338
Sewer	344,616	277,250		5,126
Electric	1,734,650	1,966,791		2,003
Liquor	666,138	685,680		
Storm sewer	39,869	40,072		114
Total business-type activities	<u>3,019,878</u>	<u>3,214,368</u>		<u>7,581</u>
Total	<u>\$ 4,556,729</u>	<u>\$ 3,412,711</u>	<u>\$ 143,894</u>	<u>\$ 30,501</u>

General revenues:  
General property taxes  
Tax increments  
Grants and contributions not restricted to specific programs  
Interest earnings  
Miscellaneous  
Gain (loss) on sale of capital assets  
Transfers, net  
Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

**See Notes to Financial Statements**

Net (Expense) Revenue  
and Changes in Net Position

Governmental Activities	Business-Type Activities	Totals	
		2014	2013
\$ (284,304)	\$	\$ (284,304)	\$ (261,373)
(306,373)		(306,373)	(265,086)
(354,104)		(354,104)	(449,494)
826		826	1,107
(178,635)		(178,635)	(211,820)
(22,377)		(22,377)	(6,967)
(26,727)		(26,727)	(29,673)
<u>(1,171,694)</u>		<u>(1,171,694)</u>	<u>(1,223,306)</u>
	10,308	10,308	30,016
	(62,240)	(62,240)	4,876
	234,144	234,144	143,057
	19,542	19,542	17,106
	317	317	12,035
	<u>202,071</u>	<u>202,071</u>	<u>207,090</u>
<u>(1,171,694)</u>	<u>202,071</u>	<u>(969,623)</u>	<u>(1,016,216)</u>
637,147	92,552	729,699	736,866
19,594		19,594	19,650
526,168	886	527,054	470,044
8,381	17,079	25,460	26,318
22,380	47,012	69,392	47,003
1,000	(26,978)	(25,978)	115,659
66,693	(66,693)		
<u>1,281,363</u>	<u>63,858</u>	<u>1,345,221</u>	<u>1,415,540</u>
109,669	265,929	375,598	399,324
<u>5,423,097</u>	<u>8,190,910</u>	<u>13,614,007</u>	<u>13,214,683</u>
<u>\$ 5,532,766</u>	<u>\$ 8,456,839</u>	<u>\$ 13,989,605</u>	<u>\$ 13,614,007</u>

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**CITY OF KENYON, MINNESOTA**

**FUND FINANCIAL STATEMENTS**

**DECEMBER 31, 2014**

**CITY OF KENYON, MINNESOTA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2014  
*With Comparative Totals for December 31, 2013*

	101 General	202 Capital Outlay	Other Governmental Funds	Total Governmental Funds	
				2014	2013
<b>ASSETS</b>					
Cash and investments	\$ 678,585	\$ 708,662	\$ 370,092	\$ 1,757,339	\$ 1,633,646
Accounts receivable	3,933		27,387	31,320	6,393
Developer receivable - deferred	17,644			17,644	27,644
Taxes receivable - delinquent	25,732			25,732	61,108
Special assessments receivable					
Delinquent	28			28	389
Deferred	24,832		102,867	127,699	107,537
Accrued interest receivable	155	169	53	377	172
Due from other funds	71,126			71,126	71,926
Due from other governments	15,925		1,633	17,558	15,609
Prepaid items	24,568		6,724	31,292	27,200
<b>TOTAL ASSETS</b>	<b>\$ 862,528</b>	<b>\$ 708,831</b>	<b>\$ 508,756</b>	<b>\$ 2,080,115</b>	<b>\$ 1,951,624</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>Liabilities</b>					
Accounts payable	\$ 17,210	\$ 5,600	\$ 9,583	\$ 32,393	\$ 52,812
Accrued liabilities	5,745		760	6,505	3,608
Customer deposits			800	800	800
Advances from other funds			50,643	50,643	74,578
Unearned revenue			1,500	1,500	
<b>Total Liabilities</b>	<b>22,955</b>	<b>5,600</b>	<b>63,286</b>	<b>91,841</b>	<b>131,798</b>
<b>Deferred Inflows of Resources</b>					
Unavailable revenue:					
Property taxes	25,732			25,732	61,108
Special assessments	24,860		102,867	127,727	107,926
Loans receivable	17,644			17,644	27,644
<b>Total Deferred Inflows of Resources</b>	<b>68,236</b>		<b>102,867</b>	<b>171,103</b>	<b>196,678</b>
<b>Fund Balance</b>					
Nonspendable:					
Prepaid items	24,568		6,724	31,292	27,200
Restricted:					
Special purpose contributions			31,844	31,844	24,650
Tax increment districts			139	139	598
Public safety			790	790	790
Creditors			137,542	137,542	103,183
Committed		703,231		703,231	633,187
Assigned			213,148	213,148	181,049
Unassigned	746,769		(47,584)	699,185	652,491
<b>Total Fund Balance</b>	<b>771,337</b>	<b>703,231</b>	<b>342,603</b>	<b>1,817,171</b>	<b>1,623,148</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 862,528</b>	<b>\$ 708,831</b>	<b>\$ 508,756</b>	<b>\$ 2,080,115</b>	<b>\$ 1,951,624</b>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**

For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

	101 General	202 Capital Outlay	Other Governmental Funds	Total Governmental Funds	
				2014	2013
<b>REVENUES</b>					
General property taxes	\$ 374,712	\$ 8,880	\$ 288,931	\$ 672,523	\$ 737,347
Tax increment			19,594	19,594	19,650
Licenses and permits	11,223			11,223	8,118
Special assessments			3,119	3,119	4,888
Intergovernmental revenues	544,367		72,282	616,649	698,012
Charges for services	84,982		71,558	156,540	157,367
Fines and forfeitures	5,117		1,116	6,233	7,189
Investment income	4,619	2,854	908	8,381	6,518
Donations			20,611	20,611	24,750
Miscellaneous revenues	62,064	13,479	13,956	89,499	215,638
<b>Total Revenues</b>	<b>1,087,084</b>	<b>25,213</b>	<b>492,075</b>	<b>1,604,372</b>	<b>1,879,477</b>
<b>EXPENDITURES</b>					
General government	307,136			307,136	312,586
Public safety	312,568		84,557	397,125	363,428
Public works	285,042			285,042	509,646
Sanitation and recycling	43,815			43,815	43,600
Culture and recreation	79,630		157,080	236,710	241,207
Economic development			36,595	36,595	41,664
Capital outlay	15,720	27,005		42,725	61,078
Debt service:					
Principal			102,535	102,535	95,000
Interest and other			26,359	26,359	31,345
<b>Total Expenditures</b>	<b>1,043,911</b>	<b>27,005</b>	<b>407,126</b>	<b>1,478,042</b>	<b>1,699,554</b>
Excess (deficiency) of revenues over (under) expenditures	43,173	(1,792)	84,949	126,330	179,923
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of capital assets		1,000		1,000	
Transfers in	66,693	113,504	42,668	222,865	200,673
Transfers out	(83,504)	(42,668)	(30,000)	(156,172)	(133,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(16,811)</b>	<b>71,836</b>	<b>12,668</b>	<b>67,693</b>	<b>67,673</b>
Net change in fund balances	26,362	70,044	97,617	194,023	247,596
<b>Fund Balance - Beginning</b>	<b>744,975</b>	<b>633,187</b>	<b>244,986</b>	<b>1,623,148</b>	<b>1,375,552</b>
<b>Fund Balance - Ending</b>	<b>\$ 771,337</b>	<b>\$ 703,231</b>	<b>\$ 342,603</b>	<b>\$ 1,817,171</b>	<b>\$ 1,623,148</b>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA  
RECONCILIATION OF NET POSITION IN THE  
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES  
IN THE FUND BASIS FINANCIAL STATEMENTS**

December 31, 2014

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

Total governmental fund balances (page 17)	\$	1,817,171
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$	6,686,434
Less: Accumulated depreciation		<u>(2,562,116)</u>
		4,124,318
Some receivables are not available soon enough to pay for current period expenditures and therefore are unavailable in the funds.		
Developer receivable	\$	17,644
Delinquent property taxes		25,732
Deferred and delinquent special assessments		<u>127,727</u>
		171,103
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	\$	(561,240)
Compensated absences		(19,669)
Unamortized bond discount		10,030
Accrued interest		<u>(8,947)</u>
		<u>(579,826)</u>
Net position of governmental activities (page 14)	\$	<u><u>5,532,766</u></u>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended December 31, 2014

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

Net change in fund balances - total governmental funds (page 18)	\$	194,023
<p>Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay - capitalized	\$	9,875
Depreciation expense		<u>(172,001)</u>
		(162,126)
<p>Certain revenues in the statement of activities do not provide current financial resources and are not reported as revenues in the funds.</p>		
Deferred inflows of resources, December 31, 2014	\$	171,103
Deferred inflows of resources, December 31, 2013		<u>(196,678)</u>
		(25,575)
<p>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.</p>		
Compensated absences, December 31, 2014	\$	(19,669)
Compensated absences, December 31, 2013		<u>20,849</u>
		1,180
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Principal retirement on long-term debt	\$	102,535
Amortization of bond discount		(1,973)
Change in accrued interest		<u>1,605</u>
		<u>102,167</u>
Change in net position of governmental activities (pages 15 and 16)	\$	<u><u>109,669</u></u>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
<b>Local Taxes</b>					
General tax levy	\$ 348,528	\$ 348,528	\$ 374,712	\$ 26,184	\$ 464,115
<b>Special Assessments</b>					1,792
<b>Licenses and Permits</b>	7,900	7,900	11,223	3,323	8,118
<b>Intergovernmental Revenues</b>					
Local government aid	516,686	516,686	516,686		466,643
Market value credit			850	850	796
Police state aid	15,000	15,000	15,232	232	14,477
Other state aid	1,740	1,740	11,599	9,859	2,622
County grant					150,000
Total Intergovernmental	533,426	533,426	544,367	10,941	634,538
<b>Charges for Services</b>					
General government	10,200	10,200	18,298	8,098	16,725
Recycling	45,200	45,200	44,641	(559)	44,707
Culture and recreation	24,500	24,500	22,043	(2,457)	22,492
Total Charges for Services	79,900	79,900	84,982	5,082	83,924
<b>Fines and Forfeits</b>	8,000	8,000	5,117	(2,883)	5,836
<b>Investment Income</b>	1,815	1,815	4,619	2,804	2,722
<b>Miscellaneous Revenues</b>					
Refunds and reimbursements			15,760	15,760	15,309
Dividends	2,300	2,300	5,731	3,431	7,643
Rents	2,280	2,280		(2,280)	4,785
Shared facility charge	39,000	39,000	39,000		39,000
Sale of land					120,438
Other	1,500	1,500	1,573	73	8,314
Total Miscellaneous Revenues	45,080	45,080	62,064	16,984	195,489
<b>TOTAL REVENUES</b>	<b>\$ 1,024,649</b>	<b>\$ 1,024,649</b>	<b>\$ 1,087,084</b>	<b>\$ 62,435</b>	<b>\$ 1,396,534</b>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>EXPENDITURES</b>					
<b>General Government</b>					
<b>Mayor and Council</b>					
Employee services	\$ 13,785	\$ 13,785	\$ 12,337	\$ 1,448	\$ 14,213
Other services and charges	950	950	685	265	801
Total Mayor and Council	<u>14,735</u>	<u>14,735</u>	<u>13,022</u>	<u>1,713</u>	<u>15,014</u>
<b>City Administration</b>					
Employee services	187,230	187,230	185,083	2,147	176,778
Travel and conferences	3,000	3,000	4,348	(1,348)	4,153
SHIP grant			2,392	(2,392)	575
Other services and charges	1,930	1,930	2,044	(114)	3,180
Total City Administration	<u>192,160</u>	<u>192,160</u>	<u>193,867</u>	<u>(1,707)</u>	<u>184,686</u>
<b>Elections</b>	<u>780</u>	<u>780</u>	<u>2,965</u>	<u>(2,185)</u>	<u>218</u>
<b>General Government Services</b>					
Employee services	3,470	3,470	4,277	(807)	3,694
Supplies	5,300	5,300	11,553	(6,253)	10,010
Telephone	3,250	3,250	4,785	(1,535)	8,294
Insurance	6,075	6,075	6,460	(385)	5,115
Utilities	6,910	6,910	7,528	(618)	7,205
Other services and charges	16,750	16,750	22,471	(5,721)	20,680
Total General Government Services	<u>41,755</u>	<u>41,755</u>	<u>57,074</u>	<u>(15,319)</u>	<u>54,998</u>
<b>Professional Services</b>					
Auditing and accounting	13,580	13,580	13,500	80	13,580
Legal	18,000	18,000	19,068	(1,068)	30,031
Engineering	20,000	20,000	7,640	12,360	14,059
Total Professional Services	<u>51,580</u>	<u>51,580</u>	<u>40,208</u>	<u>11,372</u>	<u>57,670</u>
<b>Total General Government</b>	<u>\$ 301,010</u>	<u>\$ 301,010</u>	<u>\$ 307,136</u>	<u>\$ (6,126)</u>	<u>\$ 312,586</u>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

EXPENDITURES (Continued)	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>Public Safety</b>					
<b>Police Protection</b>					
Employee services	\$ 228,660	\$ 228,660	\$ 248,781	\$ (20,121)	\$ 221,469
Supplies	15,750	15,750	20,590	(4,840)	20,161
Legal	12,500	12,500	12,565	(65)	11,851
Telephone	3,270	3,270	3,953	(683)	3,007
Insurance	7,070	7,070	8,331	(1,261)	4,606
Other services and charges	18,865	18,865	18,348	517	17,210
Total Police Protection	286,115	286,115	312,568	(26,453)	278,304
<b>Total Public Safety</b>	286,115	286,115	312,568	(26,453)	278,304
<b>Public Works</b>					
<b>Streets</b>					
Employee services	135,215	135,215	137,709	(2,494)	122,937
Supplies	91,700	91,700	94,802	(3,102)	40,091
Contracts					780
Insurance	5,040	5,040	5,081	(41)	5,421
Utilities	9,060	9,060	8,407	653	9,147
Other services and charges	9,630	9,630	8,533	1,097	5,222
Total Streets	250,645	250,645	254,532	(3,887)	183,598
<b>Street Lighting</b>	33,000	33,000	30,510	2,490	32,166
<b>Old Highschool Project</b>					
Engineering					11,865
Other services and charges					282,017
Total Old Highschool Project					293,882
<b>Total Public Works</b>	283,645	283,645	285,042	(1,397)	509,646
<b>Sanitation and Recycling</b>					
Recycling	43,500	43,500	43,815	(315)	43,600
<b>Culture and Recreation</b>					
<b>Gunderson House</b>					
Insurance	3,535	3,535	3,566	(31)	3,543
Management fees	2,500	2,500	2,500		2,500
Other services and charges	1,000	1,000	716	284	72
Total Gunderson House	\$ 7,035	\$ 7,035	\$ 6,782	\$ 253	\$ 6,115

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA**  
**GENERAL FUND**  
**Statement of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>EXPENDITURES (Continued)</b>					
<b>Culture and Recreation (Continued)</b>					
<b>Park and Recreation</b>					
Employee services	\$ 21,770	\$ 21,770	\$ 14,231	\$ 7,539	\$ 16,363
Supplies	2,500	2,500	2,287	213	2,338
Insurance	4,110	4,110	4,272	(162)	4,115
Utilities	1,900	1,900	1,847	53	1,878
Other services and charges	950	950	651	299	1,312
Total Park and Recreation	<u>31,230</u>	<u>31,230</u>	<u>23,288</u>	<u>7,942</u>	<u>26,006</u>
<b>Swimming Pool</b>					
Employee services	28,825	28,825	27,504	1,321	27,090
Supplies	5,950	5,950	4,563	1,387	7,473
Insurance	3,000	3,000	3,033	(33)	3,681
Utilities	10,835	10,835	11,727	(892)	11,273
Other services and charges	6,300	6,300	2,733	3,567	8,170
Total Swimming Pool	<u>54,910</u>	<u>54,910</u>	<u>49,560</u>	<u>5,350</u>	<u>57,687</u>
<b>Total Culture and Recreation</b>	<u>93,175</u>	<u>93,175</u>	<u>79,630</u>	<u>13,545</u>	<u>89,808</u>
<b>Capital Outlay</b>	<u>2,000</u>	<u>2,000</u>	<u>15,720</u>	<u>(13,720)</u>	<u>568</u>
<b>TOTAL EXPENDITURES</b>	<u>1,009,445</u>	<u>1,009,445</u>	<u>1,043,911</u>	<u>(34,466)</u>	<u>1,234,512</u>
Excess of revenues over expenditures	<u>15,204</u>	<u>15,204</u>	<u>43,173</u>	<u>27,969</u>	<u>162,022</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	87,000	87,000	66,693	(20,307)	67,673
Transfers out	(83,504)	(83,504)	(83,504)		(95,000)
Total Other Financing Sources (Uses)	<u>3,496</u>	<u>3,496</u>	<u>(16,811)</u>	<u>(20,307)</u>	<u>(27,327)</u>
Net change in fund balance	18,700	18,700	26,362	7,662	134,695
<b>FUND BALANCE - Beginning</b>	<u>744,975</u>	<u>744,975</u>	<u>744,975</u>		<u>610,280</u>
<b>FUND BALANCE - Ending</b>	<u>\$ 763,675</u>	<u>\$ 763,675</u>	<u>\$ 771,337</u>	<u>\$ 7,662</u>	<u>\$ 744,975</u>

**See Notes to Financial Statements**

**CITY OF KENYON, MINNESOTA  
 PROPRIETARY FUNDS  
 Statement of Net Position**

December 31, 2014

*With Comparative Totals for December 31, 2013*

	Business-Type Activities - Enterprise Funds		
	601	602	603
	Water Fund Fund	Sewer Fund Fund	Electric Fund Fund
<b>ASSETS</b>			
Current Assets:			
Cash and cash equivalents	\$ 436,978	\$ 852,033	\$ 1,377,981
Accounts receivable	29,872	13,345	345,962
Accrued interest receivable		194	428
Due from other funds	992	24,785	10,315
Due from other governments	951	1,810	1,727
Inventory	15,574		142,701
Prepaid items	2,663	4,497	51,843
Total Current Assets	487,030	896,664	1,930,957
Other Assets:			
Special assessments	8,267	146,905	2,474
Advances to other funds		29,091	137,750
Total Other Assets	8,267	175,996	140,224
Capital assets:			
Nondepreciable			14,372
Depreciable	2,075,813	7,212,429	5,214,113
Less: Accumulated depreciation	(1,039,300)	(4,008,847)	(3,181,609)
Net capital assets	1,036,513	3,203,582	2,046,876
Total Assets	1,531,810	4,276,242	4,118,057
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable	377	54,095	114,574
Accrued liabilities	787	22	1,761
Accrued interest payable	1,890	6,692	231
Customer deposits	3,657		12,371
Due to other funds		11,307	99,475
Accrued compensated absences	2,967		7,159
Current maturities of bonds payable	34,385	117,725	3,190
Total Current Liabilities	44,063	189,841	238,761
Noncurrent Liabilities:			
Advances from other funds	29,091		
Bonds payable, net of current maturities and discount	200,255	1,765,234	26,970
Total Liabilities	273,409	1,955,075	265,731
<b>NET POSITON</b>			
Net investment in capital assets	801,873	1,320,623	2,103,823
Restricted for debt service		107,560	
Unrestricted	456,528	892,984	1,748,503
Total Net Position	\$ 1,258,401	\$ 2,321,167	\$ 3,852,326

**See Notes to Financial Statements**

Business-Type Activities - Enterprise Funds

609 Liquor Fund Fund	605 Storm Sewer Fund	TOTALS	
		2014	2013
\$ 63,524	\$ 478,940	\$ 3,209,456	\$ 2,660,998
		389,179	360,528
13	109	744	724
	3,564	39,656	39,581
		4,488	
45,592		203,867	198,566
4,622	371	63,996	75,005
<u>113,751</u>	<u>482,984</u>	<u>3,911,386</u>	<u>3,335,402</u>
	114	157,760	175,155
		166,841	219,420
	<u>114</u>	<u>324,601</u>	<u>394,575</u>
42,813		57,185	944,077
339,197	688,151	15,529,703	14,292,794
(194,425)	(228,960)	(8,653,141)	(8,526,559)
<u>187,585</u>	<u>459,191</u>	<u>6,933,747</u>	<u>6,710,312</u>
<u>301,336</u>	<u>942,289</u>	<u>11,169,734</u>	<u>10,440,289</u>
22,313	100	191,459	273,693
1,260		3,830	2,797
	808	9,621	6,730
		16,028	11,760
		110,782	111,507
1,532		11,658	12,221
	11,165	166,465	129,751
<u>25,105</u>	<u>12,073</u>	<u>509,843</u>	<u>548,459</u>
87,107		116,198	144,842
	94,395	2,086,854	1,556,078
<u>112,212</u>	<u>106,468</u>	<u>2,712,895</u>	<u>2,249,379</u>
100,478	353,631	4,680,428	4,916,546
		107,560	52,286
88,646	482,190	3,668,851	3,222,078
<u>\$ 189,124</u>	<u>\$ 835,821</u>	<u>\$ 8,456,839</u>	<u>\$ 8,190,910</u>

**CITY OF KENYON, MINNESOTA**  
**PROPRIETARY FUNDS**  
**Statement of Revenues, Expenses and**  
**Changes in Net Position**

For the Year Ended December 31, 2014  
*With Comparative Totals for the Year Ended December 31, 2013*

	Business-Type Activities - Enterprise Funds		
	601 Water Fund	602 Sewer Fund	603 Electric Fund
<b>Operating Revenues</b>			
Sales and charges for services	\$ 244,575	\$ 277,250	\$ 1,966,791
<b>Operating Expenses</b>			
Cost of sales			
Power costs			1,112,647
Conservation improvement program			22,776
Salaries and wages	111,483	68,970	235,645
Supplies	5,274	8,000	4,299
Professional services	1,288	12,711	4,825
Insurance	2,946	6,438	55,980
Utilities	14,296	50,907	28,581
Repairs and maintenance	7,904	24,695	10,763
Depreciation	65,627	150,870	148,683
Dues and subscriptions	921	1,450	33,608
Other services	3,894	455	826
Safety	161		9,455
Generator expense			22,467
Shared facility charge	7,800		31,200
Other operating expense	7,085	1,125	11,830
Total Operating Expenses	<u>228,679</u>	<u>325,621</u>	<u>1,733,585</u>
Operating Income (Loss)	<u>15,896</u>	<u>(48,371)</u>	<u>233,206</u>
<b>Nonoperating Revenues (Expenses)</b>			
Miscellaneous revenue	457	4,262	6,859
CapX 2020 transmission revenue			13,341
Dividend	463	1,001	8,720
Connection fees	5,064	4,220	1,749
Intergovernmental	173		713
Property taxes		92,552	
Special assessments	338	5,126	2,003
Investment income	1,756	4,387	8,496
Loss on disposal of capital assets	(5,133)	(21,845)	
Miscellaneous expense			(503)
Interest expense	(5,926)	(18,995)	(562)
Total Nonoperating Revenues (Expenses)	<u>(2,808)</u>	<u>70,708</u>	<u>40,816</u>
Income Before Transfers	13,088	22,337	274,022
Transfers out			(66,693)
Change in net position	13,088	22,337	207,329
<b>Net Position - Beginning</b>	<u>1,245,313</u>	<u>2,298,830</u>	<u>3,644,997</u>
<b>Net Position - End of Year</b>	<u>\$ 1,258,401</u>	<u>\$ 2,321,167</u>	<u>\$ 3,852,326</u>

**See Notes to Financial Statements**

Business-Type Activities - Enterprise Funds

609 Liquor Fund	605 Storm Sewer Fund	TOTALS	
		2014	2013
\$ 674,822	\$ 40,072	\$ 3,203,510	\$ 3,219,311
444,431		444,431	448,876
		1,112,647	1,185,128
		22,776	15,403
119,807	7,670	543,575	489,024
3,610		21,183	26,392
		18,824	20,702
11,015		76,379	76,983
15,913		109,697	115,294
5,615	5,282	54,259	72,999
21,733	24,863	411,776	407,938
1,088		37,067	39,219
18,789		23,964	29,382
		9,616	13,459
		22,467	41,009
		39,000	39,000
21,534	100	41,674	38,311
<u>663,535</u>	<u>37,915</u>	<u>2,989,335</u>	<u>3,059,119</u>
11,287	2,157	214,175	160,192
10,858		22,436	28,736
		13,341	
759	117	11,060	12,308
		11,033	4,126
		886	886
		92,552	
	114	7,581	49,080
227	2,213	17,079	19,800
		(26,978)	
		(503)	(750)
(2,603)	(1,954)	(30,040)	(19,758)
<u>9,241</u>	<u>490</u>	<u>118,447</u>	<u>94,428</u>
20,528	2,647	332,622	254,620
		(66,693)	(67,673)
20,528	2,647	265,929	186,947
<u>168,596</u>	<u>833,174</u>	<u>8,190,910</u>	<u>8,003,963</u>
<u>\$ 189,124</u>	<u>\$ 835,821</u>	<u>\$ 8,456,839</u>	<u>\$ 8,190,910</u>

**CITY OF KENYON, MINNESOTA  
PROPRIETARY FUNDS  
Statement of Cash Flows**

For the Year Ended December 31, 2014

*With Comparative Totals for the Year Ended December 31, 2013*

	Business-Type Activities - Enterprise Funds		
	601	602	603
	Water Fund	Sewer Fund	Electric Fund
<b>Cash Flows From Operating Activities</b>			
Cash received from customers	\$ 244,497	\$ 277,250	\$ 1,937,704
Cash payments to suppliers	(50,873)	(167,846)	(1,355,254)
Cash payments to employees	(111,539)	(69,529)	(228,458)
Other cash receipts (payments)	602		3,666
Net Cash Provided By Operating Activities	82,687	39,875	357,658
<b>Cash Flows From Capital and Related Financing Activities</b>			
Acquisition and construction of capital assets	(6,086)	(655,499)	(19,561)
Refunds from over payment of capital assets	31,578	15,129	4,500
Proceeds for sale of capital assets		10,000	
Bond proceeds		697,241	
Principal payments on bonds	(34,385)	(81,011)	(3,190)
Interest paid on bonds	(6,144)	(15,834)	(574)
Connection fees received	5,064	4,220	1,749
Property taxes received		90,742	
Special assessments received		22,298	
Net Cash Used In Capital and Related Financing Activities	(9,973)	87,286	(17,076)
<b>Cash Flows From Non-Capital Financing Activities</b>			
Transfers to other funds			(66,693)
Increase (decrease) in advances to other funds	(7,814)	7,814	44,765
Increase (decrease) in due to other funds		76	(725)
Other income (expense)	1,093	5,263	29,130
Net Cash Provided By (Used In) Non-Capital Financing Activities	(6,721)	13,153	6,477
<b>Cash Flows From Investing Activities</b>			
Investment earnings received	1,756	4,443	8,431
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	67,749	144,757	355,490
<b>Cash and Cash Equivalents, Beginning of Year</b>	369,229	707,276	1,022,491
<b>Cash and Cash Equivalents, End of Year</b>	\$ 436,978	\$ 852,033	\$ 1,377,981

**Reconciliation of Operating Income to Net Cash Provided by Operating Activities**

Operating Income (Loss)	\$ 15,896	\$ (48,371)	\$ 233,206
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	65,627	150,870	148,683
(Increase) Decrease In:			
Accounts receivable	(78)		(29,087)
Inventory	693		1,128
Prepaid items	(194)	(771)	12,332
Increase (Decrease) In:			
Accounts payable	197	(61,294)	(11,991)
Accrued liabilities	(56)	(559)	(279)
Customer deposits	602		3,666
Net Cash Provided By Operating Activities	\$ 82,687	\$ 39,875	\$ 357,658

**See Notes to Financial Statements**

Business-Type Activities - Enterprise Funds

609		605		TOTALS	
Liquor Fund	Storm Sewer	2014	2013		
\$ 675,336	\$ 40,072	\$ 3,174,859	\$ 3,200,151		
(538,699)	(5,304)	(2,117,976)	(2,128,108)		
(118,443)	(7,670)	(535,639)	(496,099)		
		4,268	1,283		
<u>18,194</u>	<u>27,098</u>	<u>525,512</u>	<u>577,227</u>		
	(58,000)	(739,146)	(1,259,763)		
	15,750	66,957			
		10,000			
		697,241	1,069,604		
	(11,165)	(129,751)	(29,000)		
(2,603)	(1,994)	(27,149)	(19,839)		
		11,033	4,126		
		90,742			
		22,298	17,202		
<u>(2,603)</u>	<u>(55,409)</u>	<u>2,225</u>	<u>(217,670)</u>		
		(66,693)	(67,673)		
(20,830)		23,935	23,055		
	(151)	(800)	(510)		
11,617	117	47,220	41,179		
<u>(9,213)</u>	<u>(34)</u>	<u>3,662</u>	<u>(3,949)</u>		
233	2,196	17,059	20,056		
6,611	(26,149)	548,458	375,664		
56,913	505,089	2,660,998	2,285,334		
<u>\$ 63,524</u>	<u>\$ 478,940</u>	<u>\$ 3,209,456</u>	<u>\$ 2,660,998</u>		
\$ 11,287	\$ 2,157	\$ 214,175	\$ 160,192		
21,733	24,863	411,776	407,938		
514		(28,651)	(19,160)		
(7,122)		(5,301)	6,692		
(336)	(22)	11,009	(4,381)		
(9,246)	100	(82,234)	41,160		
1,364		470	(16,497)		
		4,268	1,283		
<u>\$ 18,194</u>	<u>\$ 27,098</u>	<u>\$ 525,512</u>	<u>\$ 577,227</u>		

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**CITY OF KENYON, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2014**

# CITY OF KENYON, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies

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The City of Kenyon, Minnesota was first incorporated in 1856. The City operates under the “optional Plan A” form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Four Council members are each elected to four year terms and the Mayor is elected to a two year term.

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 Kenyon Public Utilities Commission (the Commission) is considered to be part of the City. The Commission was established and statutory authority is provided in accordance with chapter 412.321 of the Minnesota statutes. The Commission has three council approved members who serve overlapping three year terms. Minnesota statutes provide the Council all the discretionary authority necessary to operate the utilities except as its powers have been delegated to the Commission. The Utility funds are blended and included with the proprietary funds in this report.

#### Reporting Entity

In accordance with GASB Statement No. 14 the City’s financial statements include the primary government and the component units of the City of Kenyon, defined as follows:

*Primary Government* - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Kenyon.

*Component Units* - Component units are legally separate organizations for which the elected officials of the City of Kenyon are financially accountable or for which the nature or significance of their relationship with the City of Kenyon would cause the general purpose financial statements to be misleading or incomplete. Because its sole purpose is to encourage future development within the City, the Kenyon Economic Development Authority (EDA), has been reported as a blended component unit in the financial statements of the City of Kenyon.

The Economic Development Authority (EDA) of the City was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the Council. The EDA board consists of two council members and three representatives from local business. The EDA activities are blended and reported in a separate special revenue fund.

The Council has designated the South Eastern Multi-County Housing & Redevelopment Authority (SEMMCHRA) as the City’s Housing and Redevelopment Authority (HRA). The activity flowing through the City is accounted for as a special revenue fund.

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 primary government. The blended component units have a December 31 year end.

# CITY OF KENYON, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS

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### 1. Summary of Significant Accounting Policies (Continued)

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#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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.

#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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.

# CITY OF KENYON, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### 1. Summary of Significant Accounting Policies (Continued)

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#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

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 received before eligibility requirements other than time requirements are met are recorded as unearned revenue. Grants received before time requirements are met are recorded as a deferred inflow of resources.

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

The *Capital Outlay fund* accounts for activities of its related capital projects.

The City reports the following major proprietary funds:

The *Water fund* accounts for the provisions of water services to the residents of the City.

The *Sewer fund* accounts for the provisions of sewer services to the residents of the City.

The *Electric fund* accounts for the provisions of electric services to the residents of the City.

The *Liquor fund* accounts for the activities of the liquor store.

The *Storm Sewer fund* accounts for the provisions of storm water services to the residents of the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds 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.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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# CITY OF KENYON, MINNESOTA

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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### 1. Summary of Significant Accounting Policies (Continued)

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#### Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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.

#### Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary accounting is employed as a management control for funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and may be amended by formal council action. All budget appropriations lapse at the end of the fiscal year.

#### Assets, Liabilities, Deferred Inflows of Resources and Net Position

##### Cash and Investments

Except where otherwise required, the City maintains all deposits in bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

The City has designated cash and cash equivalents as demand deposits and all investments with an original maturity of twelve months or less.

##### Accounts Receivable

Accounts receivable include amounts billed for services provided before year end. Unbilled utility enterprise fund receivables are also included for services provided in 2014. The enterprise fund accounts receivable are reported net of an allowance for uncollectible accounts.

##### Property Taxes

Property tax levies are set by the City Council in December of each year and are certified to the County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. Delinquent taxes receivable are fully offset by deferred inflow of resources in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)

Property Taxes (continued)

The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues from property taxes are accrued and recognized in the year collectable, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of July and December.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market. The cost of inventories are recorded as expense when consumed rather than when purchased.

Prepaid Items

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

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund loans are classified as "advances from other funds" or "advances to other funds".

Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to ten years with interest charges of 2.0% to 6.4%. Revenue from these assessments is recognized when the City certifies the assessment in the government wide financial statements and as the annual installments become collectible in the fund financial statements. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. Delinquent assessments receivable are fully offset by deferred inflow of resources in the governmental funds of the fund financial statements because they are not known to be available to finance current expenditures.

Tax Increment Districts

Property tax revenues received on tax increment districts are recorded in the related TIF debt service fund.

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 government as assets with an initial, individual cost of more than \$5,000. 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.

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**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)*

Capital Assets (continued)

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed, net of interest earned on the invested debt proceeds over the same period.

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life in Years
Land improvements	5 - 30
Buildings and structures	7 - 40
Infrastructure	25 - 50
Equipment and machinery	5 - 40
Transportation equipment	3 - 50
Roads and highways	20 - 50

Compensated Absences

It is the City's policy to permit employees to accumulate a limited amount of earned but unused paid time off which is paid to the employees upon separation. PTO is accrued when incurred in the government-wide and proprietary fund financial statements. A liability is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirement. The General fund is typically used to liquidate governmental compensated absences payable.

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)*

*Long-term Obligations (continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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.

*Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses or revenues/income initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses or revenues/income in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

*Concentration of Credit Risk*

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts receivable. Credit risk associated with cash and investments are discussed in Note 2.

The City's accounts receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Kenyon.

*Net Position / Fund Balance*

In the government-wide and proprietary financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt attributed to the acquisition, construction, or improvement of the assets.

Restricted Net Position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted Net Position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position.”

In accordance with Government Accounting Standards Board 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual restraints.

Restricted – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**1. Summary of Significant Accounting Policies (Continued)**

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*Assets, Liabilities, Deferred Inflows of Resources and Net Position (continued)*

*Net Position / Fund Balance (continued)*

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City Council through formal action (Resolution) and remain binding unless removed by the City Council by subsequent formal action.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. The City Council, by majority vote, may assigned fund balances to be used for specific purposes when appropriate. The council also delegates the power to assign fund balances to the following: city administrator.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The City uses restricted/committed amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring for dollar spending. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

Reclassifications

Certain amounts in the 2013 financial statements have been reclassified to conform to the 2014 presentation.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**2. Cash and Investments**

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Summary of Cash and Investments

As of December 31, 2014, the City's cash and investments consisted of the following items, all of which are held in an internal cash and investment pool:

<u>Cash and Investments</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
Cash	None	N/A	\$ 1,128,539
Money Market Mutual Funds	None	N/A	869,269
Municipal Bonds	February 2015	AAA	50,080
Non-Negotiable CD's	January 2015 - August 2017	Unrated	2,918,907
Total			<u>\$ 4,966,795</u>

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- a) Direct obligations or obligations guaranteed by the United States or its agencies.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- c) General obligations of the State of Minnesota or its municipalities.
- d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer in to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Collateralization of Cash Deposits

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name.

Minnesota Statutes require that all City deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**2. Cash and Investments (Continued)**

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Authorized collateral includes certain state or local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Interest Rate Risk

The City does not have a formal investment policy that limits its investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has no investment policy that would limit its investment choices.

Concentration of Credit Risk

The City places no limit on the amount the City may invest in any one issuer.

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**3. Due From Other Governmental Units**

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Amounts due from other governmental units at December 31, 2014 are as follows:

<u>Fund</u>	<u>Goodhue County</u>
General	\$ 15,925
Trondheim Road Extension	991
2007 G.O. Refunding Bonds	642
Water	951
Sewer	1,810
Electric	<u>1,727</u>
Total	<u><u>\$ 22,046</u></u>

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**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**4. Capital Assets**

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets, not being depreciated:				
Land	\$ 1,216,097	\$	\$	\$ 1,216,097
Construction in progress	13,059			13,059
<b>Total capital assets, not being depreciated</b>	<b>1,229,156</b>			<b>1,229,156</b>
Capital assets, being depreciated:				
Buildings/improvements	1,726,378			1,726,378
Vehicles, machinery, and equipment	1,312,182	9,875		1,322,057
Infrastructure	2,408,843			2,408,843
<b>Total capital assets, being depreciated</b>	<b>5,447,403</b>	<b>9,875</b>		<b>5,457,278</b>
Less accumulated depreciation for:				
Buildings/improvements	742,176	46,297		788,473
Machinery and equipment	876,475	57,809		934,284
Infrastructure	771,464	67,895		839,359
<b>Total accumulated depreciation</b>	<b>2,390,115</b>	<b>172,001</b>		<b>2,562,116</b>
<b>Total capital assets, being depreciated, net</b>	<b>3,057,288</b>	<b>(162,126)</b>		<b>2,895,162</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 4,286,444</b>	<b>\$ (162,126)</b>	<b>\$</b>	<b>\$ 4,124,318</b>

**Governmental Activities:**

General government	\$ 15,346
Public safety	42,256
Streets and highways	92,221
Culture and recreation	22,178
<b>Total depreciation expense - governmental activities</b>	<b>\$ 172,001</b>

CITY OF KENYON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

<b>Business-Type Activities</b>	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 57,185	\$	\$	\$ 57,185
Construction in progress	886,893		886,893	
Total capital assets, not being depreciated	944,078		886,893	57,185
Capital assets, being depreciated:				
Buildings and structures	5,435,611	1,513,899	23,097	6,926,413
Infrastructure	5,460,758	27,845	313,984	5,174,619
Machinery and other equipment	615,324	194,988	130,778	679,534
Transportation equipment	340,672		36,703	303,969
Office furniture and equipment	44,890	4,742		49,632
Generators	2,395,536			2,395,536
Total capital assets, being depreciated	14,292,791	1,741,474	504,562	15,529,703
Less accumulated depreciation for:				
Buildings and structures	4,010,992	242,318	30,045	4,223,265
Infrastructure	2,586,510	42,058	119,509	2,509,059
Machinery and other equipment	400,227	29,759	98,935	331,051
Transportation equipment	209,268	17,782	36,703	190,347
Office furniture and equipment	38,926	1,373		40,299
Generators	1,280,634	78,486		1,359,120
Total accumulated depreciation	8,526,557	411,776	285,192	8,653,141
Total capital assets, being depreciated, net	5,766,234	1,329,698	219,370	6,876,562
Business-type activities capital assets, net	\$ 6,710,312	\$1,329,698	\$1,106,263	\$ 6,933,747

**Business-Type Activities:**

Water	\$ 65,627
Sewer	150,870
Electric	148,683
Storm Water	24,863
Liquor	21,733
Total depreciation expense - business-type activities	\$ 411,776

CITY OF KENYON, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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5. Long-Term Debt

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The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

**General Obligation Improvement Bonds:**

The 2007A G.O. Refunding bonds were issued to refund the 1999 G.O. Improvement and 2000 Public Project Revenue Bonds and to finance construction of various improvements. The 2012A Bonds were issued to finance the Highway 56 project. These bonds are payable primarily from ad valorem tax levies, user fees, and are backed by the full faith and credit of the City.

**General Obligation Revenue Bonds:**

The 2003 G.O. Water (PFA) Revenue Bonds were issued to finance improvements to the water treatment plant and distribution system. The 2010 G.O. Utility Revenue Bonds were issued to finance improvements to the water and sewer system. These bonds are payable primarily from user fees and special assessments and are backed by the full faith and credit of the City. The 2013 G.O. Sewer (PFA) Revenue Bonds were issued to finance the 2013 Sanitary Sewer Project and the Waste Water Treatment Plant Project.

A summary of interest rates, maturities and December 31, 2014 balances is as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2014
General Obligation Improvement Bonds			
Series 2007A Refunding	3.75 - 4.20%	2020	\$ 490,000
Series 2012A	0.85 - 2.75%	2023	520,000
General Obligation Revenue Bonds			
Series 2003 Water (PFA)	3.24%	2016	23,000
Series 2010 Utility	2.90%	2018	67,000
Series 2013 Sewer (PFA)	1.0%	2033	<u>1,714,559</u>
Total			<u>\$ 2,814,559</u>

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**5. Long-Term Debt (Continued)**

The changes in the Long-Term Debt of the City during the year ended December 31, 2014 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>GOVERNMENTAL ACTIVITIES</b>					
General Obligation Improvement Bonds:					
Series 2007A Refunding	\$ 585,000	\$	\$ 95,000	\$ 490,000	\$ 100,000
Series 2012A	78,775		7,535	71,240	7,535
Unamortized Discount	(12,003)		(1,973)	(10,030)	
Compensated Absences	20,849		1,180	19,669	19,669
Governmental Activities Long-term Liabilities	<u>672,621</u>		<u>101,742</u>	<u>570,879</u>	<u>127,204</u>
<b>BUSINESS-TYPE ACTIVITIES</b>					
General Obligation Revenue Bonds:					
Series 2003 Water (PFA)	35,000		12,000	23,000	12,000
Series 2010 Utility	85,000		18,000	67,000	18,000
Series 2013 Sewer (PFA)	1,069,604	697,241	52,286	1,714,559	89,000
General Obligation Improvement Bonds:					
Series 2012A	496,225		47,465	448,760	47,465
Compensated Absences	12,221		563	11,658	11,658
Business-type Activities Long-term Liabilities	<u>1,698,050</u>	<u>697,241</u>	<u>130,314</u>	<u>2,264,977</u>	<u>178,123</u>
Total	<u>\$ 2,370,671</u>	<u>\$ 697,241</u>	<u>\$ 232,056</u>	<u>\$ 2,835,856</u>	<u>\$ 305,327</u>

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**5. Long-Term Debt (Continued)**

The annual requirements to amortize all long-term debt outstanding as of December 31, 2014 are summarized below.

Years	General Obligation Improvement Bonds		General Obligation Revenue Bonds / Notes	
	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>				
2015	\$ 107,535	\$ 19,511		
2016	82,535	15,894		
2017	82,535	12,726		
2018	82,535	9,502		
2019	87,535	6,119		
2020-2023	118,565	3,576		
Totals	<u>\$ 561,240</u>	<u>\$ 67,329</u>		
<u>Business-Type Activities</u>				
2015	\$ 47,465	\$ 8,073	\$ 119,000	\$ 21,118
2016	47,465	7,574	120,000	19,316
2017	47,465	6,981	111,000	17,495
2018	47,465	6,281	102,000	16,005
2019	47,465	5,474	93,000	14,940
2020-2024	211,435	11,283	480,000	60,550
2025-2029			500,000	36,150
2030-2033			279,559	10,590
Totals	<u>\$ 448,760</u>	<u>\$ 45,665</u>	<u>\$ 1,804,559</u>	<u>\$ 196,164</u>

The City is subject to a statutory limitation by the State of Minnesota for bonded indebtedness payable principally from property taxes, net of debt service cash and investments available to pay these bonds. The limitation is two percent of the City's estimated market valuation. At December 31, 2014 the City did not exceed the statutory limitation.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**6. Individual Fund Disclosures**

Transfers during the year ended December 31, 2014 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 66,693	\$ 83,504
Special Revenue Funds:		
Fire		30,000
Capital Project Funds:		
Capital Outlay	113,504	42,668
Debt Service Funds:		
2012A G.O. Improvement Bond	42,668	
Enterprise Funds:		
Electric		66,693
Total Transfers	<u>\$ 222,865</u>	<u>\$ 222,865</u>

The amounts due to and from and advanced to and from other funds at December 31, 2014, at the individual fund level are summarized below:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 71,126	\$
Enterprise Funds:		
Water	992	
Sewer	24,785	11,307
Electric	10,315	99,475
Storm Water	3,564	
	<u>\$ 110,782</u>	<u>\$ 110,782</u>
	<u>Advances To Other Funds</u>	<u>Advances From Other Funds</u>
Capital Project Funds:		
Trondheim Road Extension	\$	\$ 50,643
Enterprise Funds:		
Water	29,091	
Sewer		29,091
Electric	137,750	
Liquor		87,107
	<u>\$ 166,841</u>	<u>\$ 166,841</u>

The following funds had deficit fund balances as of December 31, 2014.

Trondheim Road Extension	\$ 47,584
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Excess of expenditures over appropriations at the individual fund level during 2014 are as follows:

General Fund	\$ 34,466
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All excess expenditures were the result of planned processes.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**7. Fund Equity**

The City has restricted portions of fund balance in the fund financial statements and fund equity in the government-wide financial statements. The restricted fund balance / equity represents the portion not available for expenditure or legally segregated for specific use. A summary of the restricted portion of the fund balance / equity at December 31, 2014 is as follows:

Specific Purpose	Restriction Imposed By			
	Contributors	Grantors	Creditors	Regulations
<b>Restricted Fund Balance</b>				
Special Purpose Donation Fund:				
Public safety	\$ 11,975	\$	\$	\$
Culture and recreation	19,869			
2004 Tax Abatement TIF / Sun Home Fund:				
Tax increment financing plan				139
Police Forfeiture Fund:				
Public safety				790
Debt Service Funds:				
Debt service requirements			137,542	
Total Restricted Fund Balance	<u>\$ 31,844</u>	<u>\$</u>	<u>\$ 137,542</u>	<u>\$ 929</u>
<b>Restricted Net Position</b>				
Public safety	\$ 11,975	\$	\$	\$
Culture and recreation	19,869			
Tax increment financing plan				139
Public safety				790
Debt service requirements			245,102	
Total Restricted Net Position	<u>\$ 31,844</u>	<u>\$</u>	<u>\$ 245,102</u>	<u>\$ 929</u>

The City has committed and assigned portions of the fund equity in the governmental funds. A summary of the committed and assigned portion of the fund equity at December 31, 2014 is as follows:

Specific Purpose	Fire	Library	Economic Development Authority	Special Purpose Donations
<b>Assigned Fund Balance</b>				
Public safety	\$ 32,558	\$	\$	\$
Culture and recreation		50,084		4,247
Economic development			126,259	
Total Assigned Fund Balance	<u>\$ 32,558</u>	<u>\$ 50,084</u>	<u>\$ 126,259</u>	<u>\$ 4,247</u>

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**7. Fund Equity (Continued)**

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	Capital Outlay Fund
<b>Committed Fund Balance:</b>	
General government	\$ 51,646
Industrial park	15,230
Gunderson house	7,008
Police department	26,413
Fire department	278,529
First responders	10,042
Street department	289,499
Library	8,567
Pool	16,297
Total Committed Fund Balance	<u>\$ 703,231</u>

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**8. Commitments and Contingencies**

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The City participates in a number of federal and state agency assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The City does not anticipate any audit adjustments or disallowed program expenditures that would be material in relation to the general purpose financial statements taken as a whole.

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**9. Defined Benefit Pension Plans - Statewide**

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*Plan Description*

All full-time and certain part-time employees of the City of Kenyon, Minnesota are covered by defined benefit pension 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. This 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. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state 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.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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**9. Defined Benefit Pension Plans – Statewide (Continued)**

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Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. The annuity accrual rate is 1.9 percent for each year of service for PECF members. For all PEPFF members, PECF members, and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF and PECF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org), by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

Funding Policy

*Minnesota Statutes* Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members are required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members, 7.25% for Coordinated Plan GERF Members, and 15.3% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were \$46,595, \$46,493, and \$41,472, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2014, 2013, and 2012 were \$24,803, \$21,015, and \$18,837, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**10. Risk Management**

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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. The City carries insurance for employee health, liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2014.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, total contributions, plus compounded earnings on those contributions will be sufficient to satisfy claims liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2014. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

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**11. Fireman's Relief Association**

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All members of the Kenyon Fire Department (the Department) are covered by a defined contribution plan administered by the Kenyon Firemen's Relief Association (the Association). The plan is a single employer retirement plan and is established and administered in accordance with Minnesota statute, chapter 424A. Each fully vested member is eligible for a lump sum payment, upon retirement, to the member's account based on the share of plan assets credited to the members account.

The Association maintains a separate Special fund to accumulate assets to fund the retirement benefits earned by the Fire Department's membership.

The Association issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Kenyon Firemen's Relief Association, 709 Second Street, Kenyon, Minnesota 55946

Contributions totaling \$26,328 were received by the Fire Relief from the State (through the City), in accordance with Minnesota statute requirements for the year ended December 31, 2014.

**CITY OF KENYON, MINNESOTA**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**12. Accounting Standards Issued But Not Yet Adopted**

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GASB 68, *Accounting and Financial Reporting for Pensions* will be effective for the City beginning with its year ending December 31, 2015. This Statement requires the reporting of unfunded pension liabilities in the government-wide and proprietary financial statements. Management has not determined the impact adoption of this new standard will have on the City's financial position.

**CITY OF KENYON, MINNESOTA**  
**COMBINING AND INDIVIDUAL FUND STATEMENTS**  
**DECEMBER 31, 2014**

**CITY OF KENYON, MINNESOTA  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2014

	Special Revenue			
	203	204	205	210
	Fire	Library	Economic Development Authority	Police Forfeiture
<b>ASSETS</b>				
Cash and investments	\$ 39,063	\$ 30,189	\$ 123,331	\$ 790
Accounts receivable	2,100	21,587	3,700	
Special assessments receivable				
Deferred				
Accrued interest receivable	9	7	28	
Due from other governments				
Prepaid items	4,882	1,371	471	
<b>TOTAL ASSETS</b>	<b>\$ 46,054</b>	<b>\$ 53,154</b>	<b>\$ 127,530</b>	<b>\$ 790</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>				
<b>Liabilities:</b>				
Accounts payable	\$ 7,114	\$ 939	\$	\$
Accrued liabilities		760		
Customer deposits			800	
Unearned revenue	1,500			
Advances from other funds				
<b>Total Liabilities</b>	<b>8,614</b>	<b>1,699</b>	<b>800</b>	
<b>Deferred Inflows of Resources</b>				
Unavailable revenue:				
Special assessments				
<b>Fund Balance:</b>				
Nonspendable:				
Prepaid items	4,882	1,371	471	
Restricted:				
Special purpose contributions				
Tax increment districts				
Public safety				790
Creditors				
Assigned	32,558	50,084	126,259	
Unassigned				
<b>Total Fund Balance</b>	<b>37,440</b>	<b>51,455</b>	<b>126,730</b>	<b>790</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 46,054</b>	<b>\$ 53,154</b>	<b>\$ 127,530</b>	<b>\$ 790</b>

Special Revenue		Debt Service			Total Nonmajor Governmental Funds
230 Special Purpose Donations	402/403 2004 Tax Abatement TIF/ Sun Home	409 Trondheim Road Extension	301 2012 G.O. Improvement Bond	307 2007 G.O. Refunding Bonds	
\$ 37,612	\$ 139	\$ 2,068	\$ 33,787	\$ 103,113	\$ 370,092 27,387
		102,867			102,867
9		991		642	53 1,633 6,724
<u>\$ 37,621</u>	<u>\$ 139</u>	<u>\$ 105,926</u>	<u>\$ 33,787</u>	<u>\$ 103,755</u>	<u>\$ 508,756</u>
\$ 1,530	\$	\$	\$	\$	\$ 9,583 760 800 1,500 50,643
		50,643			50,643
<u>1,530</u>		<u>50,643</u>			<u>63,286</u>
		102,867			102,867
					6,724
31,844					31,844
	139				139
			33,787	103,755	790 137,542
4,247		(47,584)			213,148 (47,584)
<u>36,091</u>	<u>139</u>	<u>(47,584)</u>	<u>33,787</u>	<u>103,755</u>	<u>342,603</u>
<u>\$ 37,621</u>	<u>\$ 139</u>	<u>\$ 105,926</u>	<u>\$ 33,787</u>	<u>\$ 103,755</u>	<u>\$ 508,756</u>

**CITY OF KENYON, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2014

	Special Revenue			
	203 Fire	204 Library	205 Economic Development Authority	210 Police Forfeiture
<b>REVENUES</b>				
General property taxes	\$ 23,240	\$ 101,770	\$ 14,300	\$
Tax increment				
Special assessments				
Intergovernmental revenues	29,328	42,954		
Charges for services	71,558			
Fines and forfeitures		1,116		
Investment income	161	87	502	
Donations				
Miscellaneous revenues	678	766	12,512	
<b>TOTAL REVENUES</b>	<b>124,965</b>	<b>146,693</b>	<b>27,314</b>	
<b>EXPENDITURES</b>				
Public safety	82,354			
Culture and recreation		145,866		
Economic development			8,222	
Principal				
Interest and other				
<b>TOTAL EXPENDITURES</b>	<b>82,354</b>	<b>145,866</b>	<b>8,222</b>	
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>42,611</b>	<b>827</b>	<b>19,092</b>	
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfer in				
Transfers out	(30,000)			
Total other financing sources (uses)	(30,000)			
Net change in fund balances	12,611	827	19,092	
<b>Fund Balance - Beginning</b>	<b>24,829</b>	<b>50,628</b>	<b>107,638</b>	<b>790</b>
<b>Fund Balance - Ending</b>	<b>\$ 37,440</b>	<b>\$ 51,455</b>	<b>\$ 126,730</b>	<b>\$ 790</b>



**CITY OF KENYON, MINNESOTA**  
**FIRE FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
With Comparative Totals for the Years Ended December 31, 2014 and 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
<b>Local Taxes</b>					
General tax levy	\$ 22,555	\$ 22,555	\$ 23,240	\$ 685	\$ 19,036
<b>Intergovernmental Revenues</b>					
Fire state aid	17,000	17,000	26,328	9,328	24,656
Other state aid			3,000	3,000	2,000
Total Intergovernmental	17,000	17,000	29,328	12,328	26,656
<b>Charges for Services</b>					
Fire contracts	72,380	72,380	71,558	(822)	73,443
<b>Investment Income</b>					
	105	105	161	56	161
<b>Miscellaneous Revenues</b>					
Dividends	500	500	678	178	1,985
<b>TOTAL REVENUES</b>	<b>112,540</b>	<b>112,540</b>	<b>124,965</b>	<b>12,425</b>	<b>121,281</b>
<b>EXPENDITURES</b>					
Employee services	4,920	4,920	5,422	(502)	4,467
Supplies	12,320	12,320	10,024	2,296	12,219
Repairs and maintenance	14,600	14,600	8,338	6,262	3,453
Professional services	3,000	3,000	3,000		3,000
Training	11,450	11,450	6,469	4,981	6,858
Insurance	4,050	4,050	3,991	59	4,902
Utilities	5,885	5,885	7,344	(1,459)	6,480
Fire state aid	17,000	17,000	29,328	(12,328)	24,656
Capital outlay	2,000	2,000		2,000	9,670
Other services and charges	8,000	8,000	8,438	(438)	7,564
<b>TOTAL EXPENDITURES</b>	<b>83,225</b>	<b>83,225</b>	<b>82,354</b>	<b>871</b>	<b>83,269</b>
<b>Excess of revenues over expenditures</b>	<b>29,315</b>	<b>29,315</b>	<b>42,611</b>	<b>13,296</b>	<b>38,012</b>
<b>OTHER FINANCING USES</b>					
Transfers out	(30,000)	(30,000)	(30,000)		(38,000)
<b>Net Change in Fund Balance</b>	<b>(685)</b>	<b>(685)</b>	<b>12,611</b>	<b>13,296</b>	<b>12</b>
<b>FUND BALANCE - Beginning</b>	<b>24,829</b>	<b>24,829</b>	<b>24,829</b>		<b>24,817</b>
<b>FUND BALANCE - Ending</b>	<b>\$ 24,144</b>	<b>\$ 24,144</b>	<b>\$ 37,440</b>	<b>\$ 13,296</b>	<b>\$ 24,829</b>

**CITY OF KENYON, MINNESOTA**  
**LIBRARY FUND**  
**Schedule of Revenues, Expenditures**  
**and Changes in Fund Balance - Budget and Actual**  
With Comparative Totals for the Years Ended December 31, 2014 and 2013

	Budgeted Amounts		2014 Actual Amounts	Variance with Final Budget - Positive (Negative)	2013 Actual Amounts
	Original	Final			
<b>REVENUES</b>					
<b>Local Taxes</b>					
General tax levy	\$ 100,800	\$ 100,800	\$ 101,770	\$ 970	\$ 100,799
<b>Intergovernmental Revenues</b>					
County aid	42,955	42,955	42,954	(1)	36,818
<b>Fines and Forfeitures</b>	1,000	1,000	1,116	116	1,353
<b>Investment Income</b>	105	105	87	(18)	148
<b>Miscellaneous Revenues</b>					
Dividends	100	100	377	277	573
Other	250	250	389	139	400
Total Miscellaneous Revenues	350	350	766	416	973
<b>TOTAL REVENUES</b>	145,210	145,210	146,693	1,483	140,091
<b>EXPENDITURES</b>					
Employee services	103,295	103,295	103,711	(416)	99,273
Books and other materials	25,300	25,300	25,684	(384)	20,491
Repairs and maintenance	250	250		250	
Training	1,000	1,000	332	668	271
Insurance	2,255	2,255	2,281	(26)	2,282
Utilities	5,930	5,930	6,204	(274)	5,337
Automation	6,000	6,000	5,891	109	5,418
Capital outlay	1,250	1,250	945	305	1,240
Other services and charges	900	900	818	82	654
<b>TOTAL EXPENDITURES</b>	146,180	146,180	145,866	314	134,966
<b>Net Change in Fund Balance</b>	(970)	(970)	827	1,797	5,125
<b>FUND BALANCE - Beginning</b>	50,628	50,628	50,628		45,503
<b>FUND BALANCE - Ending</b>	\$ 49,658	\$ 49,658	\$ 51,455	\$ 1,797	\$ 50,628

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**CITY OF KENYON, MINNESOTA**

**SUPPLEMENTAL INFORMATION**

**DECEMBER 31, 2014**

**CITY OF KENYON, MINNESOTA**  
**WATER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Operating Revenue</b>		
Charges for services	\$ 244,575	\$ 253,119
<b>Operating Expenses</b>		
Salaries and wages	111,483	95,312
Supplies	5,274	4,667
Professional services	1,288	1,016
Insurance	2,946	3,227
Utilities	14,296	15,008
Repairs and maintenance	7,904	14,341
Depreciation	65,627	68,970
Dues and subscriptions	921	744
Other services	3,894	3,715
Safety	161	14
Shared facility charge	7,800	7,850
Other operating expense	7,085	11,028
Total Operating Expenses	228,679	225,892
Operating Income	15,896	27,227
<b>Nonoperating Revenues (Expenses)</b>		
Miscellaneous revenue	457	315
Dividends	463	597
Connection fees	5,064	1,688
Intergovernmental	173	173
Special assessments	338	9,540
Investment income	1,756	1,633
Loss on disposal of capital assets	(5,133)	
Interest expense	(5,926)	(6,751)
Total Nonoperating Revenues (Expenses)	(2,808)	7,195
Change in net position	13,088	34,422
Net Position - Beginning of Year	1,245,313	1,210,891
Net Position - End of Year	\$ 1,258,401	\$ 1,245,313

**CITY OF KENYON, MINNESOTA**  
**SEWER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Operating Revenue</b>		
Charges for services	\$ 277,250	\$ 287,329
<b>Operating Expenses</b>		
Salaries and wages	68,970	55,859
Supplies	8,000	11,123
Professional services	12,711	15,422
Insurance	6,438	5,371
Utilities	50,907	58,664
Repairs and maintenance	24,695	18,957
Depreciation	150,870	140,071
Dues and subscriptions	1,450	3,930
Other services	455	414
Other operating expense	1,125	2,523
Total Operating Expenses	<u>325,621</u>	<u>312,334</u>
Operating Income (Loss)	<u>(48,371)</u>	<u>(25,005)</u>
<b>Nonoperating Revenues (Expenses)</b>		
Miscellaneous revenue	4,262	1,268
Dividends	1,001	993
Connection fees	4,220	1,688
Property taxes	92,552	
Special assessments	5,126	37,342
Investment income	4,387	4,176
Loss on disposal of capital assets	(21,845)	
Interest expense	(18,995)	(7,461)
Total Nonoperating Revenues (Expenses)	<u>70,708</u>	<u>38,006</u>
Change in net position	22,337	13,001
Net Position - Beginning of Year	<u>2,298,830</u>	<u>2,285,829</u>
Net Position - End of Year	<u>\$ 2,321,167</u>	<u>\$ 2,298,830</u>

**CITY OF KENYON, MINNESOTA**  
**ELECTRIC FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Operating Revenue</b>		
Charges for services	<u>\$ 1,966,791</u>	<u>\$ 1,974,661</u>
<b>Operating Expenses</b>		
Power costs	1,112,647	1,185,128
Conservation improvement program	22,776	15,403
Salaries and wages	235,645	233,746
Supplies	4,299	5,738
Professional services	4,825	4,264
Insurance	55,980	54,514
Utilities	28,581	26,992
Repairs and maintenance	10,763	25,230
Depreciation	148,683	152,890
Dues and subscriptions	33,608	33,497
Other services	826	444
Safety	9,455	13,445
Generator expense	22,467	41,009
Shared facility charge	31,200	31,150
Other operating expense	11,830	8,968
Total Operating Expenses	<u>1,733,585</u>	<u>1,832,418</u>
Operating Income	<u>233,206</u>	<u>142,243</u>
<b>Nonoperating Revenues (Expenses)</b>		
Miscellaneous revenue	6,859	8,827
CapX 2020 transmission revenue	13,341	
Dividends	8,720	8,765
Connection fees	1,749	750
Special assessments	2,003	2,198
Intergovernmental	713	713
Investment income	8,496	11,328
Miscellaneous expense	(503)	(750)
Interest expense	(562)	(634)
Total Nonoperating Revenues (Expenses)	<u>40,816</u>	<u>31,197</u>
<b>INCOME BEFORE TRANSFERS</b>	274,022	173,440
Transfers out	<u>(66,693)</u>	<u>(67,673)</u>
<b>Change in net position</b>	207,329	105,767
<b>Net Position - Beginning of Year</b>	<u>3,644,997</u>	<u>3,539,230</u>
<b>Net Position - End of Year</b>	<u><u>\$ 3,852,326</u></u>	<u><u>\$ 3,644,997</u></u>

**CITY OF KENYON, MINNESOTA**  
**LIQUOR FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Net Position**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Operating Revenue</b>		
Sales	\$ 674,822	\$ 664,247
Cost of sales	444,431	448,876
Gross Profit	230,391	215,371
<b>Operating Expenses</b>		
Salaries and wages	119,807	104,107
Supplies	3,610	4,864
Insurance	11,015	13,871
Utilities	15,913	14,630
Repairs and maintenance	5,615	12,189
Depreciation	21,733	22,411
Dues and subscriptions	1,088	1,048
Other services	18,789	24,809
Other operating expense	21,534	15,792
Total Operating Expenses	219,104	213,721
Operating Income	11,287	1,650
<b>Nonoperating Revenues (Expenses)</b>		
Miscellaneous revenue	10,858	18,326
Dividend	759	1,808
Investment income	227	189
Interest expense	(2,603)	(2,870)
Total Nonoperating Revenues (Expenses)	9,241	17,453
<b>INCOME BEFORE TRANSFERS</b>	20,528	19,103
Transfers out		
<b>Change in net position</b>	20,528	19,103
<b>Net Position - Beginning of Year</b>	168,596	149,493
<b>Net Position - End of Year</b>	\$ 189,124	\$ 168,596

**CITY OF KENYON, MINNESOTA**  
**STORM SEWER FUND**  
**Statement of Revenues, Expenses**  
**and Changes in Net Positon**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Operating Revenue</b>		
Charges for services	\$ 40,072	\$ 39,955
<b>Operating Expenses</b>		
Salaries and wages	7,670	
Repairs and maintenance	5,282	2,282
Depreciation	24,863	23,596
Other operating expense	100	
Total Operating Expenses	<u>37,915</u>	<u>25,878</u>
Operating Income	<u>2,157</u>	<u>14,077</u>
<b>Nonoperating Revenues (Expenses)</b>		
Dividend	117	145
Special assessments	114	
Investment income	2,213	2,474
Interest expense	(1,954)	(2,042)
Total Nonoperating Revenues (Expenses)	<u>490</u>	<u>577</u>
<b>Change in net position</b>	2,647	14,654
<b>Net Position - Beginning of Year</b>	<u>833,174</u>	<u>818,520</u>
<b>Net Position - End of Year</b>	<u>\$ 835,821</u>	<u>\$ 833,174</u>

**CITY OF KENYON, MINNESOTA**  
**PFA SEWER LOAN OF 2013**  
**LOAN RETIREMENT DEBT SERVICE FUND**  
**Supplemental Schedule of Revenues, Expenditures and Changes in Fund Balance**  
For the Years Ended December 31, 2014 and 2013

	2014	2013
<b>Revenues</b>	<u>\$ 107,560</u>	<u>\$ 52,286</u>
<b>Expenditures</b>		
Principal	52,286	
Interest		
Total Expenses	<u>52,286</u>	
<b>Excess Revenues</b>	55,274	52,286
<b>Fund Balance - Beginning of Year</b>	<u>52,286</u>	
<b>Fund Balance - End of Year</b>	<u><u>\$ 107,560</u></u>	<u><u>\$ 52,286</u></u>

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## AUDITOR'S REPORT ON COMPLIANCE

Honorable Mayor and Members  
of the City Council  
**City of Kenyon, Minnesota**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the financial statements of the City of Kenyon as of and for the year ended December 31, 2014 and have issued our report thereon dated March 2, 2015.

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

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

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

*Smith, Schaffer and Associates, Ltd.*

Rochester, Minnesota  
March 2, 2015