

DELANO WATER, LIGHT, AND POWER COMMISSION
(A COMPONENT UNIT OF THE CITY OF DELANO, MINNESOTA)

FINANCIAL STATEMENTS AND
STATISTICAL INFORMATION

YEAR ENDED DECEMBER 31, 2014

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INTRODUCTORY SECTION

**DELANO WATER, LIGHT, AND POWER COMMISSION
 ORGANIZATION SCHEDULE
 DECEMBER 31, 2014**

Board of Commissioners	Title	Term Expires
Jon Ness	Chairman	12/31/2017
Harlan Lewis	Vice Chair	12/31/2014 (passed away in July 2014)
Adam Steffl	Secretary	12/31/2015
Randy Keranen	Commissioner	12/31/2016
Derek Schansberg	Commissioner	12/31/2016
<u>City Council</u>		
Dale Graunke	Mayor	12/31/2018
Jack Russek	Council	12/31/2016
Derek Schansberg	Council	12/31/2014
Betsy Stolfa	Council	12/31/2016
Dan Vick	Council	12/31/2014
<u>Administration</u>		
Hal Becker	General Manager	Hired 3/16/1984

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Delano Water, Light, and Power Commission
Delano, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and each major fund of the Delano Water, Light, and Power Commission (the Commission), a component unit of the City of Delano, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Commission'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.

Auditors' Responsibility

Our responsibility is to express our opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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 business-type activities and each major fund of the Delano Water, Light, and Power Commission as of December 31, 2014, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Delano Water, Light, and Power Commission's 2013 financial statements of the business-type activities and each major fund and we expressed unmodified opinions on those financial statements in our report dated February 17, 2014. 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 Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Delano Water, Light, and Power Commission's basic financial statements. The supplementary fund schedules and schedule of largest utility users are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Matters (Continued)

Other Information (Continued)

The other information, as listed in the table of contents, 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 February 19, 2015, on our consideration of Delano Water, Light, and Power Commission'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 result 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 Delano Water, Light, and Power Commission's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
February 19, 2015

**DELANO WATER, LIGHT, AND POWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

This discussion and analysis of Delano Water, Light, and Power Commission's (Commission) performance provides an overview of the Commission's activities for the year ended December 31, 2014. The information presented should be read in connection with the financial statements and the accompanying notes to the financial statements.

Delano Water, Light, and Power Commission's financial statements are prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America. The financial statements include the statement of net position, the statement of revenues, expenses, and change in net position, and the statement of cash flows.

The statement of net position provides information about the nature of assets and obligations (liabilities) of Delano Water, Light, and Power Commission as of the end of the year. The statement of revenues, expenses, and change in net position reports revenues and expenses for each utility for the current year. The statement of cash flows reports cash receipts, cash payments, and net changes in cash resulting from operating, non-capital financing activities, capital and related financing activities, and investing activities.

FINANCIAL HIGHLIGHTS

- The assets of the Delano Water, Light, and Power Commission exceeded liabilities at the close of 2014 in the amount of \$20,156,053 (net position). This is an increase of \$110,289 over net position at the close of 2013.
- By far, the largest portion of the Delano Water, Light and Power Commission's net position (approximately 94%) reflects its investment in utility plant assets (e.g. buildings, structures and improvements, generating plant equipment, station equipment, distribution lines and distribution mains, meters, furniture and equipment, transportation equipment, power operated equipment, and communication equipment), less the related debt used to acquire those assets that is still outstanding. The Delano Water, Light, and Power Commission uses the utility plant assets to provide services to our customers, consequently, these assets are not available for future spending.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Delano Water, Light, and Power Commission is a political subdivision of the City of Delano, Minnesota and is responsible for the full operation and management of the electric and water system of the City. The annual report of the Delano Water, Light, and Power Commission includes the basic financial statements, the independent auditors' report, and notes detailing the financial statements and this management's discussion and analysis report. This report also includes supplementary information for each of the Delano Water, Light, and Power Commission's funds as well as other information.

**DELANO WATER, LIGHT, AND POWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

BASIC FINANCIAL STATEMENTS REQUIRED

The financial statements report information about the Delano Water, Light, and Power Commission using accepted accounting methods.

The statement of net position includes the Delano Water, Light, and Power Commission's assets, liabilities, and net position and provides information regarding the nature and amount of investments in various assets and obligations to creditors.

The statement of revenues, expenses, and change in net position accounts for all the current year's revenues and expenses.

The statement of cash flows provides information about the Delano Water, Light, and Power Commission's cash receipts and cash payments during the reporting period.

CONDENSED FINANCIAL STATEMENTS

A summary of the statement of net position is presented below:

**TABLE 1
CONDENSED STATEMENT OF NET POSITION**

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Net Utility Plant	\$ 24,043,702	\$ 24,596,136	\$ (552,434)
Current Assets	2,965,932	2,789,551	176,381
Other Assets	<u>337,570</u>	<u>610,854</u>	<u>(273,284)</u>
 Total Assets	 <u>\$ 27,347,204</u>	 <u>\$ 27,996,541</u>	 <u>\$ (649,337)</u>
 Current and Other Liabilities	 \$ 1,010,840	 \$ 1,008,327	 \$ 2,513
Noncurrent Liabilities	<u>6,180,311</u>	<u>6,942,450</u>	<u>(762,139)</u>
Total Liabilities	<u>7,191,151</u>	<u>7,950,777</u>	<u>(759,626)</u>
 Net Position:			
Net Investment in Utility Plant	18,853,702	19,051,136	(197,434)
Unrestricted	<u>1,302,351</u>	<u>994,628</u>	<u>307,723</u>
Total Net Position	<u>20,156,053</u>	<u>20,045,764</u>	<u>110,289</u>
 Total Liabilities and Net Position	 <u>\$ 27,347,204</u>	 <u>\$ 27,996,541</u>	 <u>\$ (649,337)</u>

**DELANO WATER, LIGHT, AND POWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

CONDENSED FINANCIAL STATEMENTS (CONTINUED)

A summary of the statement of revenues, expenses, and change in net position is presented below:

**TABLE 2
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION**

	<u>2014</u>	<u>2013</u>	<u>Change</u>
Total Operating Revenues	\$ 5,949,449	\$ 6,133,777	\$ (184,328)
Operating Expenses:			
Production	3,577,175	3,774,524	(197,349)
Distribution	181,834	215,104	(33,270)
General and Administration	1,258,888	1,222,162	36,726
Depreciation and Amortization	1,014,881	973,977	40,904
Total Operating Expenses	<u>6,032,778</u>	<u>6,185,767</u>	<u>(152,989)</u>
Operating Loss	(83,329)	(51,990)	(31,339)
Non-Operating Income	693,462	466,968	226,494
Non-Operating Expenses	<u>(499,844)</u>	<u>(538,819)</u>	<u>38,975</u>
Change in Net Position	110,289	(123,841)	234,130
Net Position - Beginning of Year	<u>20,045,764</u>	<u>20,169,605</u>	<u>(123,841)</u>
Net Position - End of Year	<u><u>\$ 20,156,053</u></u>	<u><u>\$ 20,045,764</u></u>	<u><u>\$ 110,289</u></u>

FINANCIAL STATEMENT ANALYSIS

Total gross investment in utility plant increased from \$36,860,891 in 2013 to \$37,241,951 in 2014. Some of the projects that contributed to this increase are as follows: Variable speed drives were installed on all 4 wells. The electric system in the Stahlke Addition was upgraded and relocated to improve accessibility for utility crews. Work continued on the third phase of the substation project and work continued on several other underground line projects.

Total operating revenues decreased by \$184,328 from 2013 to 2014. Operating expenses also decreased by \$152,989 from 2013 to 2014. Electric Fund revenues were impacted by a negative yearly average Power Cost Adjustment of 0.852¢, resulting in returning \$468,207 to our customers for the year 2014.

**DELANO WATER, LIGHT, AND POWER COMMISSION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

UTILITY PLANT ASSETS AND LONG-TERM DEBT ACTIVITY

Delano Water, Light, and Power Commission made capital asset additions to the utility plant and construction in progress in the amount of \$477,940 for the year ended December 31, 2014. These additions consisted of upgrades to underground distribution infrastructure, variable speed drives for all 4 wells and three new utility trucks. Current year depreciation expense was \$1,014,881. Further information on the Commission's capital assets can be found in Note 3 to the financial statements.

Delano Water, Light, and Power Commission's long-term debt consisted mainly of revenue bonds payable in the amount of \$5,190,000. Further information on the Commission's debt activity can be found in Note 4 to the financial statements.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Delano Water, Light, and Power Commission's finances for all of those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Delano Water, Light, and Power Commission, P.O. Box 65, Delano, MN 55328 or by phone at (763) 972-0557.

FINANCIAL STATEMENTS

DELANO WATER, LIGHT, AND POWER COMMISSION
STATEMENT OF NET POSITION
DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2013)

	2014			2013
	Electric	Water	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and Cash Equivalents	\$ 586,966	\$ 686,628	\$ 1,273,594	\$ 1,247,621
Accounts Receivable - Customer	481,505	285,215	766,720	768,918
Miscellaneous Receivables	95,880	5,574	101,454	30,792
Prepaid Expenses	7,051	871	7,922	8,273
Inventory	752,500	63,742	816,242	733,947
Total Current Assets	<u>1,923,902</u>	<u>1,042,030</u>	<u>2,965,932</u>	<u>2,789,551</u>
OTHER ASSETS				
Advances to Other Funds	337,570	-	337,570	610,854
UTILITY PLANT				
Utility Plant Capital Investment	19,065,694	17,661,886	36,727,580	36,331,027
Construction Work in Progress	514,371	-	514,371	529,864
Total	<u>19,580,065</u>	<u>17,661,886</u>	<u>37,241,951</u>	<u>36,860,891</u>
Less: Accumulated Depreciation	<u>(8,665,966)</u>	<u>(4,532,283)</u>	<u>(13,198,249)</u>	<u>(12,264,755)</u>
Net Utility Plant	<u>10,914,099</u>	<u>13,129,603</u>	<u>24,043,702</u>	<u>24,596,136</u>
Total Assets	<u>\$ 13,175,571</u>	<u>\$ 14,171,633</u>	<u>\$ 27,347,204</u>	<u>\$ 27,996,541</u>

See accompanying Notes to Basic Financial Statements.

DELANO WATER, LIGHT, AND POWER COMMISSION
STATEMENT OF NET POSITION (CONTINUED)
DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF DECEMBER 31, 2013)

LIABILITIES AND NET POSITION	2014			2013
	Electric	Water	Total	Total
CURRENT LIABILITIES				
Current Portion of Long-Term Debt	\$ 30,000	\$ 335,000	\$ 365,000	\$ 355,000
Accounts Payable	339,185	177,629	516,814	528,972
Compensated Absences, Current Portion	33,073	8,268	41,341	38,365
Customer Deposits	87,685	-	87,685	85,990
Total Current Liabilities	489,943	520,897	1,010,840	1,008,327
LONG-TERM LIABILITIES				
Long-Term Debt	435,000	4,390,000	4,825,000	5,190,000
Escrow Accounts	893,717	-	893,717	1,026,502
Compensated Absences	99,219	24,805	124,024	115,094
Advances from Other Funds	-	337,570	337,570	610,854
Total Long-Term Liabilities	1,427,936	4,752,375	6,180,311	6,942,450
Total Liabilities	1,917,879	5,273,272	7,191,151	7,950,777
NET POSITION				
Net Investment in Capital Assets	10,449,099	8,404,603	18,853,702	19,051,136
Unrestricted	808,593	493,758	1,302,351	994,628
Total Net Position	11,257,692	8,898,361	20,156,053	20,045,764
Total Liabilities and Net Position	\$ 13,175,571	\$ 14,171,633	\$ 27,347,204	\$ 27,996,541

DELANO WATER, LIGHT, AND POWER COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	2014			2013
	Electric	Water	Total	Total
OPERATING REVENUES				
Sales	\$ 4,955,528	\$ 977,511	\$ 5,933,039	\$ 6,123,579
Other Operating Revenues	16,410	-	16,410	10,198
Total Operating Revenues	<u>4,971,938</u>	<u>977,511</u>	<u>5,949,449</u>	<u>6,133,777</u>
OPERATING EXPENSES				
Production	3,413,056	164,119	3,577,175	3,774,524
Distribution	104,672	77,162	181,834	215,104
Administrative and General Expenses	1,022,639	236,249	1,258,888	1,222,162
Depreciation and Amortization	618,918	395,963	1,014,881	973,977
Total Operating Expenses	<u>5,159,285</u>	<u>873,493</u>	<u>6,032,778</u>	<u>6,185,767</u>
OPERATING INCOME (LOSS)	(187,347)	104,018	(83,329)	(51,990)
NON-OPERATING INCOME	246,098	447,364	693,462	466,968
NON-OPERATING EXPENSES	<u>(245,960)</u>	<u>(253,884)</u>	<u>(499,844)</u>	<u>(538,819)</u>
CHANGE IN NET POSITION	(187,209)	297,498	110,289	(123,841)
Net Position - Beginning of Year	<u>11,444,901</u>	<u>8,600,863</u>	<u>20,045,764</u>	<u>20,169,605</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,257,692</u></u>	<u><u>\$ 8,898,361</u></u>	<u><u>\$ 20,156,053</u></u>	<u><u>\$ 20,045,764</u></u>

See accompanying Notes to Basic Financial Statements.

DELANO WATER, LIGHT, AND POWER COMMISSION
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	2014			2013
	Electric	Water	Total	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	\$ 4,937,244	\$ 943,741	\$ 5,880,985	\$ 6,147,884
Cash Paid to Suppliers and Others	(3,711,058)	(522,936)	(4,233,994)	(4,222,629)
Cash Paid to Employees	(818,692)	(216,501)	(1,035,193)	(987,421)
Net Cash Provided by Operating Activities	407,494	204,304	611,798	937,834
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Other Non-Capital Income	231,918	444,852	676,770	448,430
Disposal of Inventory	(78,356)	-	(78,356)	-
Payments In Lieu of Taxes	(106,000)	-	(106,000)	(106,000)
Net Cash Provided by Non-Capital Financing Activities	47,562	444,852	492,414	342,430
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and Construction of Utility Plant, Net	(390,254)	(72,193)	(462,447)	(560,143)
Principal Paid on Revenue Bond Maturities	(30,000)	(325,000)	(355,000)	(335,000)
Interest Paid on Long-Term Debt	(24,723)	(252,761)	(277,484)	(295,558)
Net Cash Used by Capital and Related Financing Activities	(444,977)	(649,954)	(1,094,931)	(1,190,701)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest Received on Investment	14,180	2,512	16,692	18,538
NET INCREASE IN CASH AND CASH EQUIVALENTS	24,259	1,714	25,973	108,101
Cash and Cash Equivalents - Beginning of Year	562,707	684,914	1,247,621	1,139,520
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 586,966</u>	<u>\$ 686,628</u>	<u>\$ 1,273,594</u>	<u>\$ 1,247,621</u>

See accompanying Notes to Basic Financial Statements.

DELANO WATER, LIGHT, AND POWER COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	2014			2013
	Electric	Water	Total	Total
RECONCILIATION OF OPERATING INCOME				
(LOSS) TO CASH PROVIDED BY OPERATING				
ACTIVITIES				
Operating Income (Loss)	\$ (187,347)	\$ 104,018	\$ (83,329)	\$ (51,990)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities:				
Depreciation	618,918	395,963	1,014,881	973,977
Other Expenditures Included in Cash Flow from Operating	(36,881)	(1,123)	(38,004)	(48,326)
(Increase) Decrease in Assets:				
Accounts Receivable - Customer and Miscellaneous	(34,694)	(33,770)	(68,464)	14,107
Other Assets	-	-	-	6,995
Prepaid Expenses	231	120	351	52,025
Inventory	(86,979)	4,684	(82,295)	(81,060)
Advances to Other Funds	273,284	-	273,284	36,602
Increase (Decrease) in Liabilities:				
Accounts Payable	(15,778)	5,315	(10,463)	10,275
Advances from Other Funds	-	(273,284)	(273,284)	(36,602)
Escrow Accounts	(132,785)	-	(132,785)	50,015
Compensated Absences	9,525	2,381	11,906	11,816
Net Cash Provided by Operating Activities	<u>\$ 407,494</u>	<u>\$ 204,304</u>	<u>\$ 611,798</u>	<u>\$ 937,834</u>
NONCASH CAPITAL ACTIVITIES				
Capital Asset Additions included in Accounts Payable	<u>\$ 81,387</u>	<u>\$ -</u>	<u>\$ 81,387</u>	<u>\$ 790,794</u>

See accompanying Notes to Basic Financial Statements.

**DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Operation

The Water, Light and Power Commission (the Commission or Delano Municipal Utilities) is a component unit of the City of Delano, Minnesota (the City) established under Minnesota Statute 412.321 to manage, control, and operate the light, power, and water utilities of the City. The Commission is governed by a five-member Board of Commissioners. Board members are appointed by the City Council to three-year terms. The financial statements presented here are also included in the financial statements of the City.

The accounting policies of the Commission conform to generally accepted accounting principles.

The Commission reports the following major funds:

- The Electric Fund accounts for the operations of the Delano Municipal Utilities owned electric system.
- The Water Fund accounts for the operations of the Delano Municipal Utilities owned water system.

Financial Reporting Entity

The Commission's financial statements include all funds, departments, agencies, boards, commissions, and other organizations over which Commission officials exercise oversight responsibility.

Component units are legally separate entities for which the Commission (primary government) is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit include whether or not the primary government appoints the voting majority of the potential component unit's governing body, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

Based on these criteria, there are no organizations considered to be component units of the Commission.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

The accrual basis of accounting is used by the Commission. Under this method, revenues are recorded when earned and expenses are recorded when the related fund liability is incurred.

Proprietary funds distinguish operating revenues and expenses from other 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 revenue of the Commission is charges to customers for sales of electricity and water. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as other revenues and expenses.

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

Measurement Focus

The accounting and reporting treatment applied to the utility plant assets and long-term liabilities associated with a fund are determined by its measurement focus. All proprietary funds are accounted for on a full accrual, economic resource basis. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheet. The Commission's net position is reported in three parts: (1) net investment in capital assets; (2) restricted net position; and (3) unrestricted net position.

Utility Plant

Utility plant is recorded at cost, including cost of labor and materials on self-constructed assets. Depreciation is calculated using the straight-line method over the assets' estimated useful lives, ranging from 5 to 50 years.

During the current period, Commission employees worked on projects that were related to the improvement of utility plant assets. As such, the wages relating to that portion of time devoted to these projects has been capitalized as part of the respective project cost. The total amount of capitalized wages was \$182,044 for 2014. The Commission does not capitalize interest relating to its work in progress as the amounts are immaterial.

Investments

Investments are carried at fair value.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both:

- A. Readily convertible to known amounts of cash, or
- B. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates.

The Commission's policy considers cash equivalents to be those that meet the above criteria and have maturities of three months or less when purchased.

Cash and cash equivalents consist of checking, savings, certificates of deposit, money market accounts and cash on hand.

Accounts Receivable

At December 31, 2014, there is no allowance for doubtful accounts reflected in the financial statements. Accounts receivable are uncollateralized.

Inventories

Inventory is stated at average cost.

Advances to/from Other Funds

Effective December 31, 2010, the Electric Fund advanced \$375,000 to the Water Fund. Effective December 1, 2011, the Electric Fund advanced an additional \$325,000 to the Water Fund. The Water Fund will repay the first advance through December 31, 2025 via annual principal payments ranging from \$25,000 to \$35,000 plus interest at 2.05%. The second advance will be repaid through December 1, 2024 via annual principal payments ranging from \$25,000 to \$35,000. In 2014, the Water Fund made additional payments on the 2011 loan principal beyond the required \$25,000 annual payment. Additional payments totaled \$235,000 in 2014.

Compensated Absences

Accumulated unpaid vacation amounts are accrued when incurred.

In accordance with the Commission's policy, for employees hired prior to June 1, 1995, sick pay is accrued at 8 hours per month to be accumulated up to 90 days for usage. When leaving employment with the Commission, the employee will be paid 100% of accrued time up to and including 45 days. For employees hired June 1, 1995, or after, sick pay is accrued at 8 hours per month to be accumulated up to 90 days for usage. When leaving employment with the commission, employees hired after June 1, 1995, will not be paid for any unused accrued sick time. The accrued sick pay amount is \$32,716 as of December 31, 2014.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Escrow Accounts

The amounts held in escrow are permit payments that have been collected from developers and new property owners for future capital expenditures related to the acquisition of a service territory from another utility.

Bond Discounts

Bond discounts are amortized over the life of the bonds. Bonds payable are reported net of the applicable discount.

Net Position

Net position represents the difference between assets and liabilities in the government-wide financial statements and is classified into three components:

- a) Net investment in capital assets – This component consists of capital assets net of accumulated depreciation and reduced by the amount of outstanding balance of bonds or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b) Restricted net position – Net position with constraints placed on the use either by 1) external groups such as creditors, grantors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation are reflected in this component.
- c) Unrestricted net position – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Payments In Lieu of Taxes

The Commission made payments during the year to the City of Delano in lieu of paying taxes to the City. This amount totaled \$106,000 in 2014 and is presented in the financial statements as a non-operating expense.

Comparative Data

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Commission’s financial statements for the year ended December 31, 2013, from which the summarized information was derived. Certain comparative information has been reclassified to conform to the current year presentation.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 2 CASH AND INVESTMENTS

These amounts are classified within the balance sheet as follows:

Current Cash and Cash Equivalents	<u><u>\$ 1,273,594</u></u>
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A. Deposits

In accordance with Minnesota Statutes, the Commission maintains deposits at financial institutions authorized by the Delano City Council. All such depositories are members of the Federal Reserve System. Minnesota Statutes require that all deposits be protected by insurance, surety bond, or collateral.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Commission’s deposits may not be returned to it. The Commission does not have a deposit policy for custodial credit risk and follows Minnesota Statutes for deposits.

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

Authorized collateral include: U.S. government treasury bills, notes, or bonds; issues of a U.S. government agency; general obligations of a state or local government rated “A” or better; revenue obligations of a state or local government rated “AA” or better; irrevocable standby letter of credit issued by a Federal Home Loan Bank; and time deposits insured by a federal agency. Minnesota Statutes require securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or at an account at a trust department of a commercial bank or other financial institution not owned or controlled by the depository.

At December 31, 2014, all of the Commission’s deposits at banks was covered by federal depository insurance or surety bonds and collateral in accordance with Minnesota Statutes.

B. Investments

The Commission’s investment policy allows investment of funds in either certificates of deposit or money market funds, at specified banks or investment brokers. Certificates of deposit should have a maturity of no longer than five years.

Concentration of Credit Risk – The Commission places no limits on the amount the Commission may invest in any one issuer or type of investment. At December 31, 2014, there were no investments which individually comprised more than 5% of the Commission’s total investments.

The Commission currently does not have any investments.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 3 CAPITAL ASSETS

A summary of capital asset activity for the year ended December 31, 2014 is as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, Not Being Depreciated				
Construction Work in Progress	\$ 529,864	\$ 276,876	\$ (292,369)	\$ 514,371
Capital Assets, Being Depreciated				
Utility Plant:				
Electric	18,741,334	405,747	(81,387)	19,065,694
Water	17,589,693	72,193	-	17,661,886
Total Utility Plant	36,331,027	477,940	(81,387)	36,727,580
Less: Accumulated Depreciation	(12,264,755)	(1,014,881)	81,387	(13,198,249)
Net Plant in Service	24,066,272	(536,941)	-	23,529,331
Net Utility Plant	\$ 24,596,136	\$ (260,065)	\$ (292,369)	\$ 24,043,702

NOTE 4 BONDS OUTSTANDING

Bonds outstanding at December 31, 2014 are comprised of the following:

Description of Issue	Interest Rate	Issue Date	Final Maturity	Original Issue	Principal Outstanding 2014
Water General Obligation Loan	4.1425%	October 2005	2025	\$ 7,160,000	\$ 4,725,000
Electric Revenue Loan	4.1425%	October 2005	2025	700,000	465,000
Total					\$ 5,190,000

Principal and Interest payments required on existing long-term debt are:

Year Ending December 31,	Revenue Bonds Payable	
	Principal	Interest
2015	\$ 365,000	\$ 249,914
2016	385,000	232,217
2017	410,000	213,111
2018	425,000	193,334
2019	445,000	172,623
2020-2024	2,565,000	516,938
2025	595,000	25,969
Total	\$ 5,190,000	\$ 1,604,106

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 BONDS OUTSTANDING (CONTINUED)

A summary of long-term debt activity for the year ended December 31, 2014 is as follows:

Description	Beginning Balance	Additions	Retirements	Ending Balance	Due Within One Year
Revenue Bonds Payable	\$ 5,545,000	\$ -	\$ 355,000	\$ 5,190,000	\$ 365,000
Compensated Absences	153,459	62,632	50,726	165,365	41,341
Total Debt	<u>\$ 5,698,459</u>	<u>\$ 62,632</u>	<u>\$ 405,726</u>	<u>\$ 5,355,365</u>	<u>\$ 406,341</u>

NOTE 5 DEFINED BENEFIT PENSION PLAN - STATEWIDE

Plan Description

All full-time and certain part-time employees of the Commission are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) which is a cost-sharing, multiple-employer retirement plan. 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.

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.

Two methods are used to compute benefits for GERF'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% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated members for each year of service. For GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

**DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 5 DEFINED BENEFIT PENSION PLAN – STATEWIDE (CONTINUED)

Plan Description (Continued)

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

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERP. That report may be obtained on web at 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 Commission makes annual contributions to the pension plans equal to the amount required by state statutes. GERP Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. The Commission was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERP members, and 7.25% for Coordinated Plan GERP members. The Commission's contributions to the Public Employees Retirement Fund for the years ended December 31, 2014, 2013, and 2012 were \$72,171, \$66,520, and \$64,524, respectively. The Commission's contributions were equal to the contractually required contributions for each year as set by state statute. The contribution rate will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers).

NOTE 6 RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; business interruption; error or omissions; employee's injuries and illnesses; or natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 COMMITMENTS

Under authorization of state statutes, the Commission joined Central Minnesota Municipal Power Agency (CMMPA) with other municipal utilities to purchase electrical power through contracts for the mutual advantage of the governments. The governing body consists of members from each of the member utilities who are elected by the respective local utility commissions. Complete financial statements may be obtained by contacting CMMPA at 459 South Grove Street, Blue Earth, Minnesota 56013.

The Commission signed a pre-execution subscription agreement with CMMPA to purchase 0.73MW of electrical power from the Wolf Wind project in Rushmore, MN. CMMPA has a 6.25MW subscription that is allocated among its members based on load share ratio. The contractual period for this contract is March 1, 2005 to December 31, 2020.

In September 2003, the Commission signed a pre-execution subscription agreement with CMMPA to purchase electrical power from a new power plant constructed by the Omaha Public Power District (OPPD) and to provide a share of the construction funding. This new plant was completed and operational in 2009. The life of the contract is 40 years after the date of completion. The Commission has committed to purchase 2 megawatts from this 600 megawatt plant. The Commission's share of construction costs approximate \$3,300,000. These construction costs are expected to be paid to CMMPA or OPPD via electricity purchase rates over the life of the 40-year contract. If other participants in this project were to default, the Commission could be held responsible for up to 160% of its stated commitment.

The Commission is committed to purchase power from Xcel Energy to meet its excess power requirement needs via Load following product through CMMPA. The contractual period for this contract (NSP TOD) is November 8, 2011 to April 30, 2016.

The Commission is committed to purchase power from Xcel Energy to meet its power requirements via an On Peak product through CMMPA. This agreement (NSP 5x16) is a 3.0MW block of energy for the Commission and the contractual period for this contract is January 1, 2012 to December 31, 2015.

In 2010, the Commission signed a pre-execution subscription agreement with CMMPA to purchase 1.0MW of electrical power from the Iberdrola Wind project in Rugby, SD. CMMPA has a 4.5MW subscription that is allocated among its members based on agreed upon levels of commitment. The contractual period for this contract is January 1, 2011, to December 31, 2025. In 2011, the Commission signed another agreement with CMMPA to purchase an additional 2.6MW of electrical power from the Iberdrola Wind Project for a total commitment of 3.6MW.

In 2012, the Commission signed an agreement to commit to purchasing power from the WPPI/Point Beach Nuclear Project. This agreement is for 1.20 MW of energy annually and extends through March 8, 2033.

DELANO WATER, LIGHT, AND POWER COMMISSION
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 7 COMMITMENTS (CONTINUED)

In April 2007, the Commission and other municipal utilities signed an unsecured guaranty of a stand-by letter of credit between Utilities Plus (a component unit of CMMPA) and a bank. The letter of credit is to be used by Utilities Plus for payment of transmission or transmission service obligations to Midwest Independent Transmission System Operator, Inc. (MISO). The Commission's share of the guaranty is not to exceed \$434,734. Additionally, the Commission's guaranty only applies to transactions involving the Commission's purchase of electricity, transmission, and transmission services from Utilities Plus. No changes were made to this agreement during 2014 and there is no outstanding balance on the line of credit.

NOTE 8 MAJOR CUSTOMERS

During the year ended December 31, 2014, net sales to one customer totaled \$572,832, representing 11.68% of total electric sales.

NOTE 9 RELATED PARTIES

An employee of the Commission is also a member of CMMPA's Board of Directors.

NOTE 10 SUBSEQUENT EVENTS

On January 6, 2015, the Minnesota Public Utilities Commission approved an agreement with the Wright-Hennepin Cooperative Electric Association to purchase service territory within the city limits of Delano. The transfer of services and related facilities was completed on January 13, 2015. The agreement included the purchase of capital assets for the assets' net book value of \$155,505.

SUPPLEMENTARY INFORMATION

DELANO WATER, LIGHT, AND POWER COMMISSION
SCHEDULE OF REVENUES AND EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	Electric Fund		Water Fund	
	2014	2013	2014	2013
OPERATING REVENUES				
Sales	\$ 4,955,528	\$ 5,116,798	\$ 977,511	\$ 1,006,781
Other Operating Revenues	16,410	10,198	-	-
Total Operating Revenues	<u>4,971,938</u>	<u>5,126,996</u>	<u>977,511</u>	<u>1,006,781</u>
OPERATING EXPENSES				
Production	3,413,056	3,596,207	164,119	178,317
Distribution	104,672	152,991	77,162	62,113
Administrative and General Expenses	1,022,639	1,045,357	236,249	176,805
Depreciation and Amortization	618,918	580,578	395,963	393,399
Total Operating Expenses	<u>5,159,285</u>	<u>5,375,133</u>	<u>873,493</u>	<u>810,634</u>
OPERATING INCOME (LOSS)	(187,347)	(248,137)	104,018	196,147
NON-OPERATING INCOME	246,098	195,238	447,364	271,730
NON-OPERATING EXPENSES	<u>(245,960)</u>	<u>(188,926)</u>	<u>(253,884)</u>	<u>(349,893)</u>
CHANGE IN NET POSITION	(187,209)	(241,825)	297,498	117,984
Net Position - Beginning of Year	<u>11,444,901</u>	<u>11,686,726</u>	<u>8,600,863</u>	<u>8,482,879</u>
NET POSITION - END OF YEAR	<u><u>\$ 11,257,692</u></u>	<u><u>\$ 11,444,901</u></u>	<u><u>\$ 8,898,361</u></u>	<u><u>\$ 8,600,863</u></u>

DELANO WATER, LIGHT, AND POWER COMMISSION
SCHEDULE OF OPERATING REVENUES BY FUND
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	Electric Fund		Water Fund	
	2014	2013	2014	2013
OPERATING REVENUES				
Residential	\$ 1,864,290	\$ 1,919,599	\$ 745,975	\$ 760,401
Commercial	337,882	364,653	99,747	113,358
Industrial	2,701,482	2,780,531	131,789	133,022
Street and Security Lighting	51,874	52,015	-	-
Capacity and Energy Sales	16,410	10,198	-	-
Total Operating Revenues	<u>\$ 4,971,938</u>	<u>\$ 5,126,996</u>	<u>\$ 977,511</u>	<u>\$ 1,006,781</u>

DELANO WATER, LIGHT, AND POWER COMMISSION
SCHEDULE OF OPERATING EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	Electric Fund		Water Fund	
	2014	2013	2014	2013
PRODUCTION EXPENSES				
Salaries	\$ 55,830	\$ 35,633	\$ 23,045	\$ 16,536
Fuel Oil	6,602	9,441	-	-
Natural Gas	324	329	-	-
Maintenance of Buildings	54,003	58,335	-	-
Maintenance of Engines	8,276	5,910	-	-
Maintenance of Substation	16,421	21,940	-	-
Purchased Power	3,211,943	3,413,160	17,880	16,085
Insurance	51,142	47,585	12,785	10,830
Connection Fee	-	-	12,432	12,202
Water Treatment	-	-	92,640	115,389
Miscellaneous	8,515	3,874	5,337	7,275
Total Production Expenses	<u>3,413,056</u>	<u>3,596,207</u>	<u>164,119</u>	<u>178,317</u>
DISTRIBUTION EXPENSES				
Salaries	64,709	107,518	51,247	45,685
Maintenance of Wells, Mains and Hydrants	-	-	6,936	10,767
Maintenance of Lines	30,992	37,868	-	-
Maintenance of Transformers	9,307	2,275	-	-
Maintenance of Lighting	(760)	3,246	-	-
Maintenance of Meters	424	2,084	677	378
Maintenance of Facilities	-	-	18,302	5,283
Total Distribution Expenses	<u>104,672</u>	<u>152,991</u>	<u>77,162</u>	<u>62,113</u>
ADMINISTRATIVE AND GENERAL EXPENSES				
Salaries	430,298	425,593	91,126	66,189
Meter Reading and Collections	20,099	17,327	19,570	16,717
Maintenance	24,397	35,184	-	-
Transportation Expense	19,727	30,757	-	-
Office Expense	76,945	72,873	19,941	12,468
Commission Expense	4,543	5,434	1,136	959
Outside Services Employed	26,270	12,605	6,379	2,686
Insurance/Med/Life/Disability	244,368	228,976	61,092	40,381
Employee Payroll Expense	120,187	106,839	28,612	28,589
Other Expenses	18,406	74,275	1,683	2,892
Dues/Conventions/Safety/Drug	37,399	35,494	6,710	5,924
Total Administrative and General Expenses	<u>1,022,639</u>	<u>1,045,357</u>	<u>236,249</u>	<u>176,805</u>
DEPRECIATION AND AMORTIZATION EXPENSE				
Depreciation Expense	<u>618,918</u>	<u>580,578</u>	<u>395,963</u>	<u>393,399</u>
Total Operating Expenses	<u>\$ 5,159,285</u>	<u>\$ 5,375,133</u>	<u>\$ 873,493</u>	<u>\$ 810,634</u>

DELANO WATER, LIGHT, AND POWER COMMISSION
SCHEDULE OF NON-OPERATING INCOME AND EXPENSES BY FUND
YEAR ENDED DECEMBER 31, 2014
(WITH SUMMARIZED FINANCIAL INFORMATION FOR YEAR ENDED DECEMBER 31, 2013)

	Electric Fund		Water Fund	
	2014	2013	2014	2013
NON-OPERATING INCOME				
City Billing	\$ 37,230	\$ 36,152	\$ -	\$ -
Interest	14,180	16,102	2,512	2,436
Sale of Scrap Inventory	32,225	8,816	-	-
Penalties	31,387	27,390	25,022	22,841
Permits and Fees	3,487	43,168	362,085	241,209
Contract Labor	36,594	36,527	4,535	4,519
Miscellaneous Service Revenue	-	-	1,481	725
Miscellaneous Income	90,995	27,083	51,729	-
Total Non-Operating Income	<u>\$ 246,098</u>	<u>\$ 195,238</u>	<u>\$ 447,364</u>	<u>\$ 271,730</u>
NON-OPERATING EXPENSES				
Interest - Other	\$ 91	\$ 90	\$ 11,716	\$ 13,398
Interest - Long-Term Debt	24,632	34,370	241,045	310,845
Loss on Asset Disposal	-	25,790	-	-
Payments in Lieu of Taxes	106,000	106,000	-	-
Other Miscellaneous Expenses	115,237	22,676	1,123	25,650
Total Non-Operating Expenses	<u>\$ 245,960</u>	<u>\$ 188,926</u>	<u>\$ 253,884</u>	<u>\$ 349,893</u>

OTHER INFORMATION

DELANO WATER, LIGHT, AND POWER COMMISSION
SCHEDULE OF LARGEST UTILITY USERS
YEAR ENDED DECEMBER 31, 2014
(UNAUDITED)

Customer	Revenues	% of Total Sales
LANDSCAPE STRUCTURES	\$ 572,832	11.68 %
DELANO SCHOOLS	354,146	7.22
COBORNS	268,008	5.47
SIL-PRO, LLC	258,976	5.28
MODERN MOLDING	163,207	3.33
ARCTIC FOX	136,564	2.78
SOLAR PLASTICS	124,440	2.54
VEOLIA	67,198	1.37
J AND E PRECISION MACHINING CO.	61,248	1.25
LD FOODS	47,947	0.98
Electric: Total Sales	<u>\$ 4,903,654</u>	

(Not including CIP, tax, and street/security lights)