CITY OF GOODVIEW, MINNESOTA

COMPREHENSIVE ANNUAL FINANCAL REPORT

DECEMBER 31, 2005

Prepared by:
Finance Administration Department

Daryl Zimmer
Administrator

CITY OF GOODVIEW, MINNESOTA

TABLE OF CONTENTS

DECEMBER 31, 2005

	Page Number
INTRODUCTORY SECTION	
Transmittal Letter	3-6
GFOA Certificate of Achievement for Excellence in Financial Reporting	7
Organization Chart	8
Principal Officers	9
FINANCIAL SECTION	
Independent Auditors' Report	10-11
Management's Discussion and Analysis	12-19
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Assets	20-21
Statement of Activities	22-23
Fund Financial Statements	
Balance Sheet - Governmental Funds	24
Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds	25
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	27
Statement of Net Assets - Proprietary Funds	28
Statement of Revenue, Expenses, and Changes in Fund Net Assets - Proprietary Funds	29
Statement of Cash Flows - Proprietary Funds	30-31
NOTES TO THE BASIC FINANCIAL STATEMENTS	32-51
REQUIRED SUPPLEMENTARY INFORMATION	
Goodview Firemen's Relief Association - Schedule of Funding Progress	52

CITY OF GOODVIEW, MINNESOTA

TABLE OF CONTENTS - Continued

DECEMBER 31, 2005

	Page Number
OTHER REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards*	53-54
STATISTICAL SECTION	
Table 1 - General Governmental Expenditures by Function Last Ten Fiscal Years	55
Table 2 - General Governmental Revenue by Source Last Ten Fiscal Years	55
Table 3 - Property Tax Levies and Collections Last Ten Fiscal Years	56
Table 4 - Tax Capacities and Estimated Actual Value of Taxable Property Last Ten Fiscal Years	56
Table 5 - Direct and Overlapping Property Tax Rates and Tax Levies Last Ten Fiscal Years	57
Table 6 - Special Assessment Collections Last Ten Fiscal Years	58
Table 7 - Ratio of Net Bonded Debt to Tax Capacities and Net Bonded Debt Per Capita Last Ten Fiscal Years	59
Table 8 - Legal Debt Margin - December 31, 2004	69
Table 9 - Computation of Direct and Overlapping Debt	61
Table 10 - Ratio of Annual Debt Service Expenditures to General Governmental Expenditures - Last Ten Fiscal Years	61
Table 11 - Demographic Statistics Last Ten Fiscal Years	62
Table 12 - Property Value, Construction and Bank Deposits Last Ten Fiscal Years	63
Table 13 - Principal Taxpayers - December 31, 2004	64
Table 14 - Miscellaneous Statistics - December 31, 2004	65
Table 15 - Schedule of Insurance in Force	66
Table 16 - General Fund Ratio of Total Fund Balances to Expenditures and Changes in Fund Balance Last Ten Fiscal Years	67
Table 17 - Schedule of Sources and Uses of Public Funds, TID 1-7	68

CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2005

THE CITY OF
GOODVIEW
Minnesota, USA

June 1, 2006

To the City Council and Citizens of the City of Goodview:

Minnesota statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Goodview for the fiscal year ended December 31, 2005.

This report consists of management's representations concerning the finances of the City of Goodview. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Goodview has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Goodview's financial statements in conformity with GAAP. Because the cost of internal controls should outweigh their benefits, the City of Goodview's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Goodview's financial statements have been audited by Hawkins, Ash, & Baptie, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Goodview for the fiscal year ended December 31, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Goodview's financial statements for the fiscal year ended December 31, 2005 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement

the MD&A and should be read in conjunction with it. The City of Goodview's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Goodview was incorporated in 1946 and is located in the Mississippi River Valley between the Minnesota and Wisconsin picturesque bluff lands in southeastern Minnesota, adjacent to its' larger neighbor, Winona. The City currently covers 3.2 square miles and serves a population in excess of 3,373 (2000 Census).

The City is operated as a statutory city with a weak mayor-council form of government. Policy making and city legislative authority are vested with the City Council consisting of the mayor and four council members. The City is empowered to levy a property tax on both real and personal property. The City Council is responsible for adopting an annual budget and tax levy, adopting ordinances, appointing committees, hiring the City Administrator and City Attorney, among other tasks. Council members serve four year staggered terms with two council members elected every two years along with the mayor whose term is two years. Council members and the mayor are elected at large. The City Administrator is responsible for carrying out the policies of the City Council and the oversight of all services provided by the City for its residents and maintaining internal control.

The City of Goodview provides a full range of services, including police and fire protection; the construction and maintenance of streets, and other infrastructure; water and sewer services, recreational activities, and parks.

The annual budget serves as the foundation for the City of Goodview's financial planning and control. All departments and agencies of the City of Goodview submit requests for appropriation to the city administrator in July of each year. The city administrator uses these requests as the starting point for developing a proposed budget. After review, the City Administrator presents a preliminary budget to the City Council before August 31. After the City Council's review and additions or deletions, a preliminary property tax levy must be set prior to September 15th and certified to the County Auditor who sends out a hearing notice on the proposed levy. The hearing is held in December after which a final levy is adopted. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Appropriations may be adjusted within the department or function with the approval of the City Administrator. Transfers of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in this report for the general fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented as part of the basic financial statements for the governmental funds.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specified environment within which the City of Goodview operates.

Local economy
The City currently enjoys a very good economic environment with indications of continued stability. Major industries located within the City include a design, testing and electronic component manufacturer, automotive engine rebuilding equipment manufacturer, composite raw material manufacturer, heat, light and power company, garment manufacturer, tire rethreading plant, formed wire parts designer and manufacturer, truck leasing and freight haulers, wholesale institutional suppliers lighting designers and manufacturers, underground and building contractors, and building material manufacturers and distributors.

During 2005, the City experienced some growth in both housing and industrial expansion. Building permits for 2005 totaled $6,581,457 up $2,176,057 from 2004. Residential construction accounted for 68% of the total, with single-family structures being 61% of the total residential permits. The City's total market value rose again 4.7% over 2004, 7% higher than the previous ten-year average. Retail growth continues at a slow pace far overshadowed by industrial growth over past years. Adjacent urban areas continue to experience moderate retail growth coupled with stability of existing opportunities thus providing a variety of available goods and services within easy access of all area residents.

Regional unemployment decreased 0.9% to 3.5% compared with 2004 at 4.4%. The national rate decreased 0.5% from 5.6% to 5.1%.

Commercial and industrial opportunities remain available for additional growth. While growth in the region is at a lesser pace than the major metropolitan region of the State, Minneapolis/St. Paul, it has been and is expected to remain consistent.

The City is largely developed within its current borders, however, a number of opportunities exist beyond its borders to annex both developed and undeveloped lands. Adjacent developed lands do not have municipal utilities and thus the need for them will occur as evidenced by recent years annexation of a number of lands. Typically undeveloped landowners request City water and sewer under a prerequisite that the land must be annexed to the City.

Long-term financial planning
The City is planning stages of extending water and sewer service to an unserviced area of the City with an estimated cost of $1.4 million and enlarging the City's Government Center to provide additional space and storage for occupying City departments. Financing for the sewer and water construction would require the issuance of special assessment bonds while financing for the building addition will likely be through a lease purchase. This also contemplates major street maintenance projects and capital equipment replacements financed by general property taxes.

Cash management policies and practices
Cash temporarily idle during the year was invested in certificates of deposit and demand deposits. The City earned $26,775 in interest income for the year, up 37% from 2004.

Risk management
The City carries commercial insurance for various risks related to torts; theft of, damage to or destruction of assets; errors and omissions; and natural disasters. General liability is carried on a claims-made basis and provides $500 per occurrence deductible with a $1,000,000 annual Minnesota Statutory Limit.

Awards & Acknowledgements
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Finance Reporting to the City of Goodview for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2004. The Certificate of Achievement is a prestigious national award-recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the last 23 consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

In closing, without the leadership and support of the City Council of the City of Goodview, preparation of this report would not have been possible.

Sincerely,

Daryl Zimmer
Administrator

CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2005

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Goodview, Minnesota

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota, as of December 31, 2005, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, and each major fund of the City of Goodview, Minnesota, as of December 31, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 5, 2006, on our consideration of the City of Goodview, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis as identified in the table of contents is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The supplemental information titled "Goodview Fireman's Relief Association, Schedule of Funding Progress", introductory and statistical sections listed in the Table of Contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Hawkins, Ash, Baptie & Company, LLP

La Crosse, Wisconsin
April 5, 2006

Management's Discussion and Analysis

As management of the City of Goodview, Minnesota, we offer readers of the City of Goodview, Minnesota's basic financial statements this narrative overview and analysis of the financial activities of the City of Goodview, Minnesota for the fiscal year ended December 31, 2005. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

Financial Highlights

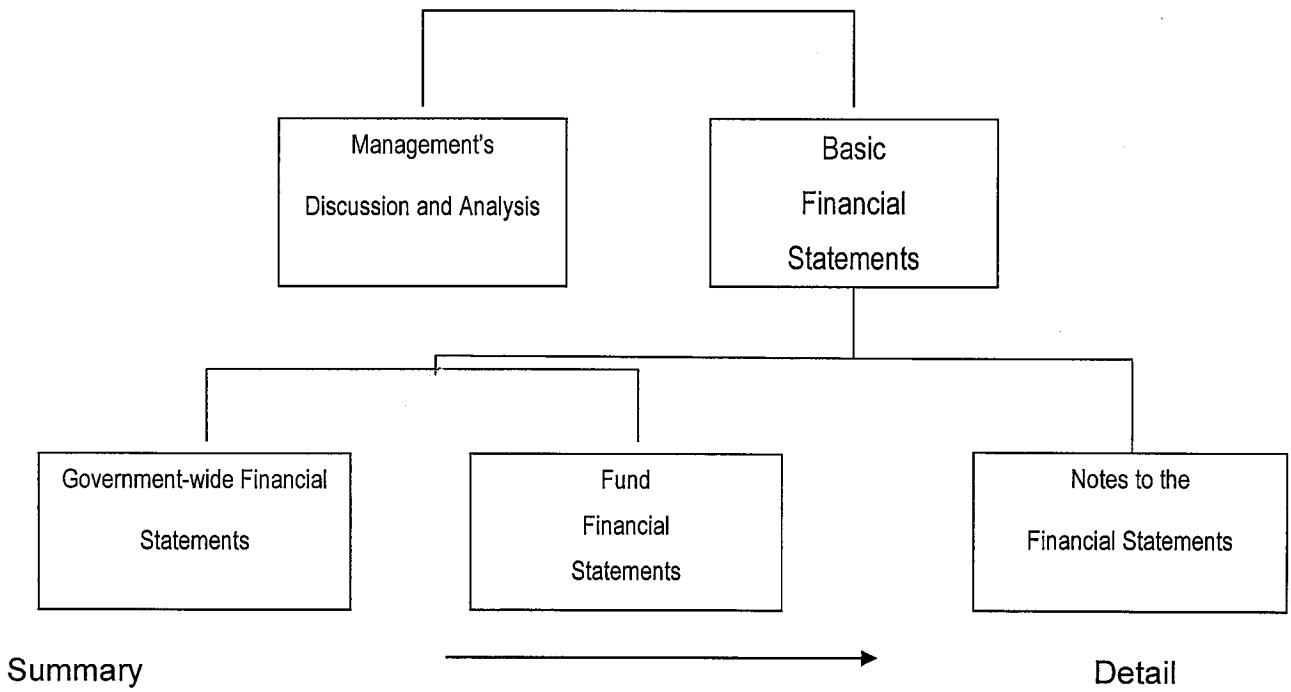
- The assets of the City of Goodview, Minnesota exceeded its liabilities at the close of the fiscal year by $12,804,623 (*net assets)*.
- The government's total net assets increased by $64,986, primarily due to a significant reduction in long-term liabilities.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of $1,251,493, a decrease of $239,184 in comparison with the prior year. The decrease is primarily due to an increase in capital project expenditures financed with existing cash assets.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $163,701, or 15 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Goodview, Minnesota's basic financial statements. The City's basic financial statements consist of three components;
1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information on pensions.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the City's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided on pensions.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. These include water, sewer, and lease operations offered by the City of Goodview, Minnesota.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. 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 Goodview, Minnesota, like all other governmental entities in Minnesota, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Minnesota Statutes or the City's budget ordinance. All of the funds of the City of Goodview, Minnesota can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund, all of which are considered to be major funds.

The City of Goodview, Minnesota adopts an annual budget for its general fund. The budget is a legally adopted document that incorporates input from citizens of the City, management of the City, and decisions of the Council about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary comparison schedule provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The statement shows four columns: 1) the original budget as adopted by the council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the variance between the final budget and the actual revenue and expenditures.

Proprietary Funds –The City of Goodview, Minnesota has three enterprise funds which are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and leasing activities. These funds are the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water utility, sewer utility, and lease operations all of which are considered to be major funds of the City of Goodview.

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.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information on pensions. Required supplementary information can be found following the notes to the financial statements.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Goodview, Minnesota, assets exceeded liabilities by $10,472,702, at the close of the most recent fiscal year.

By far the largest portion of City of Goodview, Minnesota's net assets (81 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Goodview, Minnesota used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Goodview, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City of Goodview, Minnesota's Net Assets

Figure 1

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
Current & other assets	$ 2,143,261	$ 2,415,832	$ 559,831	$ 540,084	$ 2,703,092	$ 2,955,916
Capital assets	5,925,779	5,867,954	6,621,148	6,654,242	12,546,927	12,522,196
Total assets	8,069,040	8,283,786	7,180,979	7,194,326	15,250,019	15,478,112
Long-term liabilities outstanding	1,872,627	2,119,812	17,442	18,053	1,890,069	2,137,865
Other liabilities	497,936	541,210	57,391	59,400	555,327	600,610
Total liabilities	2,370,563	2,661,022	74,833	77,453	2,445,396	2,738,475
Net assets:						
Invested in capital assets, net of related debt	3,806,554	3,475,001	6,621,148	6,654,242	10,427,702	10,129,243
Restricted	258,877	44,984	-	-	258,877	44,984
Unrestricted	1,633,046	2,102,779	484,998	462,631	2,118,044	2,565,410
Total net assets	**$ 5,698,477**	**$ 5,622,764**	**$ 7,106,146**	**$ 7,116,873**	**$ 12,804,623**	**$ 12,739,637**

An additional portion of the City of Goodview, Minnesota's net assets (2 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($2,118,044) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Goodview, Minnesota is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was an increase of $213,893 in restricted net assets reported in connection with the City of Goodview, Minnesota's governmental activities. The increase resulted from an increase in funds restricted to the repayment of debt.

The government's net assets increased by $64,986 during the current fiscal year largely due to increased governmental activities revenue over expenditures.

Governmental activities. Governmental activities increased the City of Goodview, Minnesota's net assets by $75,713, thereby accounting for 117 percent of the total growth in the net assets of the City of Goodview, Minnesota.

City of Goodview, Minnesota's Changes in Net Assets

Figure 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
Revenue:						
Program revenue:						
Charges for services	$ 46,296	$ 44,855	$ 582,786	$ 526,742	$ 629,082	$ 571,597
Grants & contributions	359,353	219,238	-	-	359,353	219,238
General revenue:						
Taxes	857,577	746,949	-	-	857,577	746,949
Intergovernmental revenue	174,549	180,564	-	-	174,549	180,564
Interest and investment income	66,371	69,330	8,512	4,954	74,883	74,284
Miscellaneous	3,172	2,200	-	154	3,172	2,354
Total revenue	1,507,318	1,263,136	591,298	531,850	2,098,616	1,794,986
Expenses:						
General government	297,651	298,887	-	-	297,651	298,887
Public safety	507,089	465,398	-	-	392,945	465,398
Public works	345,696	325,683	-	-	345,696	325,683
Health and human services	1,981	-	-	-	1,981	-
Economic development	42,573	-	-	-	42,573	-
Parks, recreation	81,939	71,892	-	-	81,939	71,892
Interest on long-term debt	86,541	96,339	-	-	86,541	96,339
Water	-	-	276,761	294,646	276,761	294,646
Sewer	-	-	375,890	383,076	375,890	383,076
Lease operations	-	-	17,509	26,374	17,509	26,374
Total expenses	1,363,470	1,258,199	670,160	704,096	2,033,630	1,962,295
Transfers	(68,135)	(523,106)	68,135	523,106	-	-
Change in net assets	75,713	(518,169)	(10,727)	350,860	64,986	(167,309)
Net assets - beginning	5,622,764	6,140,933	7,116,873	6,766,013	12,7396,37	12,906,946
Net assets - ending	**$ 5,698,477**	**$ 5,622,764**	**$ 7,106,146**	**$ 7,116,873**	**$ 12,804,623**	**$ 12,739,637**

Figure 2 provides summarized operating results and their impact on net assts. Governmental activities before transfers remained nearly the same as the previous year. Transfers to business activities representing primarily investments in capital assets without any related debt meant the assets remained with the City but became part of business-type activities.

Governmental activities: Property taxes increased $110,628 (15 percent) during the year.

Grants and contributions increased $130,815 (63 percent) as a result of obtaining redevelopment grant funds form the State of Minnesota.

Expenses rose 8 percent in contrast to a 19 percent increase overall in revenue.

Business-type activities: Business-type activities net assets declined $10,727 as a result of the failure of revenue increase to keep pace with increases in expenses. Increase in charges for services are planned for the subsequent year to try to offset the ratios.

Financial Analysis of the City's Funds

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

Governmental Funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Goodview, Minnesota's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the primary operating fund of the City of Goodview, Minnesota. At the end of the current fiscal year, unreserved fund balance of the General Fund was $163,701, while total fund balance was $203,436. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 15 percent of total General Fund expenditures, while total fund balance represents 18 percent of that same amount.

At December 31, 2005, the governmental funds of City of Goodview, Minnesota reported a combined fund balance of $1,251,493, a decrease of $239,184 from last year. The decrease is attributable to failure by Xcel Energy to implement a franchise tax anticipated for the year.

General Fund Budget: Xcel Energy's refusal made apparent the need to use some of the fund's available resources. No significant changes were made in the budget as a result.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Information on enterprise fund net assets follows:

	Unrestricted Net Assets	Change in Net Assets
Water	$ 117,354	$ (36,655)
Sewer	243,470	29,191
Lease operating	124,174	(3,263)

Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Goodview, Minnesota's business-type activities.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets, net of related debt, for its governmental and business-type activities as of December 31, 2005, totals $10,427,702 (net of accumulated depreciation). These assets include land, improvements, buildings, machinery and equipment, and infrastructure.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Sewer and watermain extensions
- Further development of LaCanne Park

City of Goodview Minnesota's Capital Assets

Figure 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2005	2004	2005	2004	2005	2004
Land	$ 668,746	$ 668,746	$ 70,889	$ 70,889	$ 739,635	$ 739,635
Buildings	869,227	869,227	1,002,406	971,398	1,871,633	1,840,625
Improvements	937,743	805,368	-	-	937,743	805,368
Machinery and equipment	1,229,569	1,224,645	331,375	327,931	1,560,944	1,552,576
Infrastructure	4,834,963	4,764,189	6,984,348	6,918,234	11,819,311	11,682,423
Less: Accumulated depreciation	(2,614,469)	(2,464,221)	(1,767,870)	(1,634,210)	(4,382,339)	(4,098,431)
TOTAL	**$5,925,779**	**$5,867,954**	**$6,621,148**	**$6,654,242**	**$12,546,927**	**$12,522,196**

Additional information on the City's capital assets can be found in the notes to the Comprehensive Annual Financial Statements.

Long-Term Obligations. As of December 31, 2005, the City of Goodview, Minnesota had total long-term obligations outstanding of $2,179,039. Of this, $2,060,000 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases and compensated absences.

City of Goodview, Minnesota's Outstanding Long-Term Obligations

Figure 4

	GOVERNMENTAL ACTIVITIES	
	2005	2004
Special Assessment Bonds	$ 1,955,000	$ 2,210,000
Tax Increment Bonds	105,000	150,000
Other long-term obligations	119,039	69,242
TOTAL	**$ 2,179,039**	**$ 2,429,242**

The City's total debt decreased by $250,203 (10.3%) during the past fiscal year.

The State of Minnesota statutes limit the amount of general obligation debt that a unit of government can issue to 2 percent of the total market value of taxable property located within that government's boundaries. The legal debt limit for City of Goodview, Minnesota is $3,836,458.

Additional information regarding the City of Goodview, Minnesota's long-term debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The 2006 General Fund budget was $1,076,772 for expenditures 9 percent greater than 2005. Property tax levies for 2006 were $995,304, up 14.2 percent from 2005. Property tax rates increased 7 percent from 37.5 to 40.3 percent from 2005 to 2006.

During 2005, construction of new building projects totaled $6,581,457 compared with a total of $4,405,400 for 2004, an increase of 33 percent.

These factors were considered when the City prepared its 2006 budget.

Requests for Information

This report is designed to provide an overview of the City's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the City of Goodview, Minnesota, 4140 5th Street, Goodview, Minnesota 55987.

CITY OF GOODVIEW, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

CITY OF GOODVIEW, MINNESOTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DECEMBER 31, 2005

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2005

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash	$ 1,267,025	$ 461,524	$ 1,728,549
Receivables			
Accounts	-	84,032	84,032
Taxes	4,276	-	4,276
Special assessments	850,265	-	850,265
Park pledges	26,505	-	26,505
Internal balances	(10,563)	10,563	-
Inventories	-	2,299	2,299
Prepaid items	5,753	1,413	7,166
Capital assets, net of accumulated depreciation			
Land	668,746	70,889	739,635
Buildings	631,768	559,945	1,191,713
Improvements other than buildings	831,080	-	831,080
Machinery and equipment	651,660	203,890	855,550
Infrastructure	3,142,525	5,786,424	8,928,949
TOTAL ASSETS	**$ 8,069,040**	**$ 7,180,979**	**$ 15,250,019**

(Continued on page 21)

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS - Continued
DECEMBER 31, 2005

LIABILITIES AND NET ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	$ 36,682	$ 45,935	$ 82,617
Customer deposits	-	11,456	11,456
Accrued interest on bonds payable	35,691	-	35,691
Due to other governments	48	-	48
Deferred revenue	136,545	-	136,545
Compensated absences	42,372	17,442	59,814
Capital leases payable:			
Due within one year	23,970	-	23,970
Due in more than one year	35,255	-	35,255
Bonds payable:			
Due within one year	265,000	-	265,000
Due in more than one year	1,795,000	-	1,795,000
TOTAL LIABILITIES	2,370,563	74,833	2,445,396
NET ASSETS			
Invested in capital assets, net of related debt	3,806,554	6,621,148	10,427,702
Restricted for:			
Debt service	232,372	-	232,372
Park capital campaign	26,505	-	26,505
Unrestricted	1,633,046	484,998	2,118,044
TOTAL NET ASSETS	5,698,477	7,106,146	12,804,623
TOTAL LIABILITIES AND NET ASSETS	**$ 8,069,040**	**$ 7,180,979**	**$ 15,250,019**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2005

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	$ 297,651	$ 6,594	$ -	$ -
Public safety	507,089	21,599	43,908	48,637
Public works	345,696	10,928	-	-
Health and human services	1,981	-	-	-
Economic development	42,573	-	42,573	-
Culture, recreation, and education	81,939	7,175	18,790	205,445
Interest and fiscal charges	86,541	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,363,470	46,296	105,271	254,082
BUSINESS-TYPE ACTIVITIES				
Water	276,761	211,489	-	-
Sewer	375,890	359,297	-	-
Lease operating	17,509	12,000	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	670,160	582,786	-	-
TOTAL	$ 2,033,630	$ 629,082	$ 105,271	$ 254,082

General Revenue

Taxes

Property taxes

Franchise taxes

Intergovernmental revenue not restricted to specific programs

Interest and investment income

Miscellaneous

Transfers

Total General Revenue

CHANGE IN NET ASSETS

NET ASSETS - BEGINNING OF YEAR

NET ASSETS - END OF YEAR

The accompanying notes are an integral part of these financial statements.

NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (291,057)		$ (291,057)
(392,945)		(392,945)
(334,768)		(334,768)
(1,981)		(1,981)
-		-
149,471		149,471
(86,541)		(86,541)
(957,821)		**(957,821)**
	(65,272)	(65,272)
	(16,593)	(16,593)
	(5,509)	(5,509)
	(87,374)	**(87,374)**
(957,821)	**(87,374)**	**(1,045,195)**
828,559	-	828,559
29,018	-	29,018
174,549	-	174,549
66,371	8,512	74,883
3,172	-	3,172
(68,135)	68,135	-
1,033,534	76,647	1,110,181
75,713	(10,727)	64,986
5,622,764	7,116,873	12,739,637
$ 5,698,477	**$ 7,106,146**	**$ 12,804,623**

This page is left blank intentionally.

CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2005

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

ASSETS	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	$ 106,637	$ 330,631	$ 829,757	$ 1,267,025
Receivables				
Taxes	3,111	1,165	-	4,276
Special assessments	-	681,538	168,727	850,265
Park pledges	-	-	26,505	26,505
Due from other funds	121,615	-	-	121,615
Prepaid items	5,753	-	-	5,753
TOTAL ASSETS	**$ 237,116**	**$ 1,013,334**	**$ 1,024,989**	**$ 2,275,439**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 22,609	$ -	$ 14,073	$ 36,682
Due to other governments	48	-	-	48
Due to other funds	11,023	121,155	-	132,178
Deferred revenue	-	659,807	195,231	855,038
TOTAL LIABILITIES	33,680	780,962	209,304	1,023,946
FUND BALANCES				
Reserved for:				
Debt service	-	232,372	-	232,372
Prepaids	5,753	-	-	5,753
Equipment	33,982	-	11,000	44,982
Unreserved	163,701	-	804,685	968,386
TOTAL FUND BALANCES	203,436	232,372	815,685	1,251,493
TOTAL LIABILITIES AND FUND BALANCES	**$ 237,116**	**$ 1,013,334**	**$ 1,024,989**	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	5,925,779
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the govermental funds	718,493
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds	
Bonds and notes payable	(2,060,000)
Capital leases payable	(59,225)
Accrued interest	(35,691)
Compensated absences	(42,372)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	**$ 5,698,477**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	GENERAL	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	$ 563,768	$ 264,791	$ -	$ 828,559
Francise	29,018	-	-	29,018
Licenses and permits	16,159	-	-	16,159
Intergovernmental	213,638	-	42,573	256,211
Charges for services	8,983	-	-	8,983
Fines and forfeitures	21,154	-	-	21,154
Special assessments	-	137,757	49,620	187,377
Interest	5,407	45,640	15,324	66,371
Donations	72,246	-	32,535	104,781
Miscellaneous	5,372	-	-	5,372
TOTAL REVENUE	935,745	448,188	140,052	1,523,985
EXPENDITURES				
Current				
General government	287,114	80	72	287,266
Public safety	479,640	-	-	479,640
Public works	226,697	-	4,481	231,178
Health and human services	1,981	-	-	1,981
Economic development	-	-	42,573	42,573
Culture and recreation	35,118	-	-	35,118
Capital outlay	71,710	-	271,284	342,994
Debt service				
Principal	-	300,000	-	300,000
Interest	-	90,435	-	90,435
TOTAL EXPENDITURES	1,102,260	390,515	318,410	1,811,185
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(166,515)	57,673	(178,358)	(287,200)
OTHER FINANCING SOURCES				
Proceeds from capital leases	48,016	-	-	48,016
NET CHANGE IN FUND BALANCES	(118,499)	57,673	(178,358)	(239,184)
FUND BALANCES AT BEGINNING OF YEAR	321,935	174,699	994,043	1,490,677
FUND BALANCES AT END OF YEAR	**$ 203,436**	**$ 232,372**	**$ 815,685**	**$ 1,251,493**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2005

Net change in fund balances - Total Governmental Funds		$ (239,184)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay	$ 342,994	
Depreciation expense	(211,376)	131,618
The net effect of various miscellaneous transactions including capital assets (i.e., noncapitalized outlay and contributions) is to decrease net assets		(68,135)
Some capital assets acquired during the year were financed with long-term debt. The amount of the long-term debt is reported in the governmental funds as a source of financing. In the statement of net assets, however, long-term debt is not reported as a financing source, but rather constitute a long-term liability. The amount of long-term debt issued in governmental fudn statements is:		(48,016)
Revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds.		
Special assessments	$ 4,012	
Pledges	(18,479)	(14,467)
In governmental funds, the entire proceeds, if any, from the disposal of capital assets are reported as miscellaneous income. In the statement of activities, only the gain (or loss) on the disposal is reported. The difference between the two is the original cost of the asset.		
Proceeds from the disposition of capital assets as reported on governmental funds operating statement	$ (2,200)	
(Loss) on disposition reported on the statement of activities	(3,458)	
Cost of assets disposed of		(5,658)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Lease principal payments	$ 21,744	
Principal payments	300,000	321,744
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		
Change in accrued interest	$ 3,894	
Change in compensated absences	(6,083)	(2,189)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		**$ 75,713**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2005

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 622,093	$ 622,093	$ 563,768	$ (58,325)
Franchise	23,000	155,000	29,018	(125,982)
Licenses and permits	8,650	8,650	16,159	7,509
Intergovernmental	131,347	131,347	213,638	82,291
Charges for services	650	650	8,983	8,333
Fines and forfeitures	25,000	25,000	21,154	(3,846)
Interest	2,650	2,650	5,407	2,757
Donations	-	-	72,246	72,246
Miscellaneous	500	500	5,372	4,872
TOTAL REVENUE	813,890	945,890	935,745	(10,145)
EXPENDITURES				
Current				
General government	264,264	262,786	287,114	(24,328)
Public safety	395,373	381,964	479,640	(97,676)
Public works	217,384	214,958	226,697	(11,739)
Health and human services	900	900	1,981	(1,081)
Culture, recreation, and education	25,966	36,861	35,118	1,743
Capital outlay	44,500	81,500	71,710	9,790
TOTAL EXPENDITURES	948,387	978,969	1,102,260	(123,291)
EXCESS OF REVENUE (UNDER) EXPENDITURES	(134,497)	(33,079)	(166,515)	(133,436)
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	48,016	(48,016)
NET CHANGE IN FUND BALANCES	(134,497)	(33,079)	(118,499)	(85,420)
FUND BALANCES AT BEGINNING OF YEAR	321,935	321,935	321,935	-
FUND BALANCES AT END OF YEAR	**$ 187,438**	**$ 288,856**	**$ 203,436**	**$ (85,420)**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2005

ASSETS	WATER FUND	SEWER FUND	LEASE OPERATING FUND	TOTAL
CURRENT ASSETS				
Cash	$ 111,280	$ 227,192	$ 123,052	$ 461,524
Receivables				
Accounts	10,776	30,843	3,500	45,119
Unbilled	13,736	25,177	-	38,913
Due from other funds	-	11,023	-	11,023
Inventories	2,299	-	-	2,299
Prepaid items	750	663	-	1,413
TOTAL CURRENT ASSETS	138,841	294,898	126,552	560,291
NONCURRENT ASSETS				
CAPITAL ASSETS				
Land	50,534	12,155	8,200	70,889
Buildings, plants, and stations	646,393	161,603	194,410	1,002,406
Storage, distribution, and collection system	3,687,852	3,296,496	-	6,984,348
Machinery and equipment	171,250	144,915	15,210	331,375
TOTAL CAPITAL ASSETS	4,556,029	3,615,169	217,820	8,389,018
Less accumulated depreciation	924,078	708,893	134,899	1,767,870
NET CAPITAL ASSETS	3,631,951	2,906,276	82,921	6,621,148
TOTAL ASSETS	**$ 3,770,792**	**$ 3,201,174**	**$ 209,473**	**$ 7,181,439**
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	$ 3,310	$ 42,625	$ -	$ 45,935
Customer deposits	9,456	-	2,000	11,456
Due to other funds	-	82	378	460
Compensated absences	8,721	8,721	-	17,442
TOTAL CURRENT LIABILITIES	21,487	51,428	2,378	75,293
NET ASSETS				
Invested in capital assets, net of related debt	3,631,951	2,906,276	82,921	6,621,148
Unrestricted	117,354	243,470	124,174	484,998
TOTAL NET ASSETS	3,749,305	3,149,746	207,095	7,106,146
TOTAL LIABILITIES AND NET ASSETS	**$ 3,770,792**	**$ 3,201,174**	**$ 209,473**	**$ 7,181,439**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	WATER FUND	SEWER FUND	LEASE OPERATING FUND	TOTALS
OPERATING REVENUE				
Sales	$ 182,949	$ 359,297	$ -	$ 542,246
Charges for services	21,481	-	-	21,481
Lease charges	-	-	12,000	12,000
Miscellaneous	7,059	-	-	7,059
TOTAL OPERATING REVENUE	211,489	359,297	12,000	582,786
OPERATING EXPENSES				
Cost of sales and services	179,490	309,643	12,155	501,288
Administration	22,257	10,935	-	33,192
Depreciation	75,014	55,312	5,354	135,680
TOTAL OPERATING EXPENSES	276,761	375,890	17,509	670,160
OPERATING (LOSS)	(65,272)	(16,593)	(5,509)	(87,374)
NONOPERATING REVENUE				
Interest income	2,889	3,377	2,246	8,512
(LOSS) BEFORE CAPITAL CONTRIBUTIONS	(62,383)	(13,216)	(3,263)	(78,862)
CAPITAL CONTRIBUTIONS	25,728	42,407	-	68,135
CHANGE IN NET ASSETS	(36,655)	29,191	(3,263)	(10,727)
NET ASSETS AT BEGINNING OF YEAR	3,785,960	3,120,555	210,358	7,116,873
NET ASSETS AT END OF YEAR	**$ 3,749,305**	**$ 3,149,746**	**$ 207,095**	**$ 7,106,146**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	WATER UTILITY	SEWER UTILITY	LEASE OPERATING FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	$ 210,854	$ 359,855	$ 9,000	$ 579,709
Receipts for (payments from) interfund services	11,850	(12,794)	378	(566)
Payments to suppliers for goods and services	(112,056)	(227,083)	(12,155)	(351,294)
Payments to employees for services	(88,498)	(90,658)	-	(179,156)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	22,150	29,320	(2,777)	48,693
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(32,729)	(1,722)	-	(34,451)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	2,889	3,377	2,246	8,512
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(7,690)	30,975	(531)	22,754
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	118,970	196,217	123,583	438,770
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 111,280**	**$ 227,192**	**$ 123,052**	**$ 461,524**
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating (loss)	$ (65,272)	$ (16,593)	$ (5,509)	$ (87,374)
Adjustments to reconcile operating (loss) to net cash flows from operating activities				
Depreciation	75,014	55,312	5,354	135,680
Changes in assets and liabilities				
(Increase) decrease in assets				
Accounts receivable	(635)	558	(3,000)	(3,077)
Due from other funds	11,850	(10,643)	-	1,207
Inventories	(498)	-	-	(498)
Prepaid items	(7)	7,154	-	7,147

(Continued on page 31)

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF CASH FLOWS - Continued
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2005

	WATER UTILITY	SEWER UTILITY	LEASE OPERATING FUND	TOTALS
RECONCILIATION OF OPERATING (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES - Continued				
Increase (decrease) in liabilities				
Accounts payable	$ 59	$ (4,132)	$ -	$ (4,073)
Other accrued expenses	1,945	121	-	2,066
Due to other funds	-	(2,151)	378	(1,773)
Compensated absences	(306)	(306)	-	(612)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	**$ 22,150**	**$ 29,320**	**$ (2,777)**	**$ 48,693**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital contributions from municipality	**$ 25,728**	**$ 42,407**	**$ -**	**$ 68,135**

The accompanying notes are an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2005

NOTE 1 - Summary Of Significant Accounting Policies

The financial statements of the City of Goodview have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The more significant of the City's accounting policies are described below:

A. Reporting Entity

The City of Goodview is a municipal corporation and operates under a plan A form of government. The four member Council and Mayor are elected on rotating terms in each even-numbered year.

Component units are legally separate entities, which are fiscally dependent on the primary government or for which the primary government is financially accountable. As of December 31, 2005, there were no entities that met the requirements to be considered a component unit of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 are 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, service, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 - Summary Of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

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 expenditure related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

The Debt Service Fund accounts for resources accumulated and payments for principal and interest on long term general obligation tax increment debt and general obligation special assessment debt.

The Revolving Capital Projects Fund accounts for revenues and expenditures related to the acquisition or construction of general fixed assets and other improvements.

The City reports the following major proprietary funds:

The Water Fund accounts for activities related to the operation of a water distribution system.

The Sewer Fund accounts for activities related to the operation of a sanitary collection system.

The Lease Operating Fund accounts for activities related to the lease of City buildings to others.

NOTE 1 - Summary Of Significant Accounting Policies - Continued

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector-guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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

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 revenue of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

The City's cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government.

NOTE 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

State statutes authorize investments in the following: direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 which receive the highest credit rating are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of thirteen months or less; municipal general obligations rated "A" or better; municipal revenue obligations rated "AA" or better, general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers; acceptances of the United States' banks eligible for purchase of by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories, repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualifies as a "depository" by the City entity, with banks that are members of the Federal Reserve System with capitalization exceeding $10,000,000, a primary reporting dealer in U.S. government securities to Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Investments for the City are reported at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans).

All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

NOTE 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

2. Receivables and Payables - Continued

Property taxes are submitted to the County Auditor by December 28 of each year to be levied on January 1 on property values assessed as of the same date. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15.

Unpaid taxes at December 31 become liens on the respective property and are classified in the financial statements as delinquent taxes receivable.

3. Inventories

Inventory of the water operation is valued at actual original cost.

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2005 are recorded as prepaid items in the Enterprise Funds. For governmental funds, if such amount represents a charge for the subsequent period, then a prepaid account is maintained.

5. Capital Assets

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

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City does not capitalize interest on general fixed projects. No enterprise fund fixed asset projects required interest to be capitalized.

NOTE 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

5. Capital Assets - Continued

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

Assets	Years
Buildings	15 - 50
Improvements	15 - 30
Machinery, equipment, and vehicles	3 - 20
Collection and distribution systems	30 - 75
Streets and public infrastructure	30 - 75

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time up to 40 hours of vacation and 120 hours of compensatory time. The City also provides a post-retirement benefit for employees whose age plus years of service total 75 or more. An estimate for liability for unpaid vacation and compensatory time benefits is prepared and accrued when incurred in government-wide and proprietary fund statements. A liability for post-retirement benefits is prepared and accrued when they have matured and is then reported in the government-wide and proprietary fund financial statements. A liability for vacation and compensatory time benefits is reported in government funds only if they have matured, for example, as a result of resignation or retirement.

7. 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, and proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

NOTE 1 - Summary Of Significant Accounting Policies - Continued

D. Assets, Liabilities, and Net Assets or Equity - Continued

8. Fund Equity

In the fund financial statements, governmental funds may report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative Council plans that are subject to change.

9. Use of Estimates

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

NOTE 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the governmental funds classified as the general fund and debt service funds. No budget is prepared for other governmental funds, which includes the capital projects fund. All annual appropriations lapse at fiscal year-end.

On or before July of each year, all departments of the City submit requests for appropriations to the City's Administrator so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review and approval. By September 15, the proposed budget and tax levy must be submitted to the County Auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted, and submitted to the County Auditor no later than December 28.

The appropriated budget is prepared by fund, function, and department. The City's Administrator may make transfers of appropriations within a department. Transfers of appropriations between funds require the approval of the Council. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the fund level.

NOTE 2 - Stewardship, Compliance, and Accountability

A. Budgetary Information - Continued

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting—under which purchase orders, contracts, and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation—is not utilized in the governmental funds due to the very low volume of purchase orders at any point in time for a city of this size. Appropriate budgetary control is maintained through the use of sub-files of unfilled purchase orders which are reviewed when a particular purchase is proposed to determine if any purchase orders are outstanding against the affected appropriation and whether sufficient appropriation remains to allow the proposed purchase.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2005, expenditures exceeded appropriations in the general fund in the amount of $123,291. The over expenditure was funded by greater than anticipated revenues and available fund balances.

NOTE 3 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in three financial institutions. Each fund's share of the deposits is stated simply as "Cash" throughout this report. The pools are managed and under direct control of the City. At year-end, the carrying amount of the City's deposits was $1,728,449 and the bank balances totaled $1,784,852. State statutes require depositories of municipal funds, in lieu of a corporate or personal surety bond, to provide security collateral in the amount of at least 10 percent more than any deposit in excess of any insured portion.

	Merchants National Bank	Wells Fargo Bank	Winona National Bank
Deposits - Cash	$ 464,931	$ 940,313	$ 379,608
Less: Federal Deposit Insurance	(200,000)	(100,000)	(100,000)
Deposits in excess of insured amounts	**$ 264,931**	**$ 840,313**	**$ 279,608**
Security collateral required	$ 291,424	$ 924,344	$ 307,569
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	632,496	1,311,479	520,669
Excess of security collateral	**$ 341,072**	**$ 387,135**	**$ 213,100**

NOTE 3 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Bank balances of deposits including cash, money market accounts, and certificates of deposits as of December 31, 2005 are insured or collateralized with securities held by an agent of the City in the City's name. State statute authorizes the City to invest its idle cash in interest bearing accounts, certificates of deposit, repurchase agreements, governmental bonds, notes, bills, mortgages, or other direct obligations or insured issues of the United States or its agencies or in shares of an investment company duly registered and whose investments are in securities of the type described herein.

Deposits made during 2005 included certificates of deposit and deposits in interest bearing money market accounts. Deposits as of December 31, 2005 are as follows:

	Deposit Amount	Carrying Amount
Winona National Bank		
Checking accounts	$ -	$ -
Money market accounts	379,608	379,608
Certificates of deposit	-	-
Wells Fargo Bank		
Checking accounts	250,595	193,472
Money market accounts	689,718	693,846
Certificates of deposit	-	-
Merchants Bank		
Checking accounts	203,896	200,488
Money market accounts	261,035	261,035
Certificates of deposit	-	-
Total deposits	1,784,852	1,728,449
Petty cash and change funds	-	100
Total cash and change fund	**$ 1,784,852**	**$ 1,728,549**

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2005, the fair value of the City's investments approximated original cost, therefore, no fair value adjustments were necessary.

NOTE 3 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Determining Fair Value - Investments with stated interest rates (savings accounts, CD's, repos) are stated at cost.

Income Allocation - Investment income is allocated to the fund that owns the investment.

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The City has a formal investment policy that would further limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The State of Wisconsin investment pool is not rated.

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2005, $400,000 of the City's bank balance of $1,784,852 is covered by FDIC coverage, and the remaining $1,384,852 was collateralized. None of the City's deposits were exposed to custodial credit risk.

B. Receivables

Receivables at December 31, 2005 for the City's individual major funds consist of the following:

	General	Debt Service	Capital Projects	Enterprise	Total
Receivables:					
Accounts	$ -	$ -	$ -	$ 84,032	$ 84,032
Taxes	3,111	1,165	-	-	4,276
Special assessments	-	681,538	168,727	-	850,265
Park pledges	-	-	26,505	-	26,505
Total receivables	**$ 3,111**	**$ 682,703**	**$ 195,232**	**$ 84,032**	**$ 965,078**

NOTE 3 - Detailed Notes on all Funds - Continued

B. Receivables - Continued

Governmental funds report deferred revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue in the governmental funds were as follows:

	Unavailable
Special assessments	$ 828,533
Park pledges	26,505
Total deferred revenue for governmental funds	**$ 855,038**

C. Capital Assets

Capital asset activity for the year ended December 31, 2005 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Government Activities				
Capital assets not being depreciated				
Land	$ 668,746	$ -	$ -	$ 668,746
Capital assets being depreciated				
Buildings	869,227	-	-	869,227
Improvements	805,368	132,375	-	937,743
Machinery and equipment	1,224,645	71,710	66,786	1,229,569
Infrastructure	4,764,189	70,774	-	4,834,963
Total capital assets being depreciated	7,663,429	274,859	66,786	7,871,502
Less accumulated depreciation for:				
Buildings	219,385	18,074	-	237,459
Improvements	77,521	29,142	-	106,663
Machinery and equipment	570,161	68,876	61,128	577,909
Infrastructure	1,597,154	95,284	-	1,692,438
Total accumulated depreciation	2,464,221	211,376	61,128	2,614,469
Total capital assets being depreciated, net	5,199,208	63,483	5,658	5,257,033
Governmental Activities Capital Assets, Net	**$ 5,867,954**	**$ 63,483**	**$ 5,658**	**$ 5,925,779**

NOTE 3 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated				
Land	$ 70,889	$ -	$ -	$ 70,889
Capital assets being depreciated				
Buildings	971,398	31,008	-	1,002,406
Machinery and equipment	327,932	3,443	-	331,375
Infrastructure	6,918,234	68,135	2,021	6,984,348
Total capital assets being depreciated	8,217,564	102,586	2,021	8,318,129
Less accumulated depreciation for:				
Buildings	422,815	19,646	-	442,461
Machinery and equipment	108,220	19,265	-	127,485
Infrastructure	1,103,176	96,769	2,021	1,197,924
Total accumulated depreciation	1,634,211	135,680	2,021	1,767,870
Total capital assets being depreciated, net	6,583,353	(33,094)	-	6,550,259
Business-Type Activities Capital Assets, Net	**$ 6,654,242**	**$ (33,094)**	**$ -**	**$ 6,621,148**

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

Governmental activities:	
General government	$ 8,824
Public safety	42,498
Street department	113,233
Culture and recreation	46,821
Total depreciation expense-governmental activities	**$ 211,376**
Business-type activities:	
Sewer	$ 55,312
Water	75,014
Lease service	5,354
Total depreciation expense-business-type activities	**$ 135,680**

NOTE 3 - Detailed Notes on all Funds - Continued

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2005, is as follows:

Due to/from other funds:

Receivable fund	Payable Fund	Amount
General fund	Sewer fund	$ 82
General fund	Lease Operating fund	378
1996 TIF	1994 TIF	121,155
Sewer fund	General fund	11,023
Total		**$ 132,638**

In the financial statements, due to/from other funds are used to cover temporary cash deficits.

E. Capital Leases

The City entered into a lease purchase agreement in 1997 to acquire a fire engine. The City entered into two leases for police vehicles in 2005. The lease agreements qualify as capital leases (title transfers at the end of the lease terms) and has been recorded at the present value of the future minimum lease payment as of the date of the inception. The equipment was recorded as a capital asset while the liability created is recorded as a long-term obligation in the statement of net assets. Annual payments of the lease amount are made from unrestricted revenues of the General Fund. The City is committed to the payment of the lease amount on an annual basis only. Each item financed by a lease purchase is secured only by itself, the City's full faith and credit authority is not pledged.

The lease purchase agreement at December 31, 2005 consisted of the following:

Lease Purchase Agreement	Dated	Original Cost Capital Assets	Interest Rate	Amount Outstanding
Fire Engine	08-21-97	$ 146,558	5.33%	$ 20,295
Police Vehicle	05-01-05	20,508	4.18	16,857
Police Vehicle	03-31-05	27,508	4.11	22,073
				$ 59,225

The following is a schedule of the future minimum lease payments under the capital lease and the present value of the net minimum lease payments at December 31, 2005:

Year	Payment
2006	$ 27,174
2007	23,631
2008	13,003
2009	3,713
Total minimum lease payments	67,521
Less: amounts representing interest	(8,296)
Present value of future minimum lease payments	**$ 59,225**

NOTE 3 - Detailed Notes on all Funds - Continued

F. Long-Term Debt

General Obligation Bonds. The City issued $300,000 of General Obligation Taxable Tax Increment Bonds in 1988 to leverage the expansion of two industrial firms and an additional $445,000 in bonds of the same type in 1990 to leverage the expansion of an additional two industrial firms in the City. In 1994, $475,000 of General Obligation Taxable Tax Increment Bonds was issued to leverage an expansion of one of two industries established in 1988. Again in 1996, $375,000 of General Obligation Tax Increment Bonds was issued to leverage the expansion of industry. All additional property taxes of all taxing jurisdictions generated by the expansions are pledged toward the repayment of debt until defeased, then returning to each appropriate jurisdiction. The full faith and credit of the City is pledged toward repayment of the bonds. During 2005, $45,000 in bonds was paid for the 1996 issue.

With respect to tax increment district, the State of Minnesota, pursuant of M.S. Chapter 469.175 requires the following note disclosures for each tax increment district in the City and in addition requires that a Schedule of Sources and Uses of Public Funds also is included in the CAFR. That schedule may be found on page 68 in the Statistical section of this report.

Economic Development Tax Increment District No. 1-7
An Economic Development District established pursuant to Minnesota Statutes having a duration beginning in 1997 and ending in 2007.

Original Net Tax Capacity:	1,480
Current Net Tax Capacity:	34,420
Captured Net Tax Capacity:	
Regained by Authority:	32,940
Shared with other taxing districts	1,480

Total bonds issued (G.O. Taxable Tax Increment)	$ 375,000
Total loans incurred	-
Amounts redeemed	(270,000)
Outstanding bonds and loans at 12/31/05	$ 105,000

Annual debt service requirements to maturity for the general obligation tax increment bonds, including interest of $7,083 is as follows:

	Amount Required	
Fiscal Year Ending December 31, 2005	Principal	Interest
2006	$ 50,000	$ 5,268
2007	55,000	1,815
0TOTAL	**$ 105,000**	**$ 7,083**

NOTE 3 - Detailed Notes on all Funds - Continued

F. Long-Term Debt - Continued

Special Assessment Debt. The City is obligated on all special assessment debt, since each issue carries the backing of the City's full faith and credit taxing authority. The City is obligated for all or any portion of debt for which the collection of special assessments and interest thereon is insufficient to meet all principal and interest requirements to maturity. Such amounts were determined by the City Council to be public benefit portions of the projects so financed. Such amounts are included in the special assessment bonds payable with government commitment reported as long-term obligations in the statement of net assets. Of the total amount outstanding special assessment debt, $840,650 is considered debt of the City and $1,114,350 is the special assessment portion.

During 2003, the City issued $275,000 in General Obligation Improvement Refunding Bonds to refund a 1995 G.O. Improvement Bond issue. The bonds will be repaid in 2005 and 2006 with an annual maturity of $140,000, at a net interest rate of 2.165 percent. The bonds will be repaid from general taxation.

Special assessment bond debt service requirements to maturity, including the $541,249 interest are as follows:

Fiscal Year Ending December 31,	Principal	Interest
2006	$ 215,000	$ 75,977
2007	135,000	70,873
2008	135,000	66,048
2009	140,000	60,820
2010	140,000	55,290
2011 - 2015	755,000	184,428
2016 - 2018	435,000	27,813
TOTAL	**$ 1,955,000**	**$ 541,249**

NOTE 3 - Detailed Notes on all Funds - Continued

F. Long-Term Debt - Continued

Individual bond issues which comprise long-term debt's special assessment bonds with government commitment and general obligation tax increment bonds payable include the following:

Special Assessment Imp. Bonds	Interest Rate	Issue Date	Final Maturity Date	Tax Levy Support by Percent	Authorized and Issued	Retired	Out-standing	Principal Due in 2006	Interest Due in 2006
2003 Ref. Imp. Bonds	2.00%-2.25%	11-3-03	2-1-06	39%	$ 275,000	$ 135,000	$ 140,000	$ 140,000	$ 1,575
2001 Imp. Bonds	2.75%-4.65%	10-5-01	2-1-18	48%	2,060,000	245,000	1,815,000	75,000	74,402
Total Special Assessment					2,335,000	380,000	1,955,000	215,000	75,977
Tax Increment Bonds	6.05%-6.60%	12-16-96	2-1-07	100%	375,000	270,000	105,000	50,000	5,268
Total Special Assessment and Tax Increment Bonds					**$2,710,000**	**$ 650,000**	**$2,060,000**	**$ 265,000**	**$ 81,245**

The individual issue which makes up the long-term capital leases payable includes the following:

Special Assessment Imp. Bonds	Interest Rate	Issue Date	Final Maturity Date	Tax Levy Support by Percent	Authorized and Issued	Retired	Out-standing	Principal Due in 2006	Interest Due in 2006
Fire Engine	5.33%	8-21-97	7-1-07	-	$ 110,000	$ 89,705	$ 20,295	$ 13,349	$ 821
Police Vehicle	4.18%	5-1-05	4-1-09	-	20,508	3,651	16,857	4,529	558
Police Vehicle	4.11%	3-31-05	3-1-09	-	27,508	5,435	22,073	6,092	740
TOTAL LEASES					**$ 158,016**	**$ 98,791**	**$ 59,225**	**$ 23,970**	**$ 2,119**

Other Debt Information

There are a number of requirements set forth by the various bond indentures, which the City is in complete compliance with.

Cash and investments (deposits) available and restricted to retirement of these bonds, amounts to $330,631. Of the $3,836,458 statutory net debt limit, the City has $3,836,458 remaining.

NOTE 3 - Detailed Notes on all Funds - Continued

Other Debt Information - Continued

All compensated absences which consists of unused vacation time payable only upon termination up to a maximum of 15 working days are accounted for in the statement of net assets, since none of the amount represents an amount that would normally be liquidated with expendable available financial resources, it is not reported in the fund financial statements. The liability for the payroll taxes related to the salary-based payments is also included in the total amount recorded.

Changes in Long-Term Liabilities

	Balance, January 1	Additions	Reductions	Balance, December 31	Due in One Year
Governmental Activities					
Compensated absences	$ 36,289	$ 42,372	$ (36,289)	$ 42,372	$ 42,372
General obligation tax increment debt	150,000	-	(45,000)	105,000	50,000
Special assessment debt	2,210,000	-	(255,000)	1,955,000	215,000
Capital leases	32,953	48,016	(21,744)	59,225	23,970
Total	2,429,242	90,388	(358,033)	2,161,597	331,342
Business-Type Activities					
Compensated absences	18,053	17,442	(18,053)	17,442	17,442
Total	**$2,447,295**	**$ 107,830**	**$ (376,086)**	**$2,179,039**	**$ 348,784**

NOTE 4 - Other Information

A. Risk Management

The City is exposed to various risks related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. Settled claims from these risks have never exceeded commercial insurance coverage. No claims were unsettled as of December 31, 2005. There have been no significant reductions in insurance coverage.

B. Contingent Liabilities

The City had no claims pending at year-end.

NOTE 4 - Other Information

C. Employee Retirement Systems and Pension Plans

1. Defined benefit pension plans – statewide employees plans

a. Plan Description

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

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

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

NOTE 4 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans

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 PERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088, or by calling (651) 296-7460 or (800) 652-9026.

b. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by State Statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 and 5.1 percent, respectively, of their annual covered salary in 2005. Contribution rates in the Coordinated Plan will increase in 2006 to 5.5 percent. PEPFF members were required to contribute 6.20 percent of their annual covered salary in 2005. That rate will increase to 7.0 percent in 2006. The City of Goodview is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members, 5.53 percent for Coordinated Plan PERF members, and 9.30 percent for PEPFF members. Employer Contribution rates for the Coordinated Plan and PEPFF will increase to 6.0 and 10.5 percent, respectively, effective January 1, 2006. The City's contribution to the Public Employees Retirement Fund for the years ending December 31, 2005, 2004, and 2003 were $20,907, $19,665, and $19,500, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2005, 2004, and 2003 were $19,608, $18,004, and $17,160, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

2. Single employer defined benefit pension plan – volunteer fire relief association

a. Plan Description

The Goodview Volunteer Fire Department Pension Plan is a single-employer defined benefit pension plan administered by the Goodview Volunteer Fire Fighters Relief Association. The Plan provides a lump sum retirement benefit in the amount of $1,000 per year of service after at least age fifty (50) and twenty (20) years of service, and a death or permanent disability benefit in the amount of that which has accrued to their retirement account pursuant to the statutory formulas upon death or disability. Within statutory compliance, the Association has the authority to establish and amend benefit provisions. The Association issues its own stand-alone financial report that includes financial statements and required supplementary information for the Goodview Volunteer Fire Department Pension Plan. Copies may be obtained by writing the Goodview Volunteer Fire Fighters Relief Association, 4140 5th Street, Goodview, MN, 55987.

NOTE 4 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans

b. Funding Policy

Funding for the plan is established by State Statute and may be amended by the State Legislature. Currently, the plan is funded by a distribution from the State Fire Insurance Premium Tax and by contributions from the City in accordance with statutory formulas. The City is required by State Statute to contribute. The volunteer fire fighters do not receive any compensation and are not required to and do not contribute to the plan. The City's annual contribution requirement is determined in accordance with statutory formulas.

c. Annual Pension Cost

Minnesota State Statute Chapter 424A establishes the amount of contribution required by the City. The City makes contributions to the plan equal to the amount required by the State Statute. These contribution requirements are not actuarially determined. No actuary is used to determine the actuarial implications of the requirement. The accrued pension liability is calculated based upon the number of years of service of its members with different amounts accruing at different levels of service up to a maximum of $650 per year of service. Required contributions are determined taking the increase in pension obligation and reducing it by the amount of State Aid to be received, 5% of the funds net assets, and 10% of the surplus of assets over total accrued liability. For 2005, no contribution was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2005.

Three-Year Trend Information

Fiscal Year Ending	Required Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/03	$0	$0	100%
12/31/04	0	0	100%
12/31/05	0	0	100%

d. Post-Employment Benefits

The City provides post-retirement health, dental, and life insurance benefits for those employees whose age plus years of service total 75 or more. The City pays 85% of the premiums for health, dental, and life insurance for a period not exceeding five years. Any annual increase in the premium from the previous year greater than 5% becomes the responsibility of the retiree. Expenditures for benefits are recognized on a pay-as-you-go basis. During the year there was one participant under the plan. The amount of benefits paid for during the year was $14,324. Incentives for retirement are projected to provide a net savings in personnel costs over the period benefits are payable.

This page is left blank intentionally.

CITY OF GOODVIEW, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2005

This page is left blank intentionally.

GOODVIEW FIREMEN'S RELIEF ASSOCIATION
Goodview, Minnesota

SCHEDULE OF FUNDING PROGRESS

(Unaudited)

Valuation Date	Value of Assets	SAL	Unfunded (Funded) SAL	Funded Ratio	Covered Payroll	USAL as a Percentage of Covered Payroll*
12/31/05	$ 365,731	$ 261,749	$(103,982)	139.73%	N/A	N/A
12/31/04	$ 334,707	$ 242,454	$ (92,253)	138.05%	N/A	N/A
12/31/03	$ 301,595	$ 231,794	$ (69,801)	130.11%	N/A	N/A

*The Goodview Firemen's Relief Association is comprised of volunteers, therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations)

Acronyms

SAL – Statutory Accrued Liability

USAL – Unfunded Statutory Accrued Liability

Additional information regarding statutory assumptions and valuation methods are outlined below:

Statutory assumptions:

Administrative expense increase	3.50%
Investment rate of return	5.00%
2005 state aid contribution	100.00%
Amortization of pension benefit surplus (deficit)	10.00%

Investments are valued at fair value.

This page is left blank intentionally.

CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2005

This page is left blank intentionally.

Hawkins, Ash, Baptie & Company, LLP

Certified Public Accountants ◆ *Management Consultants*

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

To the City Council
City of Goodview, Minnesota

We have audited the financial statements of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota, as of and for the year ended December 31, 2005, which collectively comprise the City basic financial statements, and have issued our report thereon dated April 5, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the State Auditor pursuant to Minn. Sta. #6.65.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Goodview, Minnesota's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses.

Compliance and Other Matters

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

Minnesota Legal Compliance

The Minnesota Legal Compliance Audit Guide for Local Government contains six categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions. Our study included all of the listed categories. The results of our testes indicate that for the items tested, the City of Goodview, Minnesota complied with the material terms and conditions of applicable legal provisions.

This report is intended solely for the information and use of the City Council, management, and legislative or regulatory bodies and is not intended to be and should not be used by anyone other than these specified parties.

Hawkins, Ash, Baptie & Company, LLP

La Crosse, Wisconsin
April 5, 2006

CITY OF GOODVIEW, MINNESOTA

STATISTICAL SECTION

DECEMBER 31, 2005

Table 1

CITY OF GOODVIEW, MINNESOTA
GENERAL GOVERNMENT EXPENDITURES BY FUNCTION (1)
Last Ten Fiscal Years

Fiscal Year	General Government	Public Safety	Public Works	Health and Human Services	Culture & Recreation	Debt Service (2)	Capital Outlay	Total
1996	$ 230,418	$ 281,496	$ 172,566	$ -	$ 63,529	$ 614,501	$ -	$ 1,362,510
1997	211,026	425,356	182,711	-	92,516	587,343	-	1,498,952
1998	207,375	346,101	176,636	-	67,438	637,041	-	1,434,591
1999	212,098	371,402	180,747	-	36,215	655,537	-	1,455,999
2000	248,652	418,774	200,395	-	38,926	526,136	-	1,432,883
2001	237,306	415,366	229,429	-	31,154	525,366	-	1,438,621
2002	254,178	403,445	191,540	-	23,513	448,823	-	1,321,499
2003	258,675	371,574	177,031	-	21,045	851,330	-	1,679,655
2004	287,340	415,765	196,201	-	27,620	344,838	55,926	1,327,690
2005	287,194	479,640	226,697	1,981	35,118	390,435	71,710	1,492,775

NOTE: (1) Includes General and Debt Service Funds

(2) Includes special assessment bond debt service payments pursuant to GASB Statement No. 6

Table 2

CITY OF GOODVIEW, MINNESOTA
GENERAL REVENUES BY SOURCE (1)
Last Ten Fiscal Years

Fiscal Year	All Taxes	Licenses & Permits	Intergovern-mental Revenue	Charges For Services	Fines & Forfeits	Special Assess.	Misc.	Total
1996	$ 1,198,526	$ 6,870	$ 204,573	$ 3,672	$ 14,283	$ 141,726	$ 186,883	$ 1,756,533
1997	1,214,313	7,877	215,573	3,314	15,393	120,038	179,987	1,756,495
1998	931,298	8,072	226,801	22,662	21,717	105,100	129,588	1,445,238
1999	941,813	6,457	231,699	3,564	26,391	71,884	103,407	1,385,215
2000	862,373	7,068	233,877	2,680	25,357	48,795	75,579	1,255,729
2001	893,831	7,096	240,487	797	27,995	30,616	39,045	1,239,867
2002	1,017,277	7,183	263,902	481	30,982	22,799	20,461	1,363,085
2003	949,715	11,361	197,106	796	24,674	17,611	38,202	1,239,465
2004	746,949	14,139	200,949	6,633	24,083	144,444	96,571	1,233,768
2005	857,577	16,159	213,638	8,983	21,154	137,757	128,665	1,383,933

NOTE: (1) Includes General and Debt Service Funds

Table 3

CITY OF GOODVIEW, MINNESOTA

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy (1)	Current Tax Collected (1)	Percent of Levy Collected	Delinquent Tax Collected	Total Tax Collected	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent as Percent of Current Levy
1996	679,967	685,001	100.7%	17,985	702,986	103.3%	59	0.0%
1997	671,546	681,583	101.5%	10,919	692,502	103.1%	60	0.0%
1998	671,546	683,813	101.8%	11,950	695,763	103.6%	53	0.0%
1999	681,046	690,560	101.4%	7,094	697,654	102.4%	-	0.0%
2000	721,447	734,236	101.8%	13,579	747,815	103.7%	-	0.0%
2001	748,303	759,287	101.4%	3,045	762,332	101.8%	-	0.0%
2002	907,460	914,816	101.2%	2,839	917,655	101.5%	-	0.0%
2003	851,536	859,229	100.9%	5,183	864,412	101.5%	-	0.0%
2004	781,887	775,193	99.1%	7,933	783,126	100.2%	6,694	0.9%
2005	854,119	793,123	92.9%	18,927	812,050	95.1%	4,278	0.5%

NOTE: (1) Does not include tax generated from tax increment districts for which the City does not levy

Table 4

CITY OF GOODVIEW, MINNESOTA

TAX CAPACITIES AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

	Real Property		Personal Property		Total		
Fiscal Year	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value	Tax Capacity	Estimated Market Value	Ratio of Tax Capacity to Estimated Market Value (1)
1996	$1,732,033	$90,525,000	$ 66,277	$1,546,200	$1,798,310	$92,071,200	1.95%
1997	1,862,272	98,505,100	68,384	1,592,000	1,930,656	100,097,100	1.93%
1998	1,857,697	105,816,100	60,231	1,653,100	1,917,928	107,469,200	1.79%
1999	1,922,684	115,401,300	54,626	1,969,700	1,977,310	117,098,000	1.60%
2000	2,081,711	126,361,600	55,749	1,773,000	2,137,460	128,134,600	1.67%
2001	2,180,431	131,830,800	54,610	1,739,500	2,235,041	133,570,300	1.67%
2002	1,752,834	144,101,300	33,043	1,766,700	1,785,877	145,868,000	1.22%
2003	1,889,496	156,773,500	35,369	1,883,100	1,924,865	158,656,600	1.21%
2004	2,133,558	180,849,300	35,885	1,908,900	2,169,443	182,758,200	1.19%
2005	2,312,737	189,840,300	37,358	1,982,600	2,350,095	191,822,900	1.23%

NOTE: (1) The decline in tax capacity ratios over the ten year period is a result of changes in State laws which reduced the percent of market values subject to property taxes. The changes began in 1989 and continued through 2005.

CITY OF GOODVIEW, MINNESOTA

DIRECT AND OVERLAPPING PROPERTY TAX RATES AND TAX LEVIES

Last Ten Fiscal Years

TAX RATES
(As a percent applied to taxable value)

Fiscal Year	City Of Goodview	School Dist. #861	County Of Winona	HRA	Total
1996	32.821	51.496	41.439	.830	126.586
1997	29.709	52.720	40.644	.833	123.906
1998	25.888	59.744	42.714	.846	129.192
1999	25.796	54.506	42.637	.832	123.771
2000	24.433	49.895	40.444	.965	115.737
2001	24.571	47.393	41.274	1.154	114.392
2002	52.454	17.449	57.109	1.040	128.052
2003	45.580	17.060	52.206	1.304	116.150
2004	36.577	14.642	50.444	1.155	102.818
2005	37.464	16.086	48.832	1.035	103.417

TAX LEVIES

1996	$ 679,967	$ 8,560,139	$ 8,326,735	$ 78,308	$ 17,645,149
1997	671,546	9,440,845	8,804,160	81,441	18,997,992
1998	671,546	10,597,911	9,116,315	84,332	20,470,104
1999	681,046	10,033,344	9,362,655	86,876	20,163,921
2000	721,447	10,041,996	9,564,141	109,000	20,436,584
2001	748,303	10,550,934	10,717,390	143,031	22,159,658
2002	907,460	5,966,442	12,759,002	116,480	19,749,384
2003	851,536	4,765,820	12,811,160	161,093	18,589,609
2004	781,887	3,122,431	13,712,452	161,093	17,777,863
2005	854,119	5,802,353	14,701,412	161,093	21,518,977

Table 6

CITY OF GOODVIEW, MINNESOTA

SPECIAL ASSESSMENT COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Total Assessments Receivable	Current Assessments Collected	Percent Of Assessments Collected	Delinquent Assessments Collected	Total Assessments Collected	Collections as Percent of Current Assessments	Outstanding Delinquent Assessments	Outstanding Delinquent as Percent of Current Assessments
1996	$ 247,838	$ 243,104	98%	$ 15,188	$ 258,292	106%	$ 2,561	1.0%
1997	252,671	247,741	98%	2,120	249,861	99%	7,491	3.0%
1998	226,527	224,675	99%	7,981	232,656	103%	8,583	3.8%
1999	170,731	154,159	90%	2,803	156,962	92%	22,352	13.0%
2000	147,389	134,744	91%	8,525	143,269	97%	26,473	17.9%
2001	115,799	101,997	88%	3,196	105,193	91%	37,849	32.7%
2002	93,975	87,875	93%	5,632	93,507	99%	38,317	40.5%
2003	192,071	184,396	96%	1,487	185,883	97%	45,019	23.4%
2004	164,477	152,825	93%	336	153,161	94%	14,935	9.1%
2005	124,832	113,148	91%	4,677	117,825	96%	21,733	19.2%

Table 7

CITY OF GOODVIEW, MINNESOTA

RATIO OF NET BONDED DEBT TO TAX CAPACITY AND NET BONDED DEBT PER CAPITA

Last Ten Fiscal Years

Fiscal Year	Population (a)	Tax Capacity	Gross Bonded Debt (b)	Less Debt Service Funds (c)	Net Bonded Debt	Ratio of Net Bonded Debt to Tax Capacity	Net Bonded Debt Per Capita
1996	2,878	$ 1,798,310	$ 1,094,009	$ 366,115	$ 727,894	40.5%	$ 253
1997	2,878	1,930,656	1,004,050	582,471	421,579	21.8%	146
1998	2,878	1,917,928	857,850	520,345	337,505	17.6%	117
1999	2,878	1,977,310	709,500	406,970	302,530	15.3%	105
2000	3,373	2,137,460	571,900	324,025	247,875	11.6%	73
2001	3,373	2,235,041	1,313,650	325,528	988,122	44.2%	293
2002	3,373	1,785,877	1,197,550	310,815	886,735	49.6%	262
2003	3,373	1,924,865	1,004,050	103,458	900,592	46.8%	267
2004	3,373	2,169,443	950,300	174,699	775,601	35.8%	230
2005	3,373	2,350,095	840,650	232,372	608,278	25.9%	180

(a) All population figures are federal census.

(b) Debt included in Gross Bonded Debt includes only the City's share of special assessment bond debt to be repaid by taxes. $1,114,350 will be repaid by special assessments. It also does not include tax increment debt repaid by tax increment revenue.

(c) Represents current amounts available for and restricted to the retirement of bonded debt of the City excluding deposits with fiscal agents.

Table 8

CITY OF GOODVIEW, MINNESOTA

LEGAL DEBT MARGIN

December 31, 2005

Market value	$ 191,822,900	
Net debt limit (2% of market value)	3,836,458	
Amount of debt applicable to debt limit:		
Total bonded debt	2,060,000	
Less:		
Obligations payable wholly or partly from the proceeds from special assessments, taxable tax increment bonds including those which also pledge the full faith and credit and revenues pledged to the payment of debt	2,060,000	
Total debt applicable to margin	-	
Legal debt margin (1)		**$ 3,836,458**

NOTE: (1) Pursuant to the State of Minnesota, all debt payable wholly or in part from the collection of special assessments or tax increments and all obligations issued to finance public utilities or convenience from which a revenue may be derived are excluded from computation of the legal debt margin as well as assets of other obligations not otherwise excluded and the amount of all money the City holds dedicated for repayment of debt is also excluded from the total bonded debt.

Table 9

CITY OF GOODVIEW, MINNESOTA

COMPUTATION OF DIRECT AND OVERLAPPING DEBT

December 31, 2005

Governmental Unit	Bonded Debt Outstanding	Percentage Applicable to the City of Goodview	Amount Applicable to City of Goodview
City of Goodview	$ 608,278 (1)	100%	$ 608,278
School District #861	22,267,500	9.7%	2,159,947
County of Winona	9,080,000	7.5%	681,000
Total overlapping debt			2,840,947
Total direct and overlapping debt			**$ 3,449,225**

NOTE: (1) The amount represented here includes special assessment bonds ($840,650) payable from general property taxes reduced by amounts available and restricted to the retirement of those bonds.

Table 10

CITY OF GOODVIEW, MINNESOTA

RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO GENERAL GOVERNMENTAL EXPENDITURES

Last Ten Fiscal Years

Fiscal Year	Principal	Interest & Fiscal Charges	Debt Service	General Expenditures (1)	Ratio of Debt Service To Total General Expenditures
1996	$ 395,000	$ 219,501	$ 614,501	$ 1,362,510	45.1%
1997	405,000	182,343	587,343	1,498,951	39.2%
1998	470,000	167,041	637,041	1,434,591	44.4%
1999	515,000	140,537	655,537	1,455,999	45.0%
2000	410,000	116,136	526,136	1,432,883	36.7%
2001	430,000	95,366	525,366	1,438,621	36.5%
2002	375,000	73,823	448,823	1,321,499	33.9%
2003	(2) 785,000	66,330	851,330	1,679,655	50.6%
2004	245,000	99,838	344,838	1,327,690	26.0%
2005	300,000	90,435	390,515	1,492,775	26.2%

NOTE: (1) Includes General and Debt Service Funds
(2) Includes refunded 1995 bonds of $410,000

Table 11

CITY OF GOODVIEW, MINNESOTA

DEMOGRAPHIC STATISTICS

Last Ten Fiscal Years

Fiscal	Population	Per Capita Income (3)	Effective Buying Income (2)	Median Age	School Enrollment	Unemployment Rate (1)
1996	2878	$ 18,823	$ 28,360	Not Available	298	3.0%
1997	2878	19,855	29,878	Not Available	256	3.2%
1998	2878	21,108	30,868	34.9 (3)	255	2.2%
1999	2878	21,250	31,702	27% over 50	248	2.7%
2000	3373	23,495	33,074	36.2 (4)	254	3.2%
2001	3373	24,598	34,180	36.2 (4)	230	3.5%
2002	3373	25,488	34,929	36.2 (4)	198	3.7%
2003	3373	25,583	35,059	36.2 (4)	194	4.7%
2004	3373	26,281	29,201	36.2 (4)	199	4.4%
2005	3373	28,478	35,064	36.2 (4)	194	3.5%

Sources: (1) MN Department of Economic Security (by County)
(2) Sales and Marketing Management Magazine (by County)
(3) MN State Demographer Center (by County)
(4) MN State Demographer Center (2000 Census)

Information for education level in years of formal schooling is not available.

Table 12

CITY OF GOODVIEW, MINNESOTA

PROPERTY VALUE, CONSTRUCTION, AND BANK DEPOSITS

Last Ten Fiscal Years

	Commercial Construction		Residential Construction			Property Values (2)			
Fiscal Year	Number of Units	Value	Number of Units	Value	Bank Deposits (1)	Commercial	Residential	Nontaxable	Agriculture
1996	13	$ 2,193,585	52	$1,929,414	$ 375,493,736	$18,841,200	$67,015,800	$3,496,700	$ 1,573
1997	11	1,683,817	52	1,447,975	346,761,544	19,239,800	70,619,200	3,683,300	1,999
1998	6	385,500	55	1,881,657	372,489,377	20,908,400	77,876,300	3,683,300	107,600
1999	7	504,600	49	1,569,247	365,325,398	23,073,800	114,818,900	5,938,300	127,600
2000	10	1,111,075	52	1,731,148	408,431,881	24,721,000	100,867,600	5,938,300	143,100
2001	11	1,198,583	43	686,259	461,495,986	26,063,250	106,964,500	6,379,300	141,850
2002	3	105,700	46	2,853,565	433,784,850	27,405,500	113,061,400	6,820,300	140,600
2003	8	1,165,550	63	3,248,400	519,111,255	30,598,500	115,733,700	6,820,300	217,100
2004	7	695,875	64	3,709,525	415,704,844	39,517,700	145,284,900	7,298,700	570,500
2005	12	2,093,886	59	4,487,571	476,366,201	38,759,000	135,382,800	7,780,200	324,500

Source: (1) Merchants National Bank and Wells Fargo Bank. Totals include both Winona and Goodview areas.
(2) Winona County Auditor

Table 13

CITY OF GOODVIEW, MINNESOTA

PRINCIPAL TAXPAYERS

DECEMBER 31, 2005

Taxpayer	Type of Business	2005 Market Valuation	Percentage of Total Market Valuation
Lakeside Manor	Apartments and Townhouses	7,565,600	4.15%
Benchmark of Winona	Electronic Manufacturer	7,207,200	3.95%
Polymer Composites	Thermoplastic Manufacturer	3,523,700	1.93%
Winona Lighting	Lighting Specialists	2,422,600	1.33%
Hiatt Manufacturing	Formed Wire Parts Designer	2,206,200	1.21%
Lake Village Associates	Manufactured Home Park	2,105,100	1.16%
Mississippi Welders	Welding Services and Supplies	2,030,300	1.11%
Fastenal Company	Hardware Manufacturer/Retailer	1,799,900	0.99%
Corcoran and Herold, Inc.	Land Developer	1,636,300	0.90%
Knitcraft Corporation	Garment Manufacturer	1,571,600	0.86%
Xcel Energy	Utility Company	1,477,900	0.81%
Jacobson/Baker Apartments	Apartment Buildings	1,358,500	0.75%
United Building Center	Home Improvement Retailer	1,094,900	0.60%
Jayell Limited Partnership	Leased Warehouses	1,064,300	0.58%
Wingfoot Tire Systems	Tire Company	1,047,100	0.57%
Wells Fargo Bank	Bank	1,005,600	0.55%
Borkowski Towing & Salvage	Towing and Salvage Services	996,400	0.55%
Matthees Construction	Home Builder & Developer	995,100	0.55%
Murphy - Nustad Apartments	Apartment Buildings	944,600	0.52%
Garvin Brook Properties	Apartment Buildings	877,000	0.48%
Winona Welding	Welding and Sandblasting Services	875,400	0.48%
Kwik Trip	Gas Station and Convenience Store	770,300	0.42%
Zeches Institution Supply	Institutional Supply Sales	758,600	0.42%
Winona Homes	Manufactured and Modular Homes	727,100	0.40%
Volkart Apartments	Apartment Buildings	721,900	0.40%
		$ 46,783,200	**25.67%**

CITY OF GOODVIEW

MISCELLANEOUS STATISTICS

December 31, 2005

Date of incorporation	August 8, 1946
Form of government	Mayor-Council
Area	3.2 square miles
Miles of paved streets	16.8 miles
Miles of unpaved streets	1.1 mile
Miles of alleys	.2 miles
Miles of sidewalks	.2 miles
Number of streetlights	174
Building permits issued	71
Fire protection	
Number of stations	1
Number of volunteers	29
Police protection	
Number of stations	1
Number of policemen	4 full 9 part-time
Vehicular patrol units	5
Education (elementary only)	
Number of schools	1
Number of classrooms	Open space
Number of administrators	1
Number of teachers	13
Number of students	194
Average daily attendance	98%
Municipal water department	
Number of consumers	1,009
Average daily consumption	335,975
Miles of water mains	19.2
Sewer	
Number of customers	1,075
Miles of sanitary sewers	16.7
Miles of storm sewers	6.7
Recreation and culture	
Number of parks - playgrounds	5
Number of other facilities	2 basketball courts 2 tennis courts 4 softball/baseball fields 3 soccer fields 1 (2) mile biking/walking trail
Employees (excluding police)	
Full-time	8
Seasonal	13
Last general election (Nov. 2004)	
Registered voters	2264
Votes cast	1857
Percentage	82%

CITY OF GOODVIEW, MINNESOTA

SCHEDULE OF INSURANCE IN FORCE

December 31, 2005

TYPE OF COVERAGE & NAME OF COMPANY	Policy Number	Policy Period From	Policy Period To	Details of Coverage	Deductible	Liability Limits
PROPERTY (Fire & Allied Lines) (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	All Risk-Replacement	$ 500	100% limit
				Cost: Agreed Amount		
GENERAL LIABILITY (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	Bodily Injury	500	$1,000,000
				Property Damage	500	
				Broad Form Coverage		1,000,000
AUTOMOBILE (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	Bodily Injury & Property Damage		1,000,000
				Personal Injury		30,000
				Uninsured Motorist		50,000
				Comp. & Collision		500
CRIME (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	Broad Form Money & Securities, Inside		100,000
WORKMEN'S COMPENSATION (League of Minn. Cities Insurance Trust)	02-000608-19	1-1-05	1-1-06	Statutory Coverage		
PUBLIC OFFICIAL BONDS (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	Blanket	500	50,000
OFFICIAL/EMPLOYEE LIABILITY (League of Minn. Cities Insurance Trust)	CMC-25516	1-1-05	1-1-06	Public Official & Employee	500	1,000,000
				Liability	500	500,000/1,000,000

Table 16

CITY OF GOODVIEW, MINNESOTA

GENERAL FUND RATIO OF TOTAL FUND BALANCES TO EXPENDITURES AND CHANGES IN FUND BALANCE

Last Ten Fiscal Years

Year	Fund Balances December 31	Change in Fund Balances Increase (Decrease)	Ratio Expenditures for Year	Fund Balances to Expenditures
1996	228,182	81,349	748,009	30.5%
1997	285,088	56,906	911,609	31.3%
1998	353,781	68,693	797,550	44.4%
1999	395,125	41,344	800,462	49.3%
2000	341,202	(53,923)	906,747	37.6%
2001	356,083	14,881	913,255	39.0%
2002	412,382	56,299	872,676	47.3%
2003	454,549	42,167	828,325	54.9%
2004	321,935	(132,614)	981,414	32.8%
2005	$ 203,436	$ (118,499)	$ 1,102,260	18.5%

Table 17

CITY OF GOODVIEW, MINNESOTA

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS FOR TAX INCREMENT DISTRICT NO. 1-7

December 31, 2005

	Original Budget	Accounted for in Prior Years	Current Year	Amount Remaining
Sources of funds:				
Tax Increments received	$ 575,532	$ 313,802	$ 33,943	$ 227,787
Bond proceeds	375,000	375,000	-	-
Interest on invested funds	10,000	15,027	-	(5,027)
Total sources of funds	960,532	703,829	33,943	222,760
Uses of funds:				
Land acquisition, site improvements	310,000	295,000	-	15,000
Administrative and organizational	25,000	9,779	-	15,221
Bond discount, capitalized interest, fiscal charges	31,400	6,983	-	24,417
Bond payments:				
Principal	375,000	225,000	45,000	105,000
Interest	186,800	143,836	8,368	34,596
Agent fees	4,000	103	39	3,858
Total uses of funds	932,200	680,701	53,407	198,092
District Balance	**$ 28,332**	**$ 23,128**	**$ (19,464)**	**$ 24,668**