

**CITY OF GOODVIEW,
MINNESOTA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2008**

**Prepared by:
Finance Administration Department**

**Dan Matejka
Administrator**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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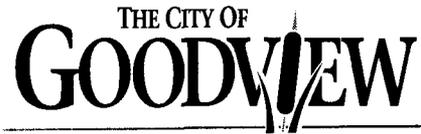
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CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2008



4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

June 4, 2009

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 accounting 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, 2008.

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 benefit of internal controls should outweigh their costs, 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 Russell & Associates, LLC, 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, 2008, 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, 2008 are fairly presented in conformity with GAAP. The independent auditors' 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 3,300 (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 and City Council. Budget-to-actual comparisons are provided in this report for the general fund and debt service fund for which an appropriated annual budget has been adopted.

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 specific environment within which the City of Goodview operates.

Local Economy

Despite the economic downturn that has hit the nation in 2008; most businesses in the City of Goodview have continued to operate at full capacity, allowing the City to continue to see a stable economy. 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 retreading plant, formed wire parts designer and manufacturer, truck leasing and freight haulers, lighting designers and manufacturers, underground and building contractors, and building material manufacturers and distributors.

The economic downturn mentioned above, did affect new construction of both industrial/commercial building and multi-family housing in the City as it experienced no new construction in either category in 2008. However, during 2008, the City did continue to see a significant rise in single-family housing construction and industrial expansion when compared to 2007. Building permits for 2008 totaled \$2,236,081 down from \$5,135,589 in 2007. In 2008, the City issued 51 building permits, the majority of which were for Residential Improvements, which saw an increase of over 230% from 2007 figures. However, the largest increase occurred in the Industrial Improvements category, which finished 2008 nearly \$860,000 ahead of the 2007 figure. The City's total market value showed a modest increase of nearly 5% over 2007. Adjacent urban areas have seen a downturn in the manufacturing side of things, but continue to experience a somewhat stable retail economy thus providing a variety of available goods and services within easy access of all area residents.

The Winona County unemployment rate rose slightly from 4.2% in 2007 to 5.5% in 2008. This trend is slightly better than both the State and National averages for 2008, which saw increases of right around 2%.

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 year's 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

Construction of two water filtration plants to remove excess radium from the City's water supply, approved by the City in 2007, started in 2008. The estimated cost of the project is nearly \$4.3 million. This project will be financed through Revenue Bonds from the Water Fund. The estimated completion of this project is set for June 2009. Major street maintenance projects and replacement of various capital equipment items have been financed by general property taxes.

Cash Management Policies and Practices

The City uses the practice of investing temporarily idle cash in certificates of deposit.

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.

Acknowledgements

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,

A handwritten signature in black ink that reads "Dan Matejka". The signature is written in a cursive style with a large initial "D" and a stylized "M".

Dan Matejka
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goodview
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

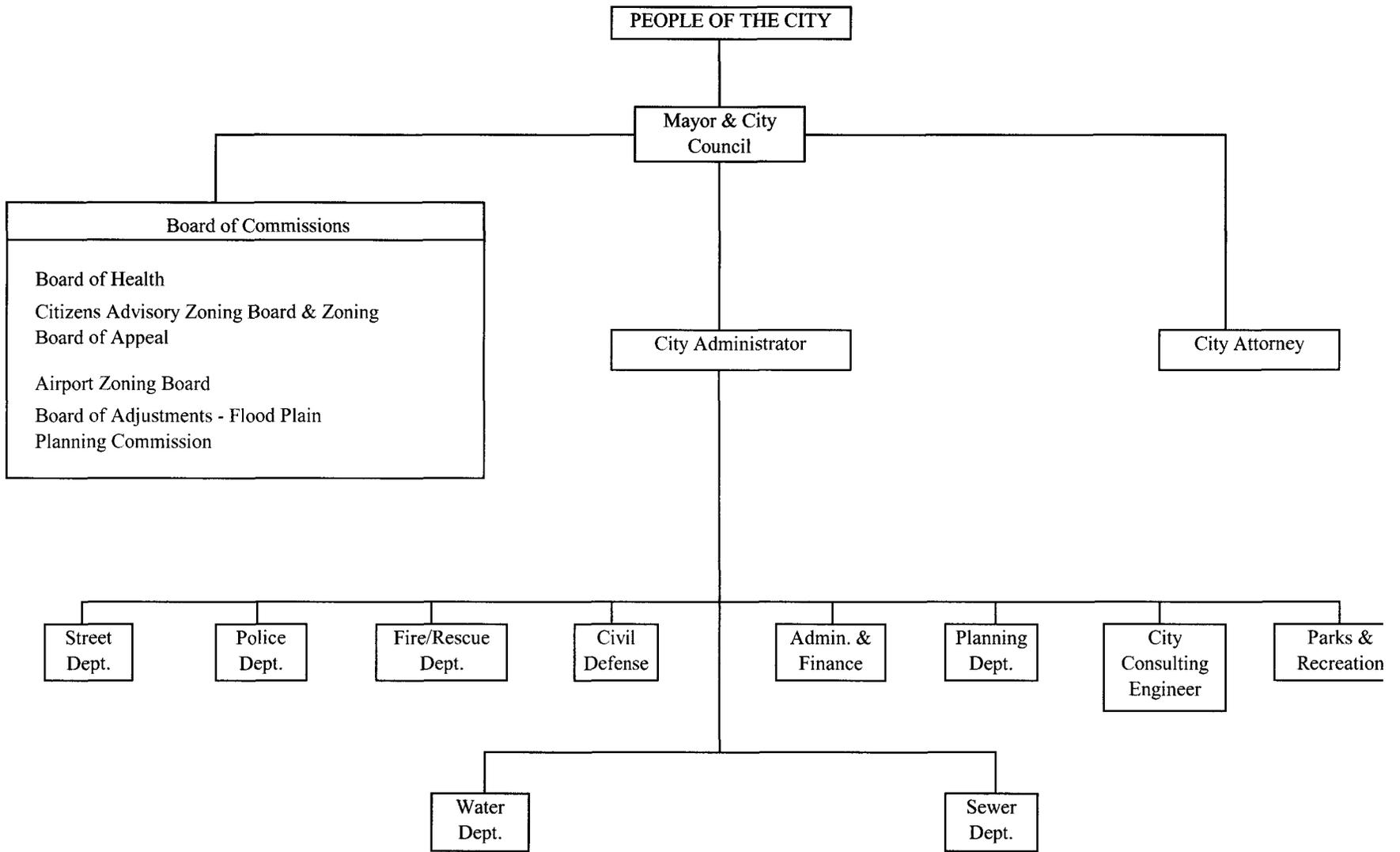
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



**CITY OF GOODVIEW, MINNESOTA
PRINCIPAL OFFICERS
MAYOR – COUNCIL**

John Weimerskirch	Mayor
Charles Andring	Councilman
Richard Ledebuhr	Councilman
Leon Bowman	Councilman
Bruce Brinkman	Councilman
Dan Matejka	Administrator
Judy Gottschalk	Administrative Assistant
Denise Herber	General Services/Accounting Clerk
Nancy Gaulke	Clerk Typist/Accounting Tech

CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2008



RUSSELL & ASSOCIATES LLC

Certified Public Accountants

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, 2008, and for the year then ended, which collectively comprise the City's basic financial statements as identified 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 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, 2008, and the respective changes in financial position, and, where applicable cash flows 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 June 4, 2009, 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, 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 and budgetary comparison information for the general fund as identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodview, Minnesota's basic financial statements. The supplemental information identified "Goodview Firemen's Relief Association, Schedule of Funding Progress" and "Budgetary Comparison Schedule – Debt Service Fund"; and introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This additional information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Russell & Associates, LLC

Winona, Minnesota
June 4, 2009

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, 2008. 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

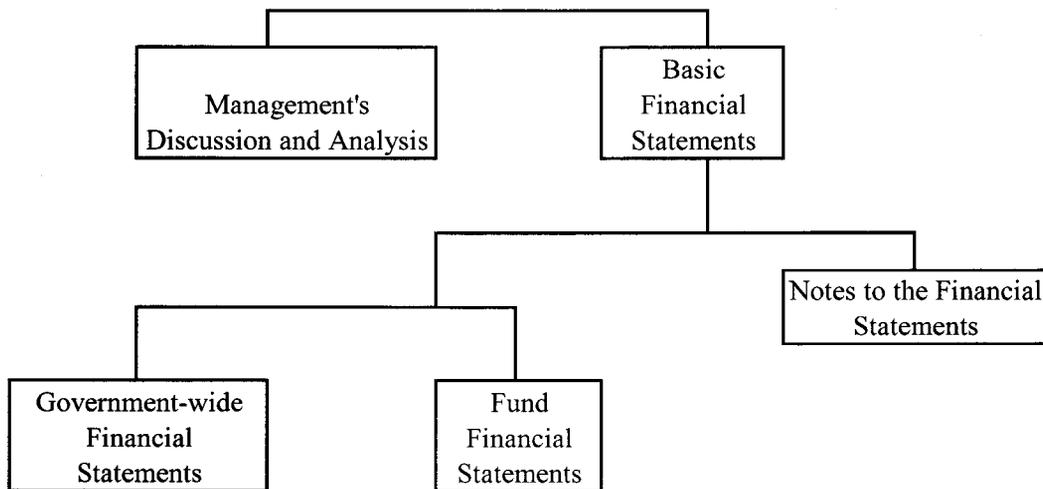
- The assets of the City of Goodview, Minnesota exceeded its liabilities at the close of the fiscal year by \$15,668,798 (*net assets*).
- The government's total net assets increased by \$1,216,456, primarily due to construction in process of two water filtration plants and street and utility improvement projects in 2008.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of \$2,104,531, an increase of \$230,038 in comparison with the prior year. The increase is primarily due to advanced collection of special assessments.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$429,983, or 29 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 the 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 basic 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 and budget information.

Required Components of Annual Financial Report

Figure 1



Summary → Detail

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 financial statements. There are two parts to the Fund Financial Statements: the governmental funds statements and the proprietary funds 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 and budgetary information required by the General Statutes. **Other supplementary information** includes budgetary information for the debt-service fund.

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 financial statements provide short and long-term information about the City's financial status as a whole.

The 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 financial 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 and sewer services 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 and debt service funds. 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 two 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 and sewer utilities. 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 and sewer utility, both 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 and budgetary information. 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 \$15,668,798, at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net assets (77 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 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
Current & other assets	\$ 3,543,497	\$ 3,561,159	\$ 921,282	\$ 518,301	\$ 4,464,779	\$ 4,079,460
Capital assets	6,967,454	6,929,327	10,538,215	7,432,972	17,505,669	14,362,299
Total assets	<u>10,510,951</u>	<u>10,490,486</u>	<u>11,459,497</u>	<u>7,951,273</u>	<u>21,970,448</u>	<u>18,441,759</u>
Long-term liabilities outstanding	3,099,263	3,352,194	1,973,913	4,581	5,073,176	3,356,775
Other liabilities	614,620	533,943	613,854	98,699	1,228,474	632,642
Total liabilities	<u>3,713,883</u>	<u>3,886,137</u>	<u>2,587,767</u>	<u>103,280</u>	<u>6,301,650</u>	<u>3,989,417</u>
Net assets:						
Invested in capital assets, net of related debt	3,605,519	3,537,666	8,479,231	7,432,972	12,084,750	10,970,638
Restricted	952,124	465,846	-	-	952,124	465,846
Unrestricted	<u>2,239,425</u>	<u>2,600,837</u>	<u>392,499</u>	<u>415,021</u>	<u>2,631,924</u>	<u>3,015,858</u>
Total net assets	<u>\$ 6,797,068</u>	<u>\$ 6,604,349</u>	<u>\$ 8,871,730</u>	<u>\$ 7,847,993</u>	<u>\$ 15,668,798</u>	<u>\$ 14,452,342</u>

An additional portion of the City of Goodview, Minnesota's net assets (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,631,924) 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 \$486,278 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 \$1,216,456 during the current fiscal year, largely due to increased business-type activities revenue over expenditures.

Governmental activities: Governmental activities increased the City of Goodview, Minnesota's net assets by \$192,719 thereby accounting for 16 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 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
REVENUE						
Program revenue						
Charges for services	\$ 44,083	\$ 44,438	\$ 940,197	\$ 797,969	\$ 984,280	\$ 842,407
Operating grants & contributions	97,619	307,684	-	-	97,619	307,684
Capital grants & contributions	1,118,558	951,999	-	-	1,118,558	951,999
General revenue:						
Taxes	1,356,821	1,299,193	-	-	1,356,821	1,299,193
Intergovernmental revenue	206,920	243,540	-	-	206,920	243,540
Interest and investment income	107,334	76,266	7,964	8,793	115,298	85,059
Miscellaneous	7,260	26,097	-	-	7,260	26,097
TOTAL REVENUE	2,938,595	2,949,217	948,161	806,762	3,886,756	3,755,979
EXPENSES						
General government	386,718	369,184	-	-	386,718	369,184
Public safety	694,283	767,116	-	-	694,283	767,116
Public works	498,266	399,820	-	-	498,266	399,820
Health and human services	1,003	838	-	-	1,003	838
Parks, recreation	100,538	101,162	-	-	100,538	101,162
Interest on long-term debt	131,869	97,565	-	-	131,869	97,565
Water	-	-	338,210	313,432	338,210	313,432
Sewer	-	-	519,413	447,918	519,413	447,918
TOTAL EXPENSES	1,812,677	1,735,685	857,623	761,350	2,670,300	2,497,035
EXCESS BEFORE TRANSFERS	1,125,918	1,213,532	90,538	45,412	1,216,456	1,258,944
TRANSFERS	(933,199)	(823,005)	933,199	823,005	-	-
CHANGE IN NET ASSETS	192,719	390,527	1,023,737	868,417	1,216,456	1,258,944
NET ASSETS - BEGINNING	6,604,349	6,213,822	7,847,993	6,979,576	14,452,342	13,193,398
NET ASSETS - ENDING	\$ 6,797,068	\$ 6,604,349	\$ 8,871,730	\$ 7,847,993	\$ 15,668,798	\$ 14,452,342

Figure 3 provides summarized operating results and their impact on net assets. 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: Taxes increased \$57,628 (5 percent) during the year.

Grants and contributions increased \$166,559 (17 percent). The City was awarded two grants totaling \$3,841,000 from the Minnesota Public Facilities Authority for street and utility rehabilitation and replacement of which \$1,073,861 was earned during 2008.

Expenses rose 4 percent in contrast to a 1 percent decrease overall in revenue.

Business-type activities: Business-type activities net assets increased \$1,023,737 as a result of the transfer of capital assets from the capital projects fund. Revenues increased 18% as a result of rate increases.

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 \$429,983, while total fund balance was \$579,238. 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 29 percent of total General Fund expenditures, while total fund balance represents 39 percent of that same amount. The General Fund's fund balance increased \$74,823 during 2008. The increase is partially attributable to a conscious effort to build the fund balance through decreased spending.

At December 31, 2008, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of \$818,032, an increase of \$450,654 from last year. The Capital Projects Fund reported a fund balance of \$707,261, a decrease of \$295,439 from 2007. The decrease was due to a major street and utility improvement project during 2008.

General Fund Budget. The general fund budget was amended to reflect changes during the year. There were very few significant budget-to-actual variances at the end of the 2008 fiscal year. On the revenue side of the General Fund the City received Homestead and Abatement Aid which was not budgeted for under these codes, but under the Current Property Taxes code (this was also the case in the Debt Service Fund). Also, late in 2008 the Governor unallotted the second of two Local Government Aid (LGA) payments due to the City as part of his budget balancing plan. Thus, the actual LGA received was one-half of the budgeted amount. On the expenditure side of the ledger, the Building Maintenance code in the Other General Government section of the budget was quite higher than the budget due to unexpected repairs to the City Hall building late in the year. Building costs were the over-budgeted item in the Police Department as well, as the department created an evidence room that was un-budgeted. Finally, due to the Governor's un-allotment mentioned earlier, the City imposed a spending freeze which accounts for the unspent budget dollars in both the City's Fire and Street Departments.

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

	Unrestricted Net Assets	Change in Net Assets
Water	\$ (26,488)	\$ 620,441
Sewer	418,987	403,296

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, 2008, totals \$12,084,750 (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):

- Construction of water plants for radium removal
- Street and utility improvements to Gunderson & Connaughty and Saehler-Anderson & Hub-Mill subdivisions
- Purchase of a one ton truck

City of Goodview Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
Land	\$ 676,945	\$ 676,945	\$ 62,689	\$ 62,689	\$ 739,634	\$ 739,634
Construction work-in-progress	220,696	-	3,394,529	194,066	3,615,225	194,066
Buildings	1,277,426	1,277,426	792,675	837,417	2,070,101	2,114,843
Improvements	916,420	937,743	-	-	916,420	937,743
Machinery and equipment	1,587,447	1,576,190	367,935	346,930	1,955,382	1,923,120
Infrastructure	5,702,512	5,648,430	7,888,313	7,876,029	13,590,825	13,524,459
Less: Accumulated depreciation	(3,413,992)	(3,187,407)	(1,967,926)	(1,884,159)	(5,381,918)	(5,071,566)
TOTAL	\$ 6,967,454	\$ 6,929,327	\$ 10,538,215	\$ 7,432,972	\$ 17,505,669	\$ 14,362,299

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 40-41.

Long-Term Obligations. As of December 31, 2008, the City of Goodview, Minnesota had total long-term obligations outstanding of \$5,530,285. Of this, \$5,135,919 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 5

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2008	2007	2008	2007	2008	2007
Special Assessment Bonds	\$ 3,063,982	\$ 3,198,173	\$ -	\$ -	\$ 3,063,982	\$ 3,198,173
General Obligation Water Bond	-	-	2,071,937	-	2,071,937	-
Other long-term obligations	368,035	370,500	26,331	26,946	394,366	397,446
TOTAL	\$ 3,432,017	\$ 3,568,673	\$ 2,098,268	\$ 26,946	\$ 5,530,285	\$ 3,595,619

The City's total debt increased by \$1,934,666 (54 %) 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 3 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 \$7,071,978.

Additional information regarding the City of Goodview, Minnesota's long-term debt can be found in the Note 2F to the financial statements on pages 43-45.

Economic Factors and Next Year's Budgets and Rates

The 2009 General Fund budget is \$1,550,084 for expenditures, 4.6 percent greater than 2008. Property tax levies for 2009 were \$1,356,025 up 5.2 percent from 2008. Property tax rates for 2009 were increased slightly to 46.174, up from 44.99 in 2008.

During 2008, building projects totaled \$2,236,081 compared with a total of \$5,135,589 for 2007.

These factors were considered when the City prepared its 2009 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, 2008

CITY OF GOODVIEW, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2008

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2008

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 1,714,708	\$ 742,183	\$ 2,456,891
Receivables			
Accounts	63,661	129,737	193,398
Taxes	38,260	-	38,260
Special assessments	1,286,125	-	1,286,125
Internal balances	(26,426)	26,426	-
Due from other governments	430,617	-	430,617
Inventories	-	3,695	3,695
Prepaid items	15,160	6,289	21,449
Deferred bond issuance costs	21,392	12,952	34,344
Capital assets not being depreciated			
Land and construction in progress	897,641	3,457,218	4,354,859
Capital assets, net of accumulated depreciation			
Buildings	835,879	465,135	1,301,014
Improvements other than buildings	729,940	-	729,940
Machinery and equipment	806,902	182,911	989,813
Infrastructure	3,697,092	6,432,951	10,130,043
	<u>3,697,092</u>	<u>6,432,951</u>	<u>10,130,043</u>
TOTAL ASSETS	<u>\$ 10,510,951</u>	<u>\$ 11,459,497</u>	<u>\$ 21,970,448</u>

(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, 2008

<u>LIABILITIES AND NET ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Accounts payable	\$ 100,421	484,050	\$ 584,471
Customer deposits	2,000	-	2,000
Accrued interest	58,739	4,576	63,315
Due to other governments	8,194	873	9,067
Unearned revenue	112,512	-	112,512
Noncurrent liabilities			
Due within one year	332,754	124,355	457,109
Due in more than one year	3,099,263	1,973,913	5,073,176
TOTAL LIABILITIES	3,713,883	2,587,767	6,301,650
NET ASSETS			
Invested in capital assets, net of related debt	3,605,519	8,479,231	12,084,750
Restricted for			
Debt service	818,032	-	818,032
First responders	3,383	-	3,383
Equipment - fire	16,595	-	16,595
Equipment - police	10,400	-	10,400
Recreation programs	5,869	-	5,869
Police K-9	2,510	-	2,510
Flood relief	95,335	-	95,335
Unrestricted	2,239,425	392,499	2,631,924
TOTAL NET ASSETS	6,797,068	8,871,730	15,668,798
TOTAL LIABILITIES AND NET ASSETS	\$ 10,510,951	\$ 11,459,497	\$ 21,970,448

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 386,718	\$ 7,411	\$ -	\$ -
Public safety	694,283	19,471	85,927	10,400
Public works	498,266	4,906	-	1,108,158
Health and human services	1,003	-	-	-
Culture, recreation, and education	100,538	12,295	11,692	-
Interest and fiscal charges	131,869	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,812,677	44,083	97,619	1,118,558
BUSINESS-TYPE ACTIVITIES				
Water	338,210	416,651	-	-
Sewer	519,413	523,546	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	857,623	940,197	-	-
TOTAL	\$ 2,670,300	\$ 984,280	\$ 97,619	\$ 1,118,558

GENERAL REVENUE

Taxes

Property taxes

Franchise taxes

Intergovernmental revenue not restricted to specific programs

Interest and investment income

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUE AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS AT BEGINNING OF YEAR

NET ASSETS AT 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
\$ (379,307)		\$ (379,307)
(578,485)		(578,485)
614,798		614,798
(1,003)		(1,003)
(76,551)		(76,551)
<u>(131,869)</u>		<u>(131,869)</u>
<u>(552,417)</u>		<u>(552,417)</u>
	\$ 78,441	78,441
	<u>4,133</u>	<u>4,133</u>
	<u>82,574</u>	<u>82,574</u>
<u>(552,417)</u>	<u>82,574</u>	<u>(469,843)</u>
1,190,056	-	1,190,056
166,765	-	166,765
206,920	-	206,920
107,334	7,964	115,298
7,260	-	7,260
<u>(933,199)</u>	<u>933,199</u>	<u>-</u>
<u>745,136</u>	<u>941,163</u>	<u>1,686,299</u>
192,719	1,023,737	1,216,456
<u>6,604,349</u>	<u>7,847,993</u>	<u>14,452,342</u>
<u>\$ 6,797,068</u>	<u>\$ 8,871,730</u>	<u>\$ 15,668,798</u>

CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2008

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2008

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 469,210	\$ 882,395	\$ 363,103	\$ 1,714,708
Receivables				
Accounts	53,283	378	10,000	63,661
Taxes	31,978	6,282	-	38,260
Special assessments	-	1,063,066	223,059	1,286,125
Due from other governments	-	5,000	425,617	430,617
Due from other funds	76,781	-	-	76,781
Prepaid items	15,163	-	-	15,163
TOTAL ASSETS	<u>\$ 646,415</u>	<u>\$ 1,957,121</u>	<u>\$ 1,021,779</u>	<u>\$ 3,625,315</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 30,285	\$ 5,175	\$ 64,963	\$ 100,423
Customer deposits	2,000	-	-	2,000
Due to other governments	8,194	-	-	8,194
Due to other funds	-	76,710	26,496	103,206
Unearned revenue	26,698	1,057,204	223,059	1,306,961
TOTAL LIABILITIES	<u>67,177</u>	<u>1,139,089</u>	<u>314,518</u>	<u>1,520,784</u>
 FUND BALANCES				
Reserved for:				
Debt service	-	818,032	-	818,032
Prepays	15,163	-	-	15,163
First responders	3,383	-	-	3,383
Equipment - fire	16,595	-	-	16,595
Equipment - police	10,400	-	-	10,400
Police K-9	2,510	-	-	2,510
Recreation programs	5,869	-	-	5,869
Flood relief	95,335	-	-	95,335
Unreserved	429,983	-	707,261	1,137,244
TOTAL FUND BALANCES	<u>579,238</u>	<u>818,032</u>	<u>707,261</u>	<u>2,104,531</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 646,415</u>	<u>\$ 1,957,121</u>	<u>\$ 1,021,779</u>	

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	6,967,454
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the governmental funds	1,194,446
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 payable	(3,063,981)
Capital leases payable	(319,345)
Accrued interest	(58,739)
Compensated absences	(48,690)
Unamortized bond issuance costs	21,392
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 6,797,068</u>

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
YEAR ENDED DECEMBER 31, 2008

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	\$ 976,852	\$ 181,170	\$ 119	\$ 1,158,141
Franchise	166,765	-	-	166,765
Licenses and permits	11,709	-	-	11,709
Intergovernmental	230,104	21,782	1,122,963	1,374,849
Charges for services	13,856	-	-	13,856
Fines and forfeitures	18,518	-	-	18,518
Special assessments	-	175,512	52,162	227,674
Interest	678	86,773	19,883	107,334
Donations	63,053	-	-	63,053
Miscellaneous	24,511	-	-	24,511
TOTAL REVENUE	1,506,046	465,237	1,195,127	3,166,410
EXPENDITURES				
Current				
General government	367,052	26	-	367,078
Public safety	659,327	-	-	659,327
Public works	304,430	1,142	69,096	374,668
Health and human services	1,003	-	-	1,003
Culture and recreation	47,210	-	-	47,210
Capital outlay	101,229	19,638	1,148,378	1,269,245
Debt service				
Principal	-	135,000	-	135,000
Interest	-	131,869	-	131,869
TOTAL EXPENDITURES	1,480,251	287,675	1,217,474	2,985,400
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	25,795	177,562	(22,347)	181,010
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	49,028	-	-	49,028
Transfers in	-	273,092	-	273,092
Transfers out	-	-	(273,092)	(273,092)
TOTAL OTHER FINANCING SOURCES (USES)	49,028	273,092	(273,092)	49,028
NET CHANGE IN FUND BALANCES	74,823	450,654	(295,439)	230,038
FUND BALANCES AT BEGINNING OF YEAR	504,415	367,378	1,002,700	1,874,493
FUND BALANCES AT END OF YEAR	\$ 579,238	\$ 818,032	\$ 707,261	\$ 2,104,531

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, 2008

Net change in fund balances - Total Governmental Funds \$ 230,038

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.

Capital outlay	\$ 1,269,245	
Less: proprietary fund capital contribution	(933,199)	
Depreciation expense	<u>(280,670)</u>	55,376

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets. (17,251)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Change in unearned revenue special assessments	(242,479)	
Change in unearned revenue delinquent taxes	<u>31,915</u>	(210,564)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Capital lease proceeds	(49,028)	
Lease principal payments	47,888	
Bond principal payments	<u>135,000</u>	133,860

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	1,337	
Amortization of bond issuance costs	(2,873)	
Amortization of bond discount	(808)	
Change in compensated absences	<u>3,604</u>	<u>1,260</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 192,719

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2008

<u>ASSETS</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 314,787	\$ 427,396	\$ 742,183
Receivables			
Accounts	19,032	44,541	63,573
Unbilled	29,402	36,762	66,164
Due from other funds	31,203	258	31,461
Inventories	3,695	-	3,695
Prepaid items	3,145	3,144	6,289
TOTAL CURRENT ASSETS	401,264	512,101	913,365
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	631,072	161,603	792,675
Storage, distribution, and collection system	4,083,121	3,805,192	7,888,313
Machinery and equipment	199,262	168,673	367,935
Construction in progress	3,006,366	388,163	3,394,529
TOTAL CAPITAL ASSETS	7,970,355	4,535,786	12,506,141
Less accumulated depreciation	1,084,351	883,575	1,967,926
NET CAPITAL ASSETS	6,886,004	3,652,211	10,538,215
OTHER ASSETS			
Unamortized debt issue costs	12,952	-	12,952
TOTAL ASSETS	\$ 7,300,220	\$ 4,164,312	\$ 11,464,532
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 408,808	\$ 75,242	\$ 484,050
Accrued interest	4,576	-	4,576
Due to other governments	873	-	873
Due to other funds	329	4,707	5,036
Current portion of long-term debt	102,500	-	102,500
Current portion of compensated absences	10,927	10,928	21,855
TOTAL CURRENT LIABILITIES	528,013	90,877	618,890
NONCURRENT LIABILITIES			
Long-term debt	1,969,437	-	1,969,437
Compensated absences	2,238	2,237	4,475
TOTAL NONCURRENT LIABILITIES	1,971,675	2,237	1,973,912
TOTAL LIABILITIES	2,499,688	93,114	2,592,802
NET ASSETS			
Invested in capital assets	4,827,020	3,652,211	8,479,231
Unrestricted	(26,488)	418,987	392,499
TOTAL NET ASSETS	4,800,532	4,071,198	8,871,730
TOTAL LIABILITIES AND NET ASSETS	\$ 7,300,220	\$ 4,164,312	\$ 11,464,532

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, 2008

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
OPERATING REVENUE			
Sales	\$ 341,096	\$ 508,313	\$ 849,409
Charges for services	68,669	5,415	74,084
Miscellaneous	6,886	9,818	16,704
TOTAL OPERATING REVENUE	<u>416,651</u>	<u>523,546</u>	<u>940,197</u>
OPERATING EXPENSES			
Cost of sales and services	212,524	434,331	646,855
Administration	43,467	23,920	67,387
Depreciation	77,595	61,162	138,757
TOTAL OPERATING EXPENSES	<u>333,586</u>	<u>519,413</u>	<u>852,999</u>
 OPERATING INCOME	 83,065	 4,133	 87,198
NONOPERATING REVENUE (EXPENSE)			
Interest income	3,766	4,198	7,964
Interest expense	(4,624)	-	(4,624)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(858)</u>	<u>4,198</u>	<u>3,340</u>
 INCOME BEFORE CAPITAL CONTRIBUTIONS	 82,207	 8,331	 90,538
CAPITAL CONTRIBUTIONS	<u>538,234</u>	<u>394,965</u>	<u>933,199</u>
 CHANGE IN NET ASSETS	 620,441	 403,296	 1,023,737
NET ASSETS AT BEGINNING OF YEAR	<u>4,180,091</u>	<u>3,667,902</u>	<u>7,847,993</u>
 NET ASSETS AT END OF YEAR	 <u><u>\$ 4,800,532</u></u>	 <u><u>\$ 4,071,198</u></u>	 <u><u>\$ 8,871,730</u></u>

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, 2008

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 397,644	\$ 507,215	\$ 904,859
Receipts for (payments from) interfund services	(222,165)	7,159	(215,006)
Payments to suppliers for goods and services	(141,004)	(333,378)	(474,382)
Payments to employees for services	(108,142)	(108,142)	(216,284)
NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES	(73,667)	72,854	(813)
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
ACTIVITIES			
Issuance of capital debt	2,071,937	-	2,071,937
Debt issuance costs paid	(13,000)	-	(13,000)
Acquisition of capital assets	(1,893,635)	(23,757)	(1,917,392)
NET CASH PROVIDED (USED) BY CAPITAL			
AND RELATED FINANCING ACTIVITIES	165,302	(23,757)	141,545
 CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,766	4,198	7,964
NET INCREASE IN CASH AND			
CASH EQUIVALENTS	95,401	53,295	148,696
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	219,386	374,101	593,487
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 314,787	\$ 427,396	\$ 742,183
 RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 83,065	\$ 4,133	\$ 87,198
Adjustments to reconcile operating income to			
net cash provided (used) by operating activities			
Depreciation	77,595	61,162	138,757
Loss on disposal of capital assets	2,817	-	2,817
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(9,551)	(16,331)	(25,882)
Due from other funds	(28,493)	2,452	(26,041)
Inventories	(191)	-	(191)
Prepaid items	99	(352)	(253)
Increase (decrease) in liabilities			
Accounts payable	4,364	17,391	21,755
Customer deposits	(9,456)	-	(9,456)
Due to other governments	63	-	63
Due to other funds	(193,671)	4,707	(188,964)
Compensated absences	(308)	(308)	(616)
NET CASH PROVIDED (USED)			
BY OPERATING ACTIVITIES	\$ (73,667)	\$ 72,854	\$ (813)
 NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital contributions from municipality	\$ 538,234	\$ 394,965	\$ 933,199

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2008

NOTE 1 - Summary of Significant Accounting Policies

The accounting policies of the City of Goodview, Minnesota conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant policies:

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, 2008, 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 the overall financial activity 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 revenue, 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 revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenue includes 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 revenue are reported instead as general revenue.

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, revenue is 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 revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

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. Revenue is recognized as soon as they are both measurable and available. Revenue is 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 revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue 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 Capital Projects Fund accounts for revenue 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

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. Elimination of these charges would distort the direct costs and program revenue reported from the various functions concerned.

Amounts reported as program revenue 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 revenue rather than as program revenue. Likewise, general revenue includes all taxes.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue 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 revenue and expenses not meeting this definition are reported as nonoperating revenue 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

1. Deposits and Investments - Continued

State statutes authorize investments in the following: direct obligations or obligations guaranteed by the United States or its agencies; shares of money market funds which are registered under the Federal Investment Company Act of 1940 and are rated in the two highest rating categories for money market funds by a nationally recognized statistical rating agency; shares of investment companies registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by a nationally recognized 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; commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less; time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks; Guaranteed Investment Contracts issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing, and with a credit quality in one of the two highest categories by a nationally recognized rating agency; repurchase or reverse repurchase and securities lending agreements with financial institutions qualified as a "depository" of public funds of the City, with banks that are members of the Federal Reserve System and whose combined capital and surplus equals or exceeds \$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".

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

2. Receivables and Payables - Continued

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.

Property taxes are submitted to the County Auditor by December 28 of each year to be levied on January 1. The County acts as a collection agent for all property taxes. 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. The County provides tax settlements to cities and other taxing districts normally during the months of January, June and December.

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 by specific identification.

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2008 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 for machinery, equipment and vehicles, \$25,000 for buildings, improvements, collection and distribution systems, and streets and public infrastructure 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

5. Capital Assets - Continued

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

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

<u>Assets</u>	<u>Years</u>
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. The benefit for employees retiring prior to June 11, 2008 is to provide 85% of their current medical, dental and life insurance premiums until they reach age 65, the retiree becomes eligible for Medicare, five years from commencement of benefits, or death of the retiree. For employees retiring after June 11, 2008, the benefit is 15% of their current salary and the amount obtained by multiplying \$110 times the retirees' unused number of sick leave days up to a maximum of 120 days. The severance pay is contributed to the Post-Retirement Health Care Savings Plan with the Minnesota State Retirement System. An estimate for the 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 employee resignations or retirements.

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

7. Long-Term Obligations – Continued

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.

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 - 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 \$2,456,791 and the bank balances totaled \$2,776,699. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

	<u>Merchants National Bank</u>	<u>Wells Fargo Bank</u>	<u>Winona National Bank</u>
Deposits - Cash	\$ 735,043	\$ 1,994,677	\$ 46,979
Less: Federal Deposit Insurance	<u>(444,832)</u>	<u>(250,000)</u>	<u>(46,979)</u>
Deposits in excess of insured amounts	<u>\$ 290,211</u>	<u>\$ 1,744,677</u>	<u>\$ -</u>
Security collateral required	\$ 319,232	\$ 1,919,145	<u>\$ -</u>
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	<u>835,460</u>	<u>3,299,873</u>	
Excess of security collateral	<u>\$ 516,228</u>	<u>\$ 1,380,728</u>	

Bank balances of deposits including cash, money market accounts, and certificates of deposits as of December 31, 2008 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Deposits made during 2008 included certificates of deposit and deposits in interest bearing money market accounts. Deposits as of December 31, 2008 are as follows:

	Deposit Amount	Carrying Amount
<u>Winona National Bank</u>		
Money market accounts	\$ 46,979	\$ 46,979
 <u>Wells Fargo Bank</u>		
Checking accounts	1,118,508	794,164
Money market accounts	876,169	876,169
 <u>Merchants Bank</u>		
Checking accounts	540,211	544,647
Money market accounts	194,832	194,832
Total deposits	2,776,699	2,456,791
Petty cash and change funds		100
 Total cash and change fund	\$ 2,776,699	\$ 2,456,891

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2008, the fair value of the City's investments approximated original cost, therefore, no fair value adjustments were necessary.

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 that 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds – Continued

A. Deposits and Investments - Continued

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, 2008, \$741,811 of the City's bank balance of \$2,776,699 is covered by FDIC coverage, and the remaining \$2,034,888 was collateralized. None of the City's deposits were exposed to custodial credit risk.

B. Receivables

Receivables at December 31, 2008 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	\$ 53,283	\$ 378	\$ 10,000	\$ 48,434	\$ 81,303	\$ 193,398
Taxes - delinquent	31,978	6,282	-	-	-	38,260
Special						
Delinquent	-	11,079	-	-	-	11,079
Deferred	-	1,051,987	223,059	-	-	1,275,046
Total receivables	\$ 85,261	\$1,069,726	\$ 233,059	\$ 48,434	\$ 81,303	\$ 1,517,783

Governmental funds report unearned revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, unearned revenue reported in the governmental funds was for special assessments and delinquent taxes not yet available for the amount of \$1,306,961.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds – Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2008 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 676,945	\$ -	\$ -	\$ 676,945
Construction work-in-progress	-	220,696	-	220,696
Total capital assets not being depreciated	<u>676,945</u>	<u>220,696</u>	<u>-</u>	<u>897,641</u>
Capital assets being depreciated				
Buildings	1,277,426	-	-	1,277,426
Improvements	937,743	-	21,323	916,420
Machinery and equipment	1,576,190	61,269	50,012	1,587,447
Infrastructure	5,648,430	54,082	-	5,702,512
Total capital assets being depreciated	<u>9,439,789</u>	<u>115,351</u>	<u>71,335</u>	<u>9,483,805</u>
Less accumulated depreciation for:				
Buildings	407,429	34,118	-	441,547
Improvements	173,671	33,058	20,249	186,480
Machinery and equipment	714,948	99,431	33,835	780,544
Infrastructure	1,891,359	114,062	-	2,005,421
Total accumulated depreciation	<u>3,187,407</u>	<u>280,669</u>	<u>54,084</u>	<u>3,413,992</u>
Total capital assets being depreciated, net	<u>6,252,382</u>	<u>(165,318)</u>	<u>17,251</u>	<u>6,069,813</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 6,929,327</u>	<u>\$ 55,378</u>	<u>\$ 17,251</u>	<u>\$ 6,967,454</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - 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	\$ 62,689	\$ -	\$ -	\$ 62,689
Construction work-in-progress	194,066	3,200,463	-	3,394,529
Total capital assets not being depreciated	<u>256,755</u>	<u>3,200,463</u>	<u>-</u>	<u>3,457,218</u>
Capital assets being depreciated				
Buildings	837,417	-	44,742	792,675
Machinery and equipment	346,930	34,070	13,065	367,935
Infrastructure	7,876,029	12,284	-	7,888,313
Total capital assets being depreciated	<u>9,060,376</u>	<u>46,354</u>	<u>57,807</u>	<u>9,048,923</u>
Less accumulated depreciation for:				
Buildings	353,424	16,041	41,925	327,540
Machinery and equipment	181,599	16,490	13,065	185,024
Infrastructure	1,349,136	106,226	-	1,455,362
Total accumulated depreciation	<u>1,884,159</u>	<u>138,757</u>	<u>54,990</u>	<u>1,967,926</u>
Total capital assets being depreciated, net	<u>7,176,217</u>	<u>(92,403)</u>	<u>2,817</u>	<u>7,080,997</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 7,432,972</u>	<u>\$ 3,108,060</u>	<u>\$ 2,817</u>	<u>\$ 10,538,215</u>

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

<u>GOVERNMENTAL ACTIVITIES</u>	
General government	\$ 16,354
Public safety	77,500
Public works	133,488
Culture and recreation	53,327
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	<u>\$ 280,669</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	
Sewer	\$ 61,162
Water	77,595
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	<u>\$ 138,757</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds - Continued

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2008, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Water	\$ 71
Sewer	Water	258
General	Debt Service	76,710
Water	Capital Projects	26,496
Water	Sewer	4,707
Total		<u>\$ 108,242</u>

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

Individual fund transfers made during 2008 are as follows:

<u>Transfer from</u>	<u>Transfer To</u>	
Capital Projects	Debt Service	<u>\$ 273,092</u>

Transfers are used to move revenues from the fund that statute or budget requires collection from to the fund that statute or budget requires to expend them.

E. Capital Leases

The City entered into a lease purchase agreement in 2008 to acquire a one ton truck. The City has also financed the acquisition of certain police vehicles, a fire truck and the police building by means of leases. The lease agreements qualify as capital leases (title transfers at the end of the lease terms) and have been recorded at the present value of the future minimum lease payments as of the date of the inception. The property and equipment were recorded as capital assets 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 revenue 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, 2008 consisted of the following:

<u>Description</u>	<u>Dated</u>	<u>Original Cost</u> <u>Capital Assets</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u>
One-ton truck	04-14-08	\$ 49,028	3.90 %	\$ 40,286
Fire Pumper Truck	03-20-07	256,112	4.62	137,867
Police Vehicle	05-01-05	20,508	4.18	1,378
Police Vehicle	03-31-05	27,508	4.11	1,236
Police Building	09-11-06	165,000	5.35	138,578
				<u>\$ 319,345</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds - Continued

E. Capital Leases - Continued

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, 2008:

<u>Year Ending December 31,</u>	<u>Payment</u>
2009	\$ 57,177
2010	54,545
2011	54,545
2012	54,545
2013	44,624
2014-2017	133,848
Total minimum lease payments	399,284
Less: amounts representing interest	79,939
Present value of future minimum lease payments	<u>\$ 319,345</u>

F. Long-Term Debt

General Obligation Bonds

The City issued \$4,277,500 of General Obligation Water Bonds in 2008 for the construction of two water filtration plants. This bond is recorded as a liability in the water fund. The bonds are payable from revenue derived from the operation of the water utility and are backed by the full faith, credit and taxing power of the City. This project is still in the construction phase. Funds are drawn down on the loan on a cost reimbursement basis. The bonds have a stated interest rate of 2.627% and mature in 2028. The balance outstanding at December 31, 2008 was \$2,071,937.

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

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2009	\$ 102,500	\$ 40,059
2010	172,000	51,737
2011	177,000	47,219
2012	181,000	42,569
2013	186,000	37,814
2014 - 2018	1,007,000	113,123
2019 - 2020	246,437	7,221
TOTAL	<u>\$ 2,071,937</u>	<u>\$ 339,742</u>

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2008

NOTE 2 - 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 of outstanding special assessment debt, \$1,297,600 is considered debt of the City and \$1,772,400 is the special assessment portion.

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

Fiscal Year Ending December 31,	Governmental Activities	
	Principal	Interest
2009	\$ 250,000	\$ 125,668
2010	240,000	115,938
2011	245,000	106,166
2012	245,000	96,148
2013	250,000	85,878
2014 - 2018	1,280,000	261,181
2019 - 2023	560,000	62,841
TOTAL	\$ 3,070,000	\$ 853,820

Individual bond issues which comprise long-term debt's special assessment bonds with government commitment 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 2009	Interest Due in 2009
2001 Imp. Bonds	2.75% - 4.65%	10-5-01	2-1-18	48%	\$ 2,060,000	\$ 590,000	\$ 1,470,000	\$ 140,000	\$ 60,820
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	1,600,000	-	1,600,000	110,000	64,848
Total Special Assessment Bonds					\$ 3,660,000	\$ 590,000	\$ 3,070,000	\$ 250,000	\$ 125,668

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 2 - Detailed Notes on all Funds - Continued

F. Long-Term Debt - Continued

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 \$882,395. Of the \$7,071,978 statutory net debt limit, the City has \$5,000,041 remaining.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2008, was as follows:

	BALANCE, JANUARY 1	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
Bonds payable					
Special assessment debt with government commitment	\$ 3,205,000	\$ -	\$ (135,000)	3,070,000	\$ 250,000
Less unamortized discount	(6,827)	-	809	(6,018)	-
Total bonds payable	3,198,173	-	(134,191)	3,063,982	250,000
Capital leases	318,205	49,028	(47,888)	319,345	42,341
Compensated absences	52,295	48,690	(52,295)	48,690	40,413
TOTAL	3,568,673	97,718	(234,374)	3,432,017	332,754
<u>BUSINESS-TYPE ACTIVITIES</u>					
Bonds payable					
General Obligation	-	2,071,937	-	2,071,937	102,500
Compensated absences	26,946	26,331	(26,946)	26,331	21,855
TOTAL	26,946	2,098,268	(26,946)	2,098,268	124,355
TOTAL	\$ 3,595,619	\$ 2,195,986	\$ (261,320)	\$ 5,530,285	\$ 457,109

For the governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - 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, 2008. There have been no significant reductions in insurance coverage.

B. Contingent Liabilities

The City had no claims pending at year-end.

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 membership by statute are covered by the PEPFF.

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

1. Defined benefit pension plans - statewide employees' plans - Continued

A. Plan Description - Continued

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. 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.

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

1. Defined benefit pension plans - statewide employees' plans – Continued

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. PERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary in 2008. PEPFF members were required to contribute 8.6 percent of their annual covered salary in 2008. That rate will increase to 9.4 percent in 2009. The City of Goodview is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members, 6.5 percent for Coordinated Plan PERF members, and 12.9 percent for PEPFF members. Employer Contribution rates for the Coordinated Plan and PEPFF will increase to 6.75 and 14.1 percent, respectively, effective January 1, 2009. The City's contribution to the Public Employees Retirement Fund for the years ending December 31, 2008, 2007, and 2006 were \$27,932, \$28,516, and \$20,933, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2008, 2007, and 2006 were \$33,449, \$27,502, and \$15,689, 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 \$1,400 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

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 \$1,400 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 2008, no contribution was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2008.

Three-Year Trend Information			
Fiscal Year Ending	Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/06	0	0	100%
12/31/07	0	0	100%
12/31/08	0	0	100%

D. Funded Status and Funding Progress

As of December 31, 2008, the most recent statutory valuation date, the plan was 68.61% funded. The statutory accrued liability for benefits was \$439,107, and the statutory value of plan assets was \$301,277, resulting in an unfunded statutory accrued liability (USAL) of \$137,830. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

D. Funded Status and Funding Progress - Continued

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the statutory value of plan assets are increasing or decreasing over time relative to the statutory accrued liability for benefits.

E. Actuarial Methods and Assumptions

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

Statutory Assumptions:

Administrative expense increase	3.5%
Investment rate of return	5.0%
2008 State Aid Contribution	100.0%
Amortization of pension benefit surplus (deficit)	10.0%

Investments are valued at fair value.

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. Expenditures for benefits are recognized on a pay-as-you-go basis. Incentives for retirement are projected to provide a net savings in personnel costs over the period benefits are payable.

For employees retiring prior to June 11, 2008, 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. During the year there were two participants under this plan. The amount of benefits paid during the year was \$6,546.

For employees retiring after June 11, 2008, the City pays severance in an amount equaling 15% of their current salary and the amount obtained by multiplying \$110 times the retirees' unused number of sick leave days up to the maximum of 120 days. The severance pay will be contributed to the Post-Retirement Health Care Savings Plan with the Minnesota State Retirement System within 1 month of the effective date of retirement. One employee received benefits in the amount of \$21,661 under this plan during the year.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2008

NOTE 3 - Other Information - Continued

E. Related Party Transactions

The City paid approximately \$8,500 for equipment rental and welding services to a company owned by the Director of Public Works for the City during 2008.

F. Construction Commitments

The City has active construction projects as of December 31, 2008. The projects include construction of two water treatment facilities, street and utility expansion to subdivisions, and a bank stabilization project. At year end the City's commitments with contractors are as follows:

	<u>Spent-to-date</u>	<u>Remaining Commitment</u>
Water treatment facilities	\$ 2,062,785	\$ 1,565,399
Saehler-Anderson subdivision	561,449	800,339
Gunderson-Hub Mill subdivision	294,600	1,834,717
Bank stabilization	-	62,040
Total	<u>\$ 2,918,834</u>	<u>\$ 4,262,495</u>

G. Accounting Standards Issued But Not Yet Implemented

Government Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* will be effective for the City in 2009 and will require the City to calculate and record the liability for post-retirement benefits for contributions to the Post-Retirement Health Care Savings Plan with the Minnesota State Retirement System upon severance. No estimate of the amount of the liability is available.

CITY OF GOODVIEW, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2008

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH</u>
				<u>FINAL</u>
				<u>BUDGET</u>
REVENUE				
Taxes				
Property	\$ 1,086,091	\$1,086,091	\$ 976,852	\$ (109,239)
Franchise	175,600	175,600	166,765	(8,835)
Licenses and permits	12,077	12,077	11,709	(368)
Intergovernmental	157,376	157,376	230,104	72,728
Charges for services	8,275	8,275	13,856	5,581
Fines and forfeitures	19,000	19,000	18,518	(482)
Interest	5,000	5,000	678	(4,322)
Donations	-	-	63,053	63,053
Miscellaneous	18,110	18,110	24,511	6,401
TOTAL REVENUE	<u>1,481,529</u>	<u>1,481,529</u>	<u>1,506,046</u>	<u>24,517</u>
EXPENDITURES				
Current				
General government	400,952	396,483	367,052	29,431
Public safety	617,099	618,776	659,327	(40,551)
Public works	345,592	356,560	304,430	52,130
Health and human services	1,650	1,650	1,003	647
Culture, recreation, and education	39,038	42,773	47,210	(4,437)
Capital outlay	77,198	65,287	101,229	(35,942)
TOTAL EXPENDITURES	<u>1,481,529</u>	<u>1,481,529</u>	<u>1,480,251</u>	<u>1,278</u>
EXCESS OF REVENUE OVER				
EXPENDITURES	-	-	25,795	25,795
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	49,028	49,028
NET CHANGE IN FUND BALANCES	-	-	74,823	74,823
FUND BALANCES AT BEGINNING OF YEAR	<u>504,415</u>	<u>504,415</u>	<u>504,415</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 504,415</u>	<u>\$ 504,415</u>	<u>\$ 579,238</u>	<u>\$ 74,823</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2008

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 1 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.

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.

GOODVIEW FIREMEN'S RELIEF ASSOCIATION

Goodview, Minnesota

SCHEDULE OF FUNDING PROGRESS

(Unaudited)

<u>Valuation Date</u>	<u>Value of Assets</u>	<u>SAL</u>	<u>Unfunded (Funded) SAL</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>USAL as a Percentage of Covered Payroll*</u>
12/31/2008	\$ 301,277	\$ 439,107	\$ 137,830	68.61%	N/A	N/A
12/31/2007	449,887	409,866	(40,021)	109.76%	N/A	N/A
12/31/2006	406,569	287,249	(119,320)	141.54%	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%
2008 state aid contribution	100.00%
Amortization of pension benefit surplus (deficit)	10.00%

Investments are valued at fair value.

CITY OF GOODVIEW, MINNESOTA

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2008

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2008

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL</u> <u>BUDGET</u>
REVENUE				
Taxes				
Property	\$ 203,116	\$ 203,116	\$ 181,170	\$ (21,946)
Intergovernmental	-	-	21,782	21,782
Special assessments	102,536	102,536	175,512	72,976
Interest	91,348	91,348	86,773	(4,575)
TOTAL REVENUE	<u>397,000</u>	<u>397,000</u>	<u>465,237</u>	<u>68,237</u>
EXPENDITURES				
Current				
General government	-	-	26	(26)
Public works	-	-	1,142	(1,142)
Capital Outlay	-	-	19,638	(19,638)
Debt Service				
Principal	245,000	245,000	135,000	110,000
Interest	133,096	133,096	131,869	1,227
TOTAL EXPENDITURES	<u>378,096</u>	<u>378,096</u>	<u>287,675</u>	<u>90,421</u>
EXCESS OF REVENUE				
OVER EXPENDITURES	18,904	18,904	177,562	158,658
OTHER FINANCING SOURCES				
Transfers in	-	-	273,092	273,092
NET CHANGE IN FUND BALANCES	18,904	18,904	450,654	431,750
FUND BALANCES AT BEGINNING OF YEAR	<u>367,378</u>	<u>367,378</u>	<u>367,378</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 386,282</u>	<u>\$ 386,282</u>	<u>\$ 818,032</u>	<u>\$ 431,750</u>

STATISTICAL SECTION

This part of the City of Goodview's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	56-61
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	62-65
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	66-70
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	71-72
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	73-75

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB Statement 34 in 2004; schedules presenting government-wide information include information beginning in that year.*

CITY OF GOODVIEW, MINNESOTA
NET ASSETS BY COMPONENT
 Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
Governmental activities					
Invested in capital assets, net of related debt	\$ 3,475,001	\$ 3,806,554	\$ 4,297,699	\$ 3,537,666	\$ 3,605,519
Restricted	44,984	258,877	407,204	465,846	952,124
Unrestricted	2,102,779	1,633,046	1,508,918	2,600,837	2,239,425
Total governmental activities net assets	\$ 5,622,764	\$ 5,698,477	\$ 6,213,821	\$ 6,604,349	\$ 6,797,068
Business-type activities					
Invested in capital assets, net of related debt	\$ 6,654,242	\$ 6,621,148	\$ 6,548,890	\$ 7,432,972	\$ 8,479,231
Unrestricted	462,631	484,998	430,687	415,021	392,499
Total business-type activities net assets	\$ 7,116,873	\$ 7,106,146	\$ 6,979,577	\$ 7,847,993	\$ 8,871,730
Primary government					
Invested in capital assets, net of related debt	\$ 10,129,243	\$ 10,427,702	\$ 10,846,589	\$ 10,970,638	\$ 12,084,750
Restricted	44,984	258,877	407,204	465,846	952,124
Unrestricted	2,565,410	2,118,044	1,939,605	3,015,858	2,631,924
Total primary government net assets	\$ 12,739,637	\$ 12,804,623	\$ 13,193,398	\$ 14,452,342	\$ 15,668,798

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

CITY OF GOODVIEW, MINNESOTA
CHANGES IN NET ASSETS
 Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
EXPENSES					
GOVERNMENTAL ACTIVITIES					
General government	\$ 298,887	\$ 297,651	\$ 351,455	\$ 369,184	\$ 386,718
Public safety	465,398	507,089	561,843	767,116	694,283
Public works	325,683	345,696	362,931	399,820	498,266
Health and human services	-	1,981	1,193	838	1,003
Economic development	-	42,573	155,490	-	-
Culture, recreation, and education	71,892	81,939	106,175	101,162	100,538
Interest on long-term debt	96,339	86,541	78,640	97,565	131,869
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	<u>1,258,199</u>	<u>1,363,470</u>	<u>1,617,727</u>	<u>1,735,685</u>	<u>1,812,677</u>
BUSINESS-TYPE ACTIVITIES					
Water	294,646	276,761	310,309	313,432	338,210
Sewer	383,076	375,890	402,135	447,918	519,413
Lease: operating	26,374	17,509	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	<u>704,096</u>	<u>670,160</u>	<u>712,444</u>	<u>761,350</u>	<u>857,623</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 1,962,295</u>	<u>\$ 2,033,630</u>	<u>\$2,330,171</u>	<u>\$ 2,497,035</u>	<u>\$ 2,670,300</u>
PROGRAM REVENUE					
GOVERNMENTAL ACTIVITIES					
Charges for services:					
General government	\$ 7,095	\$ 6,594	\$ 10,152	\$ 7,578	\$ 7,411
Public safety	24,603	21,599	20,915	21,482	19,471
Public works	7,832	10,928	6,043	8,213	4,906
Culture and recreation	5,325	7,175	9,050	7,165	12,295
Operating grants and contributions	36,016	105,271	337,720	307,684	97,619
Capital grants and contributions	183,222	254,082	305,003	951,999	1,118,558
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	<u>264,093</u>	<u>405,649</u>	<u>688,883</u>	<u>1,304,121</u>	<u>1,260,260</u>
BUSINESS-TYPE ACTIVITIES					
Charges for services:					
Water	187,696	211,489	267,740	344,916	416,651
Sewer	325,546	359,297	404,814	453,053	523,546
Lease: Operating	13,500	12,000	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	<u>526,742</u>	<u>582,786</u>	<u>672,554</u>	<u>797,969</u>	<u>940,197</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	<u>\$ 790,835</u>	<u>\$ 988,435</u>	<u>\$1,361,437</u>	<u>\$ 2,102,090</u>	<u>\$ 2,200,457</u>

CITY OF GOODVIEW, MINNESOTA
CHANGES IN NET ASSETS - Continued
 Last Five Fiscal Years
(accrual basis of accounting)

	Fiscal Year				
	2004	2005	2006	2007	2008
NET (EXPENSE) REVENUE					
Governmental activities	\$ (994,106)	\$ (957,821)	\$ (928,844)	\$ (431,564)	\$ (552,417)
Business-type activities	(177,354)	(87,374)	(39,890)	36,619	82,574
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (1,171,460)</u>	<u>\$ (1,045,195)</u>	<u>\$ (968,734)</u>	<u>\$ (394,945)</u>	<u>\$ (469,843)</u>
GENERAL REVENUE AND OTHER					
CHANGES IN NET ASSETS					
GOVERNMENTAL ACTIVITIES					
Taxes					
Property taxes	\$ 723,724	\$ 828,559	\$ 940,540	\$ 1,119,965	\$ 1,190,056
Franchise taxes	23,225	29,018	96,955	179,228	166,765
Unrestricted grants and contributions	180,564	174,549	196,517	243,540	206,920
Interest and investment income	69,330	66,371	71,354	76,266	107,334
Miscellaneous	2,200	3,172	14,374	26,097	7,260
Transfers	(523,106)	(68,135)	11,229	(823,005)	(933,199)
TOTAL GOVERNMENTAL ACTIVITIES	<u>475,937</u>	<u>1,033,534</u>	<u>1,330,969</u>	<u>822,091</u>	<u>745,136</u>
BUSINESS-TYPE ACTIVITIES					
Investment earnings	4,954	8,512	7,471	8,793	7,964
Miscellaneous	154	-	-	-	-
Transfers	523,106	68,135	(11,229)	823,005	933,199
TOTAL BUSINESS-TYPE ACTIVITIES	<u>528,214</u>	<u>76,647</u>	<u>(3,758)</u>	<u>831,798</u>	<u>941,163</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,004,151</u>	<u>\$ 1,110,181</u>	<u>\$ 1,327,211</u>	<u>\$ 1,653,889</u>	<u>\$ 1,686,299</u>
CHANGE IN NET ASSETS					
Governmental activities	\$ (518,169)	\$ 75,713	\$ 402,125	\$ 390,527	\$ 192,719
Business-type activities	350,860	(10,727)	(43,648)	868,417	1,023,737
TOTAL PRIMARY GOVERNMENT	<u>\$ (167,309)</u>	<u>\$ 64,986</u>	<u>\$ 358,477</u>	<u>\$ 1,258,944</u>	<u>\$ 1,216,456</u>

Note: The City began to report accrual information when it implemented GASB Statement 34 in fiscal year 2004.

CITY OF GOODVIEW, MINNESOTA
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General Fund										
Reserved	\$ 7,716	\$ 9,622	\$ 8,659	\$ 1,634	\$ 10,477	\$ 5,483	\$ 39,735	\$ 220,673	\$ 113,787	\$ 149,255
Unreserved	387,409	331,580	347,424	410,748	444,072	316,452	163,701	116,384	390,627	429,983
Total general fund	<u>\$ 395,125</u>	<u>\$ 341,202</u>	<u>\$ 356,083</u>	<u>\$ 412,382</u>	<u>\$ 454,549</u>	<u>\$ 321,935</u>	<u>\$ 203,436</u>	<u>\$ 337,057</u>	<u>\$ 504,414</u>	<u>\$ 579,238</u>
All Other Governmental Funds										
Reserved	\$ 581,249	\$ 481,018	\$ 325,528	\$ 310,815	\$ 103,458	\$ 174,699	\$ 243,372	\$ 347,250	\$ 367,378	\$ 818,032
Unreserved, reported in:										
Capital projects funds	419,040	343,322	713,292	769,182	1,422,107	994,043	804,685	696,604	1,002,700	707,261
Total all other governmental funds	<u>\$1,000,289</u>	<u>\$ 824,340</u>	<u>\$1,038,820</u>	<u>\$1,079,997</u>	<u>\$1,525,565</u>	<u>\$1,168,742</u>	<u>\$1,048,057</u>	<u>\$1,043,854</u>	<u>\$1,370,078</u>	<u>\$1,525,293</u>

CITY OF GOODVIEW, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
REVENUE										
Taxes	\$ 711,785	\$ 643,167	\$ 660,992	\$ 915,997	\$ 853,995	\$ 746,949	\$ 857,577	\$ 1,037,495	\$ 1,299,193	\$ 1,324,906
Licenses and permits	6,457	7,068	7,096	7,183	11,361	14,139	16,159	15,569	15,737	11,709
Fines and forfeitures	26,391	25,357	27,995	30,982	24,674	24,083	21,154	20,364	468,591	1,374,849
Charges for services	3,564	2,680	797	481	796	6,633	8,983	10,227	7,710	13,856
Special assessments	141,552	141,013	121,825	80,851	157,475	180,095	187,377	127,919	20,991	18,518
Intergovernmental	464,450	466,662	616,997	492,182	292,826	245,949	256,211	519,725	288,670	227,674
Interest	91,065	83,281	61,810	43,806	78,334	69,330	66,371	71,354	76,266	107,334
Other revenue	67,998	386,656	297,088	293,263	437,371	187,187	110,153	163,724	143,334	87,564
TOTAL REVENUE	<u>1,513,262</u>	<u>1,755,884</u>	<u>1,794,600</u>	<u>1,864,745</u>	<u>1,856,832</u>	<u>1,474,365</u>	<u>1,523,985</u>	<u>1,966,377</u>	<u>2,320,492</u>	<u>3,166,410</u>
EXPENDITURES										
General government	212,098	248,652	237,306	254,178	258,675	287,882	287,266	335,440	329,675	367,078
Public safety	371,402	418,774	415,366	403,445	371,574	415,765	479,640	530,246	761,759	659,327
Health and human services	-	-	-	-	-	-	1,981	1,193	276,191	374,668
Economic development	-	-	-	-	-	-	42,573	155,490	838	1,003
Other public works	284,222	380,627	236,723	300,532	205,211	208,153	231,178	242,803	-	-
Culture and recreation	36,215	38,926	31,154	23,513	21,045	27,620	35,118	54,941	46,971	47,210
Capital Outlay	246,884	395,641	1,380,691	1,098,716	754,002	679,544	342,994	459,761	1,873,328	1,269,245
Debt service										
Interest	140,537	116,136	120,161	143,868	148,590	99,838	90,435	81,259	72,689	131,869
Principal	515,000	410,000	430,000	375,000	560,000	245,000	300,000	265,000	190,000	135,000
Bond issuance costs	-	-	-	-	-	-	-	-	25,420	-
TOTAL EXPENDITURES	<u>1,806,358</u>	<u>2,008,756</u>	<u>2,851,401</u>	<u>2,599,252</u>	<u>2,319,097</u>	<u>1,963,802</u>	<u>1,811,185</u>	<u>2,126,133</u>	<u>3,576,871</u>	<u>2,985,400</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(293,096)	(252,872)	(1,056,801)	(734,507)	(462,265)	(489,437)	(287,200)	(159,756)	(1,256,379)	181,010

CITY OF GOODVIEW, MINNESOTA
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - Continued
 Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	\$ -	\$ -	\$ 2,060,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,600,000	\$ -
Discount on bonds	-	-	-	-	-	-	-	-	(7,152)	-
Proceeds from capital leases	-	-	-	-	-	-	48,016	165,000	157,112	49,028
Refunding bonds issued	-	-	-	-	275,000	-	-	-	-	-
Debt service-principal	-	-	-	-	(275,000)	-	-	-	-	-
Transfers in	235,985	23,000	58,145	-	950,000	-	-	124,174	-	273,092
Transfers out	(212,192)	-	-	-	-	-	-	-	-	(273,092)
TOTAL OTHER FINANCING SOURCES (USES)	<u>23,793</u>	<u>23,000</u>	<u>2,118,145</u>	<u>-</u>	<u>950,000</u>	<u>-</u>	<u>48,016</u>	<u>289,174</u>	<u>1,749,960</u>	<u>49,028</u>
NET CHANGE IN FUND BALANCES	<u>\$ (269,303)</u>	<u>\$ (229,872)</u>	<u>\$ 1,061,344</u>	<u>\$ (734,507)</u>	<u>\$ 487,735</u>	<u>\$ (489,437)</u>	<u>\$ (239,184)</u>	<u>\$ 129,418</u>	<u>\$ 493,581</u>	<u>\$ 230,038</u>
Debt service as a percentage of noncapital expenditures	42.0%	32.6%	37.4%	34.6%	45.3%	26.9%	26.6%	20.8%	16.9%	15.6%

CITY OF GOODVIEW, MINNESOTA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed as Percentage of Actual Taxable Value
1999	\$ 93,896,600	\$ 11,054,000	\$ 12,019,800	\$ 127,600	\$ 5,938,300	\$ 111,159,700	25.796	\$ 117,098,000	0.8675
2000	104,658,800	12,236,300	12,484,700	205,000	5,938,300	123,646,500	24.433	128,134,600	0.9257
2001	104,658,800	12,351,300	12,899,400	212,800	6,379,300	123,743,000	24.571	133,570,300	0.8576
2002	116,314,800	14,343,300	13,060,800	376,000	6,820,300	137,274,600	52.454	145,868,000	0.8652
2003	127,964,300	16,531,500	14,067,000	300,700	6,820,300	152,043,200	45.580	158,656,600	0.9583
2004	141,701,900	19,546,900	17,193,600	402,700	7,298,700	171,546,400	36.577	182,758,200	0.9387
2005	149,956,000	21,121,400	17,637,600	416,800	7,780,200	181,351,600	37.464	191,822,900	0.9397
2006	159,212,700	25,243,300	18,368,200	493,600	8,917,100	194,400,700	40.340	207,583,400	0.9365
2007	173,829,100	27,258,500	19,371,500	518,200	9,635,500	211,341,800	44.994	222,738,400	0.9488
2008	165,231,800	28,939,100	20,309,900	392,800	10,449,800	204,423,800	45.025	235,732,600	0.8672

Source: Winona County Auditor

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

City Direct Rates				Overlapping Rates ^a		
Fiscal Year	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District # 861	County of Winona	HRA
1999	14.574	11.222	25.796	54.850	42.890	0.832
2000	13.975	10.458	24.433	50.188	40.659	0.965
2001	15.531	9.040	24.571	47.672	41.480	1.154
2002	44.566	7.888	52.454	17.705	57.297	1.040
2003	41.612	3.968	45.580	17.292	52.376	1.304
2004	28.981	7.596	36.577	14.842	50.591	1.155
2005	27.243	10.221	37.464	16.273	48.970	1.035
2006	32.065	8.275	40.340	13.078	45.996	0.585
2007	39.694	5.300	44.994	16.103	44.860	0.531
2008	37.931	7.094	45.025	16.418	44.284	0.937

Source: Winona County Auditor

Notes: The City's basic property tax rate may be increased only by a majority vote of the City's residents. Rates for debt service are set based on each year's requirements.

^a Overlapping rates are those of local and county governments that apply to property owners within the City of Goodview.

CITY OF GOODVIEW, MINNESOTA
PRINCIPAL PROPERTY TAX PAYERS
 Current Year and Nine Years Ago

	2008			1999		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>TAXPAYER</u>						
Lakeside Manor	\$ 8,419,800	1	3.37%	\$ 4,656,800	2	3.24%
Benchmark of Winona	7,564,400	2	3.02%	5,634,500	1	3.92%
Polymer Composites	3,730,900	3	1.49%	2,436,600	4	1.70%
Xcel Energy	3,410,500	4	1.36%	2,631,100	3	1.83%
Winona Lighting	3,140,900	5	1.26%	760,400	9	0.53%
Lake Village Associates	2,474,600	6	0.99%	1,761,700	5	1.22%
Hiatt Manufacturing	2,350,600	7	0.94%			
Mississippi Welders	2,200,400	8	0.88%			
Fastenal	1,992,300	9	0.80%			
Knitcraft	1,885,900	10	0.75%	946,100	8	0.66%
Win-Van, Inc.				1,023,800	6	0.71%
Jacobson/Baker Apartments				994,500	7	0.70%
Brad Ragan, Inc.				739,200	10	0.51%
Total	\$ 37,170,300		14.86%	\$ 21,584,700		15.02%

Source: Winona County Auditor

CITY OF GOODVIEW, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1999	\$ 681,046	\$ 690,560	101.4%	\$ 7,094	\$ 697,654	102.4%
2000	721,447	734,236	101.8%	13,579	747,815	103.7%
2001	748,303	759,287	101.5%	3,282	762,332	101.9%
2002	907,460	914,816	100.8%	2,969	917,655	101.1%
2003	851,536	859,229	100.9%	5,387	864,412	101.5%
2004	781,887	775,193	99.1%	8,062	783,126	100.2%
2005	854,119	793,123	92.9%	20,232	812,050	95.1%
2006	995,304	895,383	90.0%	18,809	899,661	90.4%
2007	1,227,817	1,102,256	89.8%	29,574	1,131,830	92.2%
2008	1,289,207	1,270,541	98.6%	-	1,270,541	98.6%

CITY OF GOODVIEW, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Tax Increment Bonds	Special Assessment Bonds	Capital Leases	Total Governmental Activities Debt	General Obligation Water Bonds			
1999	\$ 670,000	\$ 1,650,000	\$ 129,127	\$ 2,449,127	\$ -	\$ 2,449,127	4.03%	\$ 851
2000	580,000	1,330,000	97,784	2,007,784	-	2,007,784	3.28%	698
2001	485,000	3,055,000	59,089	3,599,089	-	3,599,089	4.54%	1,067
2002	380,000	2,785,000	56,335	3,221,335	-	3,221,335	3.88%	955
2003	270,000	2,335,000	44,955	2,649,955	-	2,649,955	3.08%	786
2004	150,000	2,210,000	32,953	2,392,953	-	2,392,953	2.77%	709
2005	105,000	1,955,000	59,225	2,119,225	-	2,119,225	2.39%	628
2006	55,000	1,740,000	199,268	1,994,268	-	1,994,268	2.08%	591
2007	-	3,205,000	318,205	3,523,205	-	3,523,205	3.17%	1,045
2008	-	3,070,000	319,345	3,389,345	2,071,937	5,461,282	Not available	1,619

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 14 for personal income and population data.

CITY OF GOODVIEW, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding				Less: Available In Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property ^a	Per Capita ^b
	General Obligation Bonds	Special Assessment Bonds	General Obligation Water Bonds	Total				
1999	\$ 670,000	\$ 1,650,000	\$ -	\$ 2,320,000	\$ 581,249	\$ 2,901,249	2.48%	\$ 1,008
2000	580,000	1,330,000	-	1,910,000	481,018	2,391,018	1.87%	709
2001	485,000	3,055,000	-	3,540,000	325,528	3,865,528	2.89%	1,146
2002	380,000	2,785,000	-	3,165,000	310,815	3,475,815	2.38%	1,030
2003	270,000	2,335,000	-	2,605,000	103,458	2,708,458	1.71%	803
2004	150,000	2,210,000	-	2,360,000	174,699	2,534,699	1.39%	751
2005	105,000	1,955,000	-	2,060,000	232,372	2,292,372	1.20%	680
2006	55,000	1,740,000	-	1,795,000	347,250	2,142,250	1.03%	635
2007	-	3,205,000	-	3,205,000	367,378	3,572,378	1.60%	1,059
2008	-	3,070,000	2,071,937	5,141,937	818,032	5,959,969	2.53%	1,767

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

^a See Schedule 5 for property value data.

^b Population data can be found in Schedule 14

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2008

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u> ^a	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
School District #861	\$ 18,042,203	10.3%	\$ 1,858,347
County of Winona	7,208,142	6.6%	<u>475,737</u>
Subtotal, overlapping debt			2,334,084
City of Goodview direct debt			<u>3,389,345</u>
Total direct and overlapping debt			<u><u>\$ 5,723,429</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Winona County Auditor. Debt outstanding data provided by each governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Goodview. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore responsible for repaying the debt of each overlapping government.

^a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the City's boundaries and dividing it by each unit's total taxable assessed value.

**CITY OF GOODVIEW, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	\$235,732,600
Debt limit (3% of assessed value)	7,071,978
Debt applicable to limit:	
General obligation bonds	5,141,937
Less: Special Assessment Bonds	<u>(3,070,000)</u>
Total net debt applicable to limit	<u>2,071,937</u>
Legal debt margin	<u>\$ 5,000,041</u>

	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Debt limit	\$ 2,341,960	\$ 2,562,692	\$ 2,885,886	\$ 2,917,360	\$ 3,173,132	\$ 3,655,164	\$ 3,836,458	\$ 4,117,406	\$ 4,497,860	\$ 7,071,978
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	2,071,937
Legal debt margin	<u>\$ 2,341,960</u>	<u>\$ 2,562,692</u>	<u>\$ 2,885,886</u>	<u>\$ 2,917,360</u>	<u>\$ 3,173,132</u>	<u>\$ 3,655,164</u>	<u>\$ 3,836,458</u>	<u>\$4,117,406</u>	<u>\$ 4,497,860</u>	<u>\$ 5,000,041</u>
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	29%

Note: Under Minnesota State law, the City of Goodview's net debt cannot exceed 3 percent of the estimated market value of property (2 percent prior to January 1, 2008).

CITY OF GOODVIEW, MINNESOTA
PLEDGED-REVENUE COVERAGE
 Last Ten Fiscal Years

Fiscal Year	Special Assessment Bonds ^a				Tax Increment Bonds				General Obligation Water Revenue Bonds						
	Special Assessment Collections	Debt Service		Coverage	Collections	Debt Service		Coverage	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service			
		Principal	Interest			Principal	Interest					Principal	Interest	Coverage	
1999	\$ 156,962	\$ 345,000	\$ 87,408	0.36	\$ 232,328	\$ 170,000	\$ 53,129	1.04	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2000	143,269	320,000	72,656	0.36	109,422	90,000	43,480	0.82	-	-	-	-	-	-	-
2001	105,193	335,000	83,065	0.25	108,150	95,000	37,096	0.82	-	-	-	-	-	-	-
2002	93,507	270,000	113,802	0.24	70,173	105,000	30,066	0.52	-	-	-	-	-	-	-
2003	185,883	450,000	126,142	0.32	65,563	110,000	22,448	0.50	-	-	-	-	-	-	-
2004	153,161	125,000	85,669	0.73	32,507	120,000	14,169	0.24	-	-	-	-	-	-	-
2005	180,580	255,000	82,067	0.54	33,943	45,000	8,368	0.64	-	-	-	-	-	-	-
2006	136,790	215,000	75,991	0.47	32,303	50,000	5,268	0.58	-	-	-	-	-	-	-
2007	292,002	135,000	70,873	1.42	-	55,000	1,815	-	-	-	-	-	-	-	-
2008	252,650	135,000	131,791	0.95	-	-	-	-	420,417	255,991	164,426	- ^b	- ^b	-	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Water charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

^a Special Assessment Bonds are not fully covered with pledged assessment revenue. The amount of principal and interest that is pledged with special assessment revenue ranges from 52% to 63%.

^b No principal or interest payments were scheduled this period in which the debt was issued.

CITY OF GOODVIEW, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Calendar Years

Calendar Year	Population	Personal Income	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
1999	2,878	\$ 60,748,824	\$ 21,108	27% over 50	248	2.7%
2000	2,878	61,157,500	21,250	36.2	254	3.2%
2001	3,373	79,248,635	23,495	36.2	230	3.5%
2002	3,373	82,969,054	24,598	36.2	198	3.7%
2003	3,373	85,971,024	25,488	36.2	194	4.7%
2004	3,373	86,291,459	25,583	36.2	199	4.4%
2005	3,373	88,645,813	26,281	36.2	194	3.6%
2006	3,373	96,056,294	28,478	36.2	208	3.7%
2007	3,373	111,187,572	32,964	36.2	194	4.2%
2008	3,373	Not available	Not available	Not Available	178	5.5%

- Sources:**
- a** Minnesota Department of Economic Security (by County)
The per capita personal income used is for that of Winona County, in which the City resides, the smallest region applicable to the City that this information is available for.
 - b** Minnesota State Demographer Center (by County)
 - c** Minnesota State Demographer Center (2000 Census)
 - d** This estimated personal income is calculated by taking per capita personal income of Winona County and multiplying it by the City population.

Note: Population, median age, and education level information are based on surveys conducted during the last quarter of the calendar year. Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

CITY OF GOODVIEW, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Nine Years Ago

<u>EMPLOYER</u>	<u>TYPE OF BUSINESS/PRODUCT</u>	<u>2008</u>			<u>1999</u>		
		<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT*</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Fastenal Company	Office and tool repair	1,299	1	5.06%	**	**	**
Benchmark Electronics, Inc.	Electronics manufacturer	770	2	3.00%	**	**	**
Winona Lighting, Inc.	Lighting specialists	246	3	0.97%	**	**	**
Knitcraft Corporation	Garment manufacturer	121	4	0.47%	**	**	**
I.S.D. No. 861 (Winona)	Elementary and secondary education	59 ^b	5	0.23%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	55	6	0.21%	**	**	**
Wincraft, Inc.	Novelty manufacturer	50	7	0.19%	**	**	**
Ticona Celstran, Inc.	Thermoplastic manufacturer	34	8	0.13%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	33	9	0.13%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	25	10	0.10%	**	**	**
Total		2,692		10.49%			

** Information not available

* Includes full-time, part-time and seasonal.

^b This figure includes the number of District employees working within the City of Goodview only.

Sources: Information from each business human resources department.

CITY OF GOODVIEW, MINNESOTA
CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
General government										
Legislative	5	5	5	5	5	5	5	5	5	5
Administration	4	4	4	4	4	4	4	4	4	4
Public safety										
Police										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	6	6	6	6	6	6	12
Administrative assistant	0	1	1	1	1	1	1	1	1	1
Public works										
Streets	4	4	4	4	4	4	4	4	5	5
Culture, recreation, and education										
Park rec (seasonal)	18	19	10	11	9	12	13	12	13	10
Water	8	8	8	8	8	8	8	8	9	9
Wastewater	8	8	8	8	8	8	8	8	9	9

** Information not available

Sources: Various city departments

CITY OF GOODVIEW, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
General government										
Building permits issued	59	62	54	54	71	71	71	71	51	51
Police										
Physical arrests	151	103	151	159	202	150	128	140	122	109
Parking violations	44	79	60	64	34	82	136	66	128	84
Traffic violations	921	735	940	915	630	720	549	591	518	474
Fire										
Emergency responses	17	17	**	14	20	23	18	15	14	12
Fires extinguished	5	8	**	6	6	13	8	9	4	7
Inspections	2	2	**	2	2	2	2	2	2	2
Volunteers	31	29	27	25	27	30	29	29	29	29
First responder										
Runs	**	41	64	55	76	90	109	88	94	134
Patients	**	44	64	57	84	103	96	79	93	134
Volunteers	**	**	**	**	8	12	17	19	21	41
Water										
Customers	928	946	929	941	967	986	1,009	1,116	1,128	1,169
Water main breaks	0	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	340,668	341,680	343,293	308,190	369,350	313,001	335,975	337,248	330,850	328,330
Peak daily consumption (thousands of gallons)	**	**	**	551,003	561,039	374,232	545,077	509,639	486,765	447,813
Wastewater										
Customers	1,002	1,020	1,001	1,009	1,036	1,054	1,075	1,099	1,109	1,153
Average daily sewage treatment (thousands of gallons)	**	**	**	283,251	282,379	280,872	265,970	259,658	307,195	305,766

** Information not available

Sources: Various city departments

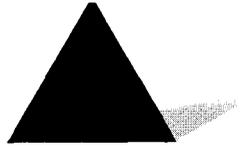
CITY OF GOODVIEW, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Policemen										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	6	6	9	9	12	13	13
Patrol units	5	5	5	5	5	5	5	5	5	5
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	31	29	27	25	27	30	29	29	29	29
Other public works										
Streets (miles)										
Paved	15.6	16.2	16.2	16.8	16.8	16.8	16.8	17	17	17
Unpaved	1	1	1	1	1	1.1	1.1	1.1	1.1	1.1
Streetlights	165	165	165	165	181	173	174	176	189	189
Recreation and culture										
Acreage	13.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	4	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	0	0	3	3	3	3	3	3	3	3
Basketball courts	1	1	1	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2	2	2	2	2
Biking/walking trail (2 miles)	0	0	0	0	0	1	1	1	1	1
Water										
Water mains (miles)	16.5	16.5	18.8	18.8	18.8	19.2	19.2	19.4	20.4	20.4
Fire hydrants	120	120	138	139	140	158	162	167	179	179
Storage capacity (millions of)	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	13.9	13.9	15.5	15.6	15.9	16.7	16.7	16.9	18.1	18.1
Storm sewers (miles)	6.4	6.4	6.7	6.7	6.7	6.7	6.7	6.7	6.8	6.8

CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2008



RUSSELL & ASSOCIATES LLC

Certified Public Accountants

**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, the business-type activities and each major fund of the City of Goodview, Minnesota ("City"), as of and for the year ended December 31, 2008, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 4, 2009. 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.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the segregation of duties deficiency described below to be a significant deficiency in internal control over financial reporting.

Segregation of Duties

The size of the City's administrative staff limits the amount of duties that can be properly segregated. This weakness could result in the possibility of undetected errors or irregularities. Without a larger staff, an ideal internal control system is not possible. We need to make you aware of this weakness even though it is not practical to correct it with more staff. We have noted several other controls that are being used to help compensate for this weakness.

Management's Response - This segregation of duties weakness is impractical to totally correct due to the limited resources and staff available to our organization. We will continue to use other controls, where practical, to compensate for this limitation.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the financial statement preparation significant deficiency described below is a material weakness.

Lack of Control over the Financial Reporting Process

Management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation in the financial statements of the governmental activities, the business-type activities and each major fund including the notes to the financial statements, which collectively comprise the City's basic financial statements, in conformity with U.S. generally accepted accounting principles.

At times, management may choose to outsource certain accounting functions due to cost or training considerations. Such accounting functions and service providers must be governed by the control policies and procedures of the City. Management is as responsible for outsourced functions performed by a service provider as it is for its own personnel.

Management is also responsible for management decisions and functions; for designating an individual with suitable skill, knowledge, or experience to oversee any outsourced services and for evaluating the adequacy and results of those services and accepting responsibility for them.

As part of the audit, management requested us to prepare a draft of your financial statements, including the related notes to the financial statements. We also made journal entries to convert the books from modified accrual basis to the full accrual basis for the government-wide financial statements. Management reviewed, approved, and accepted responsibility for those journal entries and financial statements prior to their issuance; however, management did not perform a detailed review of the accounts and supporting documentation. The absence of this control procedure is considered a material weakness because the potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the City's internal control.

The existence of significant deficiencies or material weaknesses may already be known to management and may represent a conscious decision by management or those charged with governance to accept that degree of risk because of cost or other considerations. Management is responsible for making decisions concerning costs to be incurred and related benefits. We are responsible to communicate significant deficiencies and material weaknesses in accordance with professional standards regardless of management's decisions.

Management's Response - This weakness is impractical to correct due to the training of our personnel. We will continue to outsource these duties to our audit firm in lieu of correcting this weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the State Auditor pursuant to Minn. Stat. 6.65. Accordingly, the audit included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

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 tests indicate that for the items tested, the City complied with the material terms and conditions of applicable legal provisions.

We noted certain other matters that we reported to management of the City of Goodview, Minnesota, in a separate letter dated June 4, 2009.

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.

Russell & Associates, LLC

Winona, Minnesota
June 4, 2009