CITY OF GOODVIEW, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2007

Prepared by:
Finance Administration Department

Dan Matejka
Administrator

CITY OF GOODVIEW, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2007

THE CITY OF
GOODVIEW

4140 Fifth Street
Goodview, MN 55987

507/452-1630 • Fax 507/452-2174

June 9, 2008

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, 2007.

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, 2007, 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, 2007 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 fact a clear majority of the City's businesses went through the flood of August 2007, the City continues to see a stable economy with all of its major employers still operating at pre-2007 levels. 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.

During 2007, the City experienced a significant increase in both new multi-family housing construction and industrial expansion when compared to 2006. Building permits for 2007 totaled $5,135,589 up from $2,522,297 in 2006. New apartment/town home construction accounted for the largest increase with over a $3 million, or nearly 300% increase. Permits for both new residential homes and residential improvements decreased over 58% in 2007. The City's total market value rose again by almost 9.5% over 2006, which is a slight increase from the previous eight-year average of 8.5%. Adjacent urban areas continue to experience a stable economy thus providing a variety of available goods and services within easy access of all area residents.

Winona County unemployment rate rose slightly form 3.7% in 2006 to 4.2% in 2007. This trend mirrors the relative change in both the State and National averages for 2007.

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
The City has formally approved a project to remove excess Radium from its water supply by constructing two filtration plants at an estimated cost of $4.5 million. This project will be financed through Revenue Bonds from the Water Fund. The estimated completion of this project is set for May 2009. Major street maintenance projects and replacements 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.

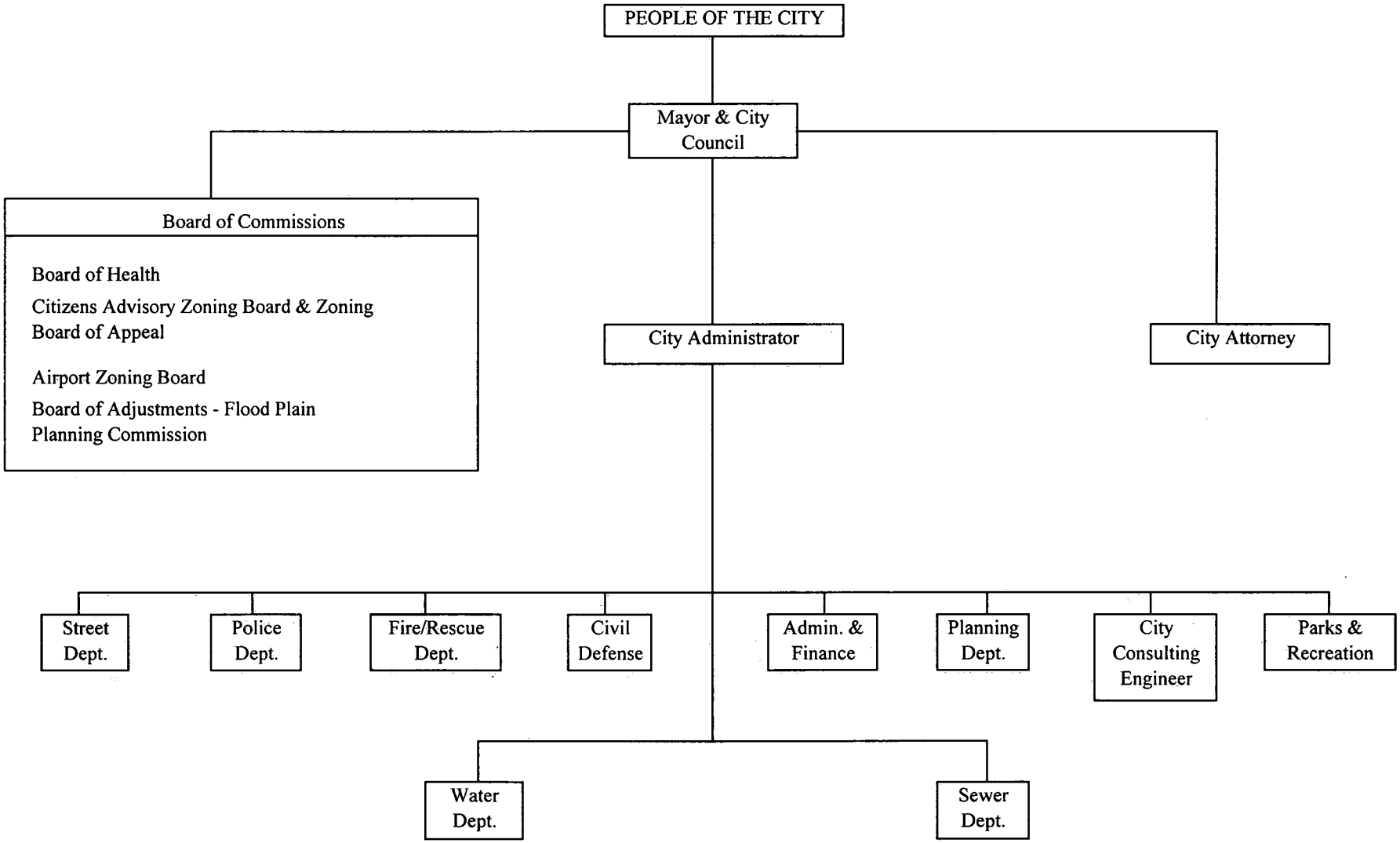
Acknowledgements
The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the finance department. Each member of the department has our sincere appreciation for the contributions made in preparation of this report.

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,

Dan Matejka
City Administrator

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, 2007

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, 2007, 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, 2007, 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 9, 2008, on our consideration of the City of Goodview, Minnesota's internal control over financial reporting and 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 inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 Fireman'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 9, 2008

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, 2007. 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

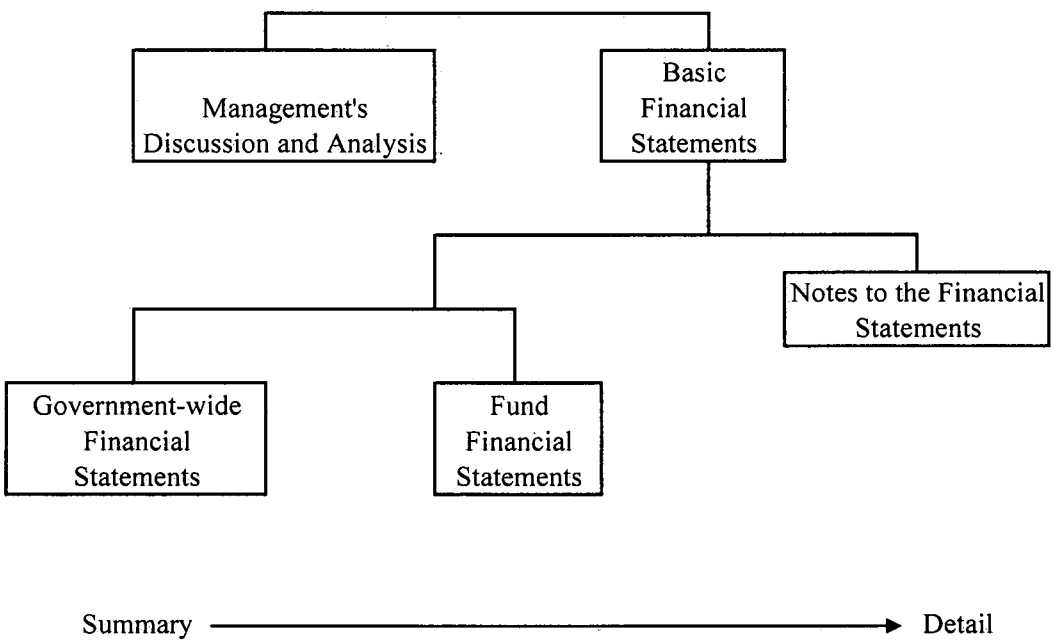
- The assets of the City of Goodview, Minnesota exceeded its liabilities at the close of the fiscal year by $14,452,342 *(net assets)*.
- The government's total net assets increased by $1,258,944, primarily due to a significant increase in capital assets, specifically a capital improvement project in 2007.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of $1,874,492, an increase of $493,581 in comparison with the prior year. The increase is primarily due to issuance of debt for 2007 capital projects.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $390,627, or 22 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to City of Goodview, Minnesota's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the 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



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 fund statements.

The next section of the basic financial statements is the **notes.** The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **Required supplemental information** is provided on pensions 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 $14,452,342, at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net assets (76 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	
	2007	2006	2007	2006	2007	2006
Current & other assets	$ 3,561,160	$,324,084	$ 518,301	$ 511,592	$ 4,079,461	$ 2,835,676
Capital assets	6,929,326	6,126,967	7,432,972	6,548,890	14,362,298	12,675,857
Total assets	10,490,486	8,451,051	7,951,273	7,060,482	18,441,759	15,511,533
Long-term liabilities outstanding	3,352,194	1,772,363	4,581	-	3,356,775	1,772,363
Other liabilities	533,943	464,867	98,699	80,905	632,642	545,772
Total liabilities	3,886,137	2,237,230	103,280	80,905	3,489,417	2,318,135
Net assets:						
Invested in capital assets, net of related debt	3,537,666	4,297,699	7,432,972	6,548,890	10,970,638	10,846,589
Restricted	465,846	407,204	-	-	465,846	407,204
Unrestricted	2,600,837	1,508,918	415,021	430,687	3,015,858	1,939,605
Total net assets	**$ 6,604,349**	**$ 6,213,821**	**$ 7,847,993**	**$ 6,979,577**	**$ 14,452,342**	**$ 13,193,398**

An additional portion of the City of Goodview, Minnesota's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($3,015,858) 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 $58,642 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 $1,258,944 during the current fiscal year, largely due to increased governmental activities revenue over expenditures.

Governmental activities: Governmental activities increased the City of Goodview, Minnesota's net assets by $390,527 thereby accounting for 31 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	
	2007	2006	2007	2006	2007	2006
REVENUE						
Program revenue						
Charges for services	$ 44,438	$ 46,160	$ 797,969	$ 672,554	$ 842,407	$ 718,714
Operating grants & contributions	307,684	337,720	-	-	307,684	337,720
Capital grants & contributions	951,999	305,003	-	-	951,999	305,003
General revenue:						
Taxes	1,299,193	1,037,495	-	-	1,299,193	1,037,495
Intergovernmental revenue	243,540	196,517	-	-	243,540	196,517
Interest and investment income	76,266	71,354	8,793	7,471	85,059	78,825
Miscellaneous	26,097	14,374	-	-	26,097	14,374
TOTAL REVENUE	2,949,217	2,008,623	806,762	680,025	3,755,979	2,688,648
EXPENSES						
General government	369,184	351,455	-	-	369,184	351,455
Public safety	767,116	561,843	-	-	767,116	561,843
Public works	399,820	362,931	-	-	399,820	362,931
Health and human services	838	1,193	-	-	838	1,193
Economic development	-	155,490	-	-	-	155,490
Parks, recreation	101,162	106,175	-	-	101,162	106,175
Interest on long-term debt	97,565	78,640	-	-	97,565	78,640
Water	-	-	313,432	310,309	313,432	310,309
Sewer	-	-	447,918	402,135	447,918	402,135
TOTAL EXPENSES	1,735,685	1,617,727	761,350	712,444	2,497,035	2,330,171
EXCESS OR (DEFICIENCY) BEFORE TRANSFERS	1,213,532	390,896	45,412	(32,419)	1,258,944	358,477
TRANSFERS	(823,005)	94,150	823,005	(94,150)	-	-
CHANGE IN NET ASSETS	390,527	485,046	868,417	(126,569)	1,258,944	358,477
NET ASSETS - BEGINNING	6,213,822	5,698,478	6,979,576	7,106,145	13,193,398	12,804,623
PRIOR PERIOD ADJUSTMENT	-	30,298	-	-	-	30,298
NET ASSETS - ENDING	**$ 6,604,349**	**$ 6,213,822**	**$ 7,847,993**	**$ 6,979,576**	**$14,452,342**	**$ 13,193,398**

Figure 3 provides summarized operating results and their impact on net assts. 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 $261,698 (25 percent) during the year.

Grants and contributions increased $616,960 (96 percent) as a result of a grant from FEMA and other donations for flood relief and a special assessment levied for 2007 for street and utilities.

Expenses rose 7 percent in contrast to a 47 percent increase overall in revenue.

Business-type activities: Business-type activities net assets increased $868,417 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 $390,627, while total fund balance was $504,414. 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 22 percent of total General Fund expenditures, while total fund balance represents 28 percent of that same amount. The General Fund's fund balance increased $167,357 during 2007. The increase is partially attributable to unspent donations for flood relief and a conscious effort to build the fund balance through decreased spending.

At December 31, 2007, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of $367,378 an increase of $20,127 from last year. The Capital Projects Fund reported a fund balance of $1,002,700, an increase of $306,097 from 2006. The increase was due to a major street and utility improvement project during 2007.

General Fund Budget. There were no changes to the general fund budget during the year.

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	$ 41,768	$ 410,634
Sewer	373,253	457,783

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, 2007, totals $10,970,638 (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):

- Purchase of a new fire truck
- Purchase and renovation of a building for the Police Department

City of Goodview Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2007	2006	2007	2006	2007	2006
Land	$ 676,945	$ 676,945	$ 62,689	$ 62,689	$ 739,634	$ 739,634
Construction work-in-progress	-	136,936	194,066	29,421	194,066	166,357
Buildings	1,277,426	1,063,637	837,417	807,996	2,114,843	1,871,633
Improvements	937,743	937,743	-	-	937,743	937,743
Machinery and equipment	1,576,190	1,281,664	316,165	316,165	1,892,355	1,597,829
Infrastructure	5,648,430	5,001,959	7,906,794	7,097,293	13,555,224	12,099,252
Less: Accumulated depreciation	(3,187,407)	(2,971,918)	(1,884,159)	(1,764,675)	(5,071,566)	(4,736,593)
TOTAL	**$ 6,929,327**	**$ 6,126,966**	**$ 7,432,972**	**$ 6,548,889**	**$ 14,362,299**	**$ 12,675,855**

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 39-40.

Long-Term Obligations. As of December 31, 2007, the City of Goodview, Minnesota had total long-term obligations outstanding of $3,595,619. Of this, $3,198,173 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	
	2007	2006
Special Assessment Bonds	$ 3,198,173	$ 1,740,000
Tax Increment Bonds	-	55,000
Other long-term obligations	397,446	279,441
TOTAL	**$ 3,595,619**	**$ 2,074,441**

The City's total debt increased by $1,521,178 (73 %) during the past fiscal year.

The State of Minnesota statutes limit the amount of general obligation debt that a unit of government can issue to 2 percent of the total market value of taxable property located within that government's boundaries. The legal debt limit for City of Goodview, Minnesota is $4,497,860.

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 42-43.

Economic Factors and Next Year's Budgets and Rates

The 2008 General Fund budget was $1,481,529 for expenditures, 3.8 percent greater than 2007. Property tax levies for 2008 were $1,289,207, up 5 percent from 2007. Property tax rates for 2008 were held constant at the 2007 rate of 44.99 percent.
During 2007, building projects totaled $5,135,589 compared with a total of $2,522,297 for 2006.

These factors were considered when the City prepared its 2008 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, 2007

CITY OF GOODVIEW, MINNESOTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DECEMBER 31, 2007

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2007

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 1,516,789	$ 593,487	$ 2,110,276
Receivables			
Accounts	59,250	103,854	163,104
Taxes	29,960	-	29,960
Special assessments	1,541,035	-	1,541,035
Internal balances	188,580	(188,580)	-
Due from other governments	185,961	-	185,961
Inventories	-	3,504	3,504
Prepaid items	15,319	6,036	21,355
Deferred bond issuance costs	24,266	-	24,266
Capital assets not being depreciated			
Land and construction in progress	676,945	256,755	933,700
Capital assets, net of accumulated depreciation			
Buildings	869,997	483,993	1,353,990
Improvements other than buildings	764,072	-	764,072
Machinery and equipment	861,241	165,331	1,026,572
Infrastructure	3,757,071	6,526,893	10,283,964
TOTAL ASSETS	**$ 10,490,486**	**$ 7,951,273**	**$ 18,441,759**

(Continued on page 20)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS - Continued
DECEMBER 31, 2007

LIABILITIES AND NET ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	$ 128,786	$ 66,068	$ 194,854
Customer deposits	2,000	9,456	11,456
Accrued interest	60,076	-	60,076
Due to other governments	109	810	919
Unearned revenue	126,493	-	126,493
Noncurrent liabilities			
Due within one year	216,479	22,365	238,844
Due in more than one year	3,352,194	4,581	3,356,775
TOTAL LIABILITIES	3,886,137	103,280	3,989,417
NET ASSETS			
Invested in capital assets, net of related debt	3,537,666	7,432,972	10,970,638
Restricted for			
Debt service	367,378	-	367,378
First responders	3,383	-	3,383
Equipment - fire	19,277	-	19,277
Equipment - police	2,298	-	2,298
Police K-9	2,510	-	2,510
Flood relief	71,000	-	71,000
Unrestricted	2,600,837	415,021	3,015,858
TOTAL NET ASSETS	6,604,349	7,847,993	14,452,342
TOTAL LIABILITIES AND NET ASSETS	**$ 10,490,486**	**$ 7,951,273**	**$ 18,441,759**

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	$ 369,184	$ 7,578	$ -	$ -
Public safety	767,116	21,482	248,989	27,150
Public works	399,820	8,213	-	924,804
Health and human services	838	-	-	-
Economic development	-	-	-	-
Culture, recreation, and education	101,162	7,165	58,695	45
Interest and fiscal charges	97,565	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,735,685	44,438	307,684	951,999
BUSINESS-TYPE ACTIVITIES				
Water	313,432	344,916	-	-
Sewer	447,918	453,053	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	761,350	797,969	-	-
TOTAL	$ 2,497,035	$ 842,407	$ 307,684	$ 951,999

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
$ (361,606)		$ (361,606)
(469,495)		(469,495)
533,197		533,197
(838)		(838)
-		-
(35,257)		(35,257)
(97,565)		(97,565)
(431,564)		(431,564)
	$ 31,484	31,484
	5,135	5,135
	36,619	36,619
(431,564)	36,619	(394,945)
1,119,965	-	1,119,965
179,228	-	179,228
243,540	-	243,540
76,266	8,793	85,059
26,097	-	26,097
(823,005)	823,005	-
822,091	831,798	1,653,889
390,527	868,417	1,258,944
6,213,822	6,979,576	13,193,398
$ 6,604,349	**$ 7,847,993**	**$ 14,452,342**

CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2007

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2007

ASSETS	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	$ 294,357	$ 355,408	$ 867,024	$ 1,516,789
Receivables				
Accounts	59,250	-	-	59,250
Taxes	26,431	3,529	-	29,960
Special assessments	-	483,177	1,057,858	1,541,035
Due from other governments	180,961	-	5,000	185,961
Due from other funds	-	-	194,000	194,000
Prepaid items	15,319	-	-	15,319
TOTAL ASSETS	**$ 576,318**	**$ 842,114**	**$ 2,123,882**	**$ 3,542,314**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 64,375	$ -	$ 64,411	$ 128,786
Customer deposits	2,000	-	-	2,000
Due to other governments	109	-	-	109
Due to other funds	5,420	-	-	5,420
Unearned revenue	-	474,736	1,056,771	1,531,507
TOTAL LIABILITIES	71,904	474,736	1,121,182	1,667,822
FUND BALANCES				
Reserved for:				
Debt service	-	367,378	-	367,378
Prepaids	15,319	-	-	15,319
First responders	3,383	-	-	3,383
Equipment - fire	19,277	-	-	19,277
Equipment - police	2,298	-	-	2,298
Police K-9	2,510	-	-	2,510
Flood relief	71,000	-	-	71,000
Unreserved	390,627	-	1,002,700	1,393,327
TOTAL FUND BALANCES	504,414	367,378	1,002,700	1,874,492
TOTAL LIABILITIES AND FUND BALANCES	**$ 576,318**	**$ 842,114**	**$ 2,123,882**	

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	6,929,326
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the governmental funds	1,405,013
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	(3,198,173)
Capital leases payable	(318,204)
Accrued interest	(60,076)
Compensated absences	(52,295)
Unamortized bond issuance costs	24,266
NET ASSETS OF GOVERNMENTAL ACTIVITIES	**$ 6,604,349**

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, 2007

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	$ 985,632	$ 134,333	$ -	$ 1,119,965
Franchise	179,228	-	-	179,228
Licenses and permits	15,737	-	-	15,737
Intergovernmental	454,474	14,117	-	468,591
Charges for services	7,710	-	-	7,710
Fines and forfeitures	20,991	-	-	20,991
Special assessments	-	103,232	185,438	288,670
Interest	4,579	31,212	40,475	76,266
Donations	109,783	-	2,045	111,828
Miscellaneous	31,506	-	-	31,506
TOTAL REVENUE	1,809,640	282,894	227,958	2,320,492
EXPENDITURES				
Current				
General government	329,230	78	367	329,675
Public safety	761,759	-	-	761,759
Public works	275,860	-	331	276,191
Health and human services	838	-	-	838
Economic development	-	-	-	-
Culture and recreation	30,057	-	16,914	46,971
Capital outlay	401,651	-	1,471,677	1,873,328
Debt service				
Principal	-	190,000	-	190,000
Interest	-	72,689	-	72,689
Bond issuance costs	-	-	25,420	25,420
TOTAL EXPENDITURES	1,799,395	262,767	1,514,709	3,576,871
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	10,245	20,127	(1,286,751)	(1,256,379)
OTHER FINANCING SOURCES				
Proceeds from special assessment bonds	-	-	1,600,000	1,600,000
Discount on special assessment debt	-	-	(7,152)	(7,152)
Proceeds from capital leases	157,112	-	-	157,112
TOTAL OTHER FINANCING SOURCES	157,112	-	1,592,848	1,749,960
NET CHANGE IN FUND BALANCES	167,357	20,127	306,097	493,581
FUND BALANCES AT BEGINNING OF YEAR	337,057	347,251	696,603	1,380,911
FUND BALANCES AT END OF YEAR	**$ 504,414**	**$ 367,378**	**$ 1,002,700**	**$ 1,874,492**

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, 2007

Net change in fund balances - Total Governmental Funds		$ 493,581
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	$ 1,873,328	
Less: proprietary fund capital contribution	(823,005)	
Depreciation expense	(240,354)	809,969
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets.		(7,610)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Special assessments issued	924,804	
Change in unearned revenue special assessments	(288,670)	
Change in unearned revenue park pledges	(2,000)	
Park pledges written off	(20,159)	613,975
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	(157,112)	
Bond proceeds	(1,592,848)	
Lease principal payments	38,175	
Bond principal payments	190,000	(1,521,785)
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	(27,004)	
Bond issuance costs	24,266	
Amortization of bond discount	(325)	
Change in compensated absences	5,460	2,397
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		**$ 390,527**

The accompanying notes an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2007

ASSETS	WATER FUND	SEWER FUND	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	$ 219,386	$ 374,101	$ 593,487
Receivables			
Accounts	14,593	31,987	46,580
Unbilled	24,288	32,986	57,274
Due from other funds	2,710	2,710	5,420
Inventories	3,504	-	3,504
Prepaid items	3,244	2,792	6,036
TOTAL CURRENT ASSETS	267,725	444,576	712,301
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	675,814	161,603	837,417
Storage, distribution, and collection system	4,077,639	3,798,390	7,876,029
Machinery and equipment	202,015	144,915	346,930
Construction in progress	194,066	-	194,066
TOTAL CAPITAL ASSETS	5,200,068	4,117,063	9,317,131
Less accumulated depreciation	1,061,746	822,413	1,884,159
NET CAPITAL ASSETS	4,138,322	3,294,650	7,432,972
TOTAL ASSETS	**$ 4,406,047**	**$ 3,739,226**	**$ 8,145,273**
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 8,217	$ 57,851	$ 66,068
Customer deposits	9,456	-	9,456
Due to other governments	810	-	810
Due to other funds	194,000	-	194,000
Compensated absences	13,473	13,473	26,946
TOTAL CURRENT LIABILITIES	225,956	71,324	297,280
NET ASSETS			
Invested in capital assets	4,138,323	3,294,649	7,432,972
Unrestricted	41,768	373,253	415,021
TOTAL NET ASSETS	4,180,091	3,667,902	7,847,993
TOTAL LIABILITIES AND NET ASSETS	**$ 4,406,047**	**$ 3,739,226**	**$ 8,145,273**

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, 2007

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUE			
Sales	$ 270,423	$ 446,076	$ 716,499
Charges for services	65,234	4,760	69,994
Miscellaneous	9,259	2,217	11,476
TOTAL OPERATING REVENUE	344,916	453,053	797,969
OPERATING EXPENSES			
Cost of sales and services	203,540	371,428	574,968
Administration	34,202	19,192	53,394
Depreciation	75,690	57,298	132,988
TOTAL OPERATING EXPENSES	313,432	447,918	761,350
OPERATING INCOME	31,484	5,135	36,619
NONOPERATING REVENUE			
Interest income	4,244	4,549	8,793
INCOME BEFORE CAPITAL CONTRIBUTIONS	35,728	9,684	45,412
CAPITAL CONTRIBUTIONS	374,906	448,099	823,005
CHANGE IN NET ASSETS	410,634	457,783	868,417
NET ASSETS AT BEGINNING OF YEAR	3,769,457	3,210,119	6,979,576
NET ASSETS AT END OF YEAR	**$ 4,180,091**	**$ 3,667,902**	**$ 7,847,993**

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, 2007

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 339,684	$ 437,435	$ 777,119
Receipts for (payments from) interfund services	201,542	1,861	203,403
Payments to suppliers for goods and services	(134,100)	(275,567)	(409,667)
Payments to employees for services	(98,091)	(98,090)	(196,181)
NET CASH PROVIDED BY OPERATING ACTIVITIES	309,035	65,639	374,674
CASH FLOWS FOR CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of capital assets	(194,066)	-	(194,066)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,244	4,549	8,793
NET INCREASE IN CASH AND CASH EQUIVALENTS	119,213	70,188	189,401
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	100,173	303,913	404,086
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 219,386**	**$ 374,101**	**$ 593,487**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 31,484	$ 5,135	$ 36,619
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	75,690	57,298	132,988
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(3,715)	(15,618)	(19,333)
Due from other funds	7,539	1,861	9,400
Inventories	(1,791)	-	(1,791)
Prepaid items	172	241	413
Increase (decrease) in liabilities			
Accounts payable	2,579	14,458	17,037
Customer deposits	-	-	-
Due to other governments	810	-	810
Due to other funds	194,003	-	194,003
Compensated absences	2,264	2,264	4,528
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 309,035**	**$ 65,639**	**$ 374,674**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital contributions from municipality	$ 374,906	$ 448,099	$ 823,005

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

CITY OF GOODVIEW, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2007

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, 2007, 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 is offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as 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 Revolving 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.

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

Amounts reported as program revenue includes 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.

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 noncurrent 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."

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.

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2007 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.

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 fixed asset projects. No enterprise fund fixed 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:

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

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time up to 40 hours of vacation and 120 hours of compensatory time. The City also provides a post-retirement benefit for employees whose age plus years of service total 75 or more. The benefit 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. 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 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.

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

7. Long-Term Obligations - Continued

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 $2,110,176 and the bank balances totaled $2,497,773. 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.

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

	Merchants National Bank	Wells Fargo Bank	Winona National Bank
Deposits - Cash	$ 395,160	$ 2,056,268	$ 46,345
Less: Federal Deposit Insurance	(200,000)	(100,000)	(46,345)
Deposits in excess of insured amounts	**$ 195,160**	**$ 1,956,268**	**$ -**
Security collateral required	$ 214,676	$ 2,151,894	$ -
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	643,900	2,544,540	
Excess of security collateral	**$ 429,224**	**$ 392,646**	

Bank balances of deposits including cash, money market accounts, and certificates of deposits as of December 31, 2007 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.

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Deposits made during 2007 included certificates of deposit and deposits in interest bearing money market accounts. Deposits as of December 31, 2007 are as follows:

	Deposit Amount	Carrying Amount
Winona National Bank		
Money market accounts	$ 46,345	$ 46,345
Wells Fargo Bank		
Checking accounts	481,518	90,353
Money market accounts	1,574,750	1,574,750
Merchants Bank		
Checking accounts	218,199	221,767
Money market accounts	176,961	176,961
Total deposits	2,497,773	2,110,176
Petty cash and change funds		100
Total cash and change fund	**$ 2,497,773**	**$ 2,110,276**

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2007, 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.

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, 2007, $346,345 of the City's bank balance of $2,497,773 is covered by FDIC coverage, and the remaining $2,151,428 was collateralized. None of the City's deposits were exposed to custodial credit risk.

B. Receivables

Receivables at December 31, 2007 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	$ 59,250	$ -	$ -	$ 38,881	$ 64,973	$ 163,104
Taxes - delinquent	26,431	3,529	-	-	-	29,960
Special						
Delinquent	-	8,441	1,086	-	-	9,527
Deferred	-	474,736	1,056,772	-	-	1,531,508
Total receivables	**$ 85,681**	**$ 486,706**	**$ 1,057,858**	**$ 38,881**	**$ 64,973**	**$ 1,734,099**

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 not yet available for the amount of $1,531,507.

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2007 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	$ 676,945	$ -	$ -	$ -	$ 676,945
Construction work-in-progress	136,936	-	-	(136,936)	-
Total capital assets not being depreciated	813,881	-	-	(136,936)	676,945
Capital assets being depreciated					
Buildings	1,063,637	76,853	-	136,936	1,277,426
Improvements	937,743	-	-	-	937,743
Machinery and equipment	1,281,664	324,799	30,273	-	1,576,190
Infrastructure	5,001,959	646,471	-	-	5,648,430
Total capital assets being depreciated	8,285,003	1,048,123	30,273	136,936	9,439,789
Less accumulated depreciation for:					
Buildings	380,577	26,852	-	-	407,429
Improvements	140,219	33,452	-	-	173,671
Machinery and equipment	660,896	78,917	-	-	714,949
Infrastructure	1,790,226	101,133	24,865	-	1,891,359
Total accumulated depreciation	2,971,918	240,354	24,865	-	3,187,407
Total capital assets being depreciated, net	5,313,085	807,769	5,408	136,936	6,252,382
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	$ 6,126,966	$ 807,769	$ 5,408	$ -	$ 6,929,327

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	BEGINNING BALANCE	INCREASES	DECREASES	TRANSFERS	ENDING BALANCE
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Land	$ 62,689	$ -	$ -	$ -	$ 62,689
Construction work-in-progress	29,421	194,066	-	(29,421)	194,066
Total capital assets not being depreciated	92,110	194,066	-	(29,421)	256,755
Capital assets being depreciated					
Buildings	807,996	-	-	29,421	837,417
Machinery and equipment	316,165	-	-	-	316,165
Infrastructure	7,097,293	823,005	13,504	-	7,906,794
Total capital assets being depreciated	8,221,454	823,005	13,504	29,421	9,060,376
Less accumulated depreciation for:					
Buildings	338,099	15,325	-	-	353,424
Machinery and equipment	132,229	19,954	-	-	152,183
Infrastructure	1,294,347	97,709	13,504	-	1,378,552
Total accumulated depreciation	1,764,675	132,988	13,504	-	1,884,159
Total capital assets being depreciated, net	6,456,779	690,017	-	(29,421)	7,176,217
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	**$ 6,548,889**	**$ 884,083**	**$ -**	**$ -**	**$ 7,432,972**

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

GOVERNMENTAL ACTIVITIES	
General government	$ 16,691
Public safety	49,912
Public works	119,560
Culture and recreation	54,191
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	$ 240,354
BUSINESS-TYPE ACTIVITIES	
Sewer	$ 57,298
Water	75,690
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	$ 132,988

NOTE 2 - Detailed Notes on all Funds - Continued

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2007, is as follows:

Due to/from other funds:

Receivable fund	Payable Fund	Amount
Water	General	$ 2,710
Sewer	General	2,710
Capital Projects	Water	194,000
Total		**$ 199,420**

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

E. Capital Leases

The City entered into a lease purchase agreement in 2007 to acquire a fire pumper truck. The City has also financed the acquisition of certain police vehicles 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 payment as of the date of the inception. The equipment was recorded as a capital asset while the liability created is recorded as a long-term obligation in the statement of net assets. Annual payments of the lease amount are made from unrestricted 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, 2007 consisted of the following:

Description	Dated	Original Cost Capital Assets	Interest Rate	Amount Outstanding
Fire Pumper Truck	03-20-07	$ 256,112	4.62 %	$ 150,843
Police Vehicle	05-01-05	20,508	4.18	6,750
Police Vehicle	03-31-05	27,508	4.11	8,474
Police Building	09-11-06	165,000	5.35	152,138
				$ 318,205

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, 2007:

Year Ending December 31,	Payment
2008	$ 54,320
2009	43,948
2010	41,317
2011	41,317
2012	41,317
2013-2017	175,164
Total minimum lease payments	397,383
Less: amounts representing interest	79,178
Present value of future minimum lease payments	$ 318,205

NOTE 2 - Detailed Notes on all Funds - Continued

F. Long-Term Debt

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, $1,362,400 is considered debt of the City and $1,842,600 is the special assessment portion.

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

Fiscal Year Ending December 31,	Principal	Interest
2008	$ 135,000	$ 131,792
2009	250,000	125,668
2010	240,000	115,938
2011	245,000	106,166
2012	245,000	96,148
2013 - 2017	1,310,000	317,515
2018 - 2022	665,000	89,797
2023	115,000	2,588
TOTAL	$ 3,205,000	$ 985,612

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 2008	Interest Due in 2008
2001 Imp. Bonds	2.75% - 4.65%	10-5-01	2-1-18	48%	$ 2,060,000	$ 455,000	$ 1,605,000	$ 135,000	$ 66,048
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	1,600,000	-	1,600,000	-	65,744
Total Special Assessment Bonds					$ 3,660,000	$ 455,000	$ 3,205,000	$ 135,000	$ 131,792

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 $355,408. Of the $4,497,860 statutory net debt limit, the City has $4,497,860 remaining.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2007, was as follows:

	BALANCE, JANUARY 1	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Bonds payable					
General obligation tax increment debt	$ 55,000	$ -	$ (55,000)	$ -	$ -
Special assessment debt with government commitment	1,740,000	1,600,000	(135,000)	3,205,000	135,000
Less unamortized discount	-	(7,152)	325	(6,827)	-
Total bonds payable	1,795,000	1,592,848	(189,675)	3,198,173	135,000
Capital leases	199,268	157,112	(38,175)	318,205	38,074
Compensated absences	57,755	52,295	(57,755)	52,295	43,405
TOTAL	2,052,023	1,802,255	(285,605)	3,568,673	216,479
BUSINESS-TYPE ACTIVITIES					
Compensated absences		26,946	(22,418)	26,946	22,365
TOTAL	**$ 2,074,441**	**$ 1,829,201**	**$ (308,023)**	**$ 3,595,619**	**$ 238,844**

In prior years, the General Fund has liquidated the liability for compensated absences of governmental activities.

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, 2007. 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.

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.

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 5.75 percent, respectively, of their annual covered salary in 2007. Contribution rates in the Coordinated Plan will increase in 2008 to 6.0 percent. PEPFF members were required to contribute 7.8 percent of their annual covered salary in 2007. That rate will increase to 8.6 percent in 2008. The City of Goodview is required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan PERF members, 6.25 percent for Coordinated Plan PERF members, and 11.7 percent for PEPFF members. Employer Contribution rates for the Coordinated Plan and PEPFF will increase to 6.5 and 12.9 percent, respectively, effective January 1, 2008. The City's contribution to the Public Employees Retirement Fund for the years ending December 31, 2007, 2006, and 2005 were $28,516, $20,933, and $20,907, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2007, 2006, and 2005 were $27,502, $15,689, and $19,608, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

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

A. Plan Description

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

NOTE 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 $650 per year of service. Required contributions are determined taking the increase in pension obligation and reducing it by the amount of State Aid to be received, 5% of the funds net assets, and 10% of the surplus of assets over total accrued liability. For 2007, no contribution was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2007.

Three-Year Trend Information

Fiscal Year Ending	Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/05	0	0	100%
12/31/06	0	0	100%
12/31/07	0	0	100%

NOTE 3 - Other Information – Continued

D. Post-Employment Benefits

The City provides post-retirement health, dental, and life insurance benefits for those employees whose age plus years of service total 75 or more. The City pays 85% of the premiums for health, dental, and life insurance for a period not exceeding five years. Any annual increase in the premium from the previous year greater than 5% becomes the responsibility of the retiree. Expenditures for benefits are recognized on a pay-as you-go basis. During the year there were two participants under the plan. The amount of benefits paid for during the year was $28,207. Incentives for retirement are projected to provide a net savings in personnel costs over the period benefits are payable.

E. Related Party Transactions

The City paid approximately $5,000 for equipment rental and welding services to a company owned by the Director of Public Works for the City during 2007.

F. Subsequent Event

The City was awarded a 3.8 million dollar grant from the Minnesota Public Facilities Authority to provide utility services to two sub-divisions of the City in February 2008.

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 of allowing eligible retirees to participate in the City's group health plan. No estimate of the amount of the liability is available.

CITY OF GOODVIEW, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2007

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 1,083,734	$1,083,734	$ 985,632	$ (98,102)
Franchise	147,209	147,209	179,228	32,019
Licenses and permits	12,855	12,855	15,737	2,882
Intergovernmental	145,690	145,690	454,474	308,784
Charges for services	10,075	10,075	7,710	(2,365)
Fines and forfeitures	21,000	21,000	20,991	(9)
Interest	6,250	6,250	4,579	(1,671)
Donations	-	-	109,783	109,783
Miscellaneous	600	600	31,506	30,906
TOTAL REVENUE	1,427,413	1,427,413	1,809,640	382,227
EXPENDITURES				
Current				
General government	322,952	322,952	329,230	(6,278)
Public safety	526,602	526,602	761,759	(235,157)
Public works	347,474	347,474	275,860	71,614
Health and human services	1,650	1,650	838	812
Economic development	-	-	-	-
Culture, recreation, and education	31,184	31,184	30,057	1,127
Capital outlay	197,551	197,551	401,651	(204,100)
TOTAL EXPENDITURES	1,427,413	1,427,413	1,799,395	(371,982)
EXCESS OF REVENUE OVER EXPENDITURES	-	-	10,245	10,245
OTHER FINANCING SOURCES				
Proceeds from capital leases	-	-	157,112	157,112
NET CHANGE IN FUND BALANCES	-	-	167,357	167,357
FUND BALANCES AT BEGINNING OF YEAR	337,057	337,057	337,057	-
FUND BALANCES AT END OF YEAR	**$ 337,057**	**$ 337,057**	**$ 504,414**	**$ 167,357**

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2007

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 July1 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.

B. Excess of Expenditures Over Appropriations

For the year ended December 31, 2007, expenditures exceeded appropriations in the general fund in the amount of $371,982. The over expenditure was funded by greater than anticipated revenue and proceeds from a capital lease.

GOODVIEW FIREMEN'S RELIEF ASSOCIATION
Goodview, Minnesota

SCHEDULE OF FUNDING PROGRESS
(Unaudited)

Valuation Date	Value of Assets	SAL	Unfunded (Funded) SAL	Funded Ratio	Covered Payroll	USAL as a Percentage of Covered Payroll*
12/31/2007	$ 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
12/31/2005	365,731	261,749	(103,982)	139.73%	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%
2007 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, 2007

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2007

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 175,633	$ 175,633	$ 134,333	$ (41,300)
Intergovernmental	-	-	14,117	14,117
Special assessments	49,132	49,132	103,232	54,100
Interest	38,323	38,323	31,212	(7,111)
TOTAL REVENUE	263,088	263,088	282,894	19,806
EXPENDITURES				
Current				
General government	-	-	78	(78)
Debt Service				
Principal	190,000	190,000	190,000	-
Interest	73,088	73,088	72,689	399
TOTAL EXPENDITURES	263,088	263,088	262,767	321
NET CHANGE IN FUND BALANCES	-	-	20,127	20,127
FUND BALANCES AT BEGINNING OF YEAR	347,251	347,251	347,251	-
FUND BALANCES AT END OF YEAR	**$ 347,251**	**$ 347,251**	**$ 367,378**	**$ 20,127**

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.

Contents **Page**

Financial Trends 53-58
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 59-62
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 63-67
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.

Demographic and Economic Information 68-69
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 70-72
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.

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 Four Fiscal Years
(accrual basis of accounting)

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

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 Four Fiscal Years
(accrual basis of accounting)

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

CITY OF GOODVIEW, MINNESOTA

CHANGES IN NET ASSETS - Continued

Last Four Fiscal Years

(accrual basis of accounting)

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

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									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
General Fund										
Reserved	$ -	$ 7,716	$ 9,622	$ 8,659	$ 1,634	$ 10,477	$ 5,483	$ 39,735	$ 220,673	$ 113,787
Unreserved	353,781	387,409	331,580	347,424	410,748	444,072	316,452	163,701	116,384	390,627
Total general fund	$ 353,781	$ 395,125	$ 341,202	$ 356,083	$ 412,382	$ 454,549	$ 321,935	$ 203,436	$ 337,057	$ 504,414
All Other Governmental Funds										
Reserved	$ 881,776	$ 581,249	$ 481,018	$ 325,528	$ 310,815	$ 103,458	$ 174,699	$ 243,372	$ 347,250	$ 367,378
Unreserved, reported in:										
Capital projects funds	429,160	419,040	343,322	713,292	769,182	1,422,107	994,043	804,685	696,604	1,002,700
Total all other governmental funds	$1,310,936	$1,000,289	$ 824,340	$1,038,820	$1,079,997	$1,525,565	$1,168,742	$1,048,057	$1,043,854	$1,370,078

CITY OF GOODVIEW, MINNESOTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis *of accounting)*

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
REVENUE										
Taxes	$ 698,721	$ 711,785	$ 643,167	$ 660,992	$ 915,997	$ 853,995	$ 746,949	$ 857,577	$ 1,037,495	$1,299,193
Licenses and permits	8,072	6,457	7,068	7,096	7,183	11,361	14,139	16,159	15,569	15,737
Fines and forfeitures	21,717	26,391	25,357	27,995	30,982	24,674	24,083	21,154	20,364	468,591
Charges for services	4,019	3,564	2,680	797	481	796	6,633	8,983	10,227	7,710
Special assessments	216,144	141,552	141,013	121,825	80,851	157,475	180,095	187,377	127,919	20,991
Intergovernmental	478,021	464,450	466,662	616,997	492,182	292,826	245,949	256,211	519,725	288,670
Interest	126,044	91,065	83,281	61,810	43,806	78,334	69,330	66,371	71,354	76,266
Other revenue	69,615	67,998	386,656	297,088	293,263	437,371	187,187	110,153	163,724	143,334
TOTAL REVENUE	1,622,353	1,513,262	1,755,884	1,794,600	1,864,745	1,856,832	1,474,365	1,523,985	1,966,377	2,320,492
EXPENDITURES										
General government	207,375	212,098	248,652	237,306	254,178	258,675	287,882	287,266	335,440	329,675
Public safety	346,101	371,402	418,774	415,366	403,445	371,574	415,765	479,640	530,246	761,759
Health and human services	-	-	-	-	-	-	-	1,981	1,193	276,191
Economic development	-	-	-	-	-	-	-	42,573	155,490	838
Other public works	269,057	284,222	380,627	236,723	300,532	205,211	208,153	231,178	242,803	-
Culture and recreation	67,438	36,215	38,926	31,154	23,513	21,045	27,620	35,118	54,941	46,971
Capital Outlay	392,884	246,884	395,641	1,380,691	1,098,716	754,002	679,544	342,994	459,761	1,873,328
Debt service										
Interest	167,041	140,537	116,136	120,161	143,868	148,590	99,838	90,435	81,259	72,689
Principal	470,000	515,000	410,000	430,000	375,000	560,000	245,000	300,000	265,000	190,000
Bond issuance costs	-	-	-	-	-	-	-	-	-	25,420
TOTAL EXPENDITURES	1,919,896	1,806,358	2,008,756	2,851,401	2,599,252	2,319,097	1,963,802	1,811,185	2,126,133	3,576,871
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(297,543)	(293,096)	(252,872)	(1,056,801)	(734,507)	(462,265)	(489,437)	(287,200)	(159,756)	(1,256,379)

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

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
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
Refunding bonds issued	-	-	-	-	-	275,000	-	-	-	-
Debt service-principal	-	-	-	-	-	(275,000)	-	-	-	-
Transfers in	30,713	235,985	23,000	58,145	-	950,000	-	-	124,174	-
Transfers out	-	(212,192)	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	30,713	23,793	23,000	2,118,145	-	950,000	-	48,016	289,174	1,749,960
NET CHANGE IN FUND BALANCES	**$ (266,830)**	**$ (269,303)**	**$ (229,872)**	**$ 1,061,344**	**$ (734,507)**	**$ 487,735**	**$ (489,437)**	**$ (239,184)**	**$ 129,418**	**$ 493,581**
Debt service as a percentage of noncapital expenditures	41.7%	42.0%	32.6%	37.4%	34.6%	45.3%	26.9%	26.6%	20.8%	16.9%

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
1998	$ 83,560,700	$ 10,304,100	$ 10,604,300	$ 147,100	$ 3,683,300	$ 100,932,900	25.888	$ 107,469,928	0.9392
1999	93,896,600	11,054,000	12,019,800	127,600	5,938,300	111,159,700	25.796	128,134,600	0.8675
2000	104,658,800	12,236,300	12,484,700	205,000	5,938,300	123,646,500	24.433	133,570,300	0.9257
2001	104,658,800	12,351,300	12,899,400	212,800	6,379,300	123,743,000	24.571	144,294,300	0.8576
2002	116,314,800	14,343,300	13,060,800	376,000	6,820,300	137,274,600	52.454	158,656,600	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	192,994,400	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

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
1998	14.385	11.503	25.888	60.128	42.997	0.846
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

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.

Schedule 7

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

	2007			1998		
TAXPAYER	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Benchmark of Winona	$ 7,545,100	1	3.57%	$ 5,538,800	1	5.49%
Lakeside Manor	7,350,800	2	3.48%	3,153,700	2	3.12%
Ticona Celstran, Inc.	3,730,900	3	1.77%	2,401,400	4	2.38%
Xcel Energy	3,363,500	4	1.59%			
Winona Lighting	2,912,100	5	1.38%	579,700	10	0.57%
Lake Village Associates	2,369,100	6	1.12%	1,767,100	5	1.75%
Hiatt Manufacturing	2,350,600	7	1.11%	643,500	9	0.64%
Mississippi Welders	2,141,600	8	1.01%			
Fastenal	1,967,900	9	0.93%			
Knitcraft	1,875,800	10	0.89%	855,900	8	0.85%
NSP				2,544,800	3	2.52%
Michael Rivers				990,300	6	0.98%
Win-Van, Inc.				977,400	7	0.97%
Total	**$ 35,607,400**		**16.85%**	**$ 19,452,600**		**19.27%**

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
1998	$ 671,546	$ 683,813	101.8%	$ 11,950	$ 695,763	103.6%
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%	5,381	864,412	101.5%
2004	781,887	775,193	99.1%	8,057	783,126	100.2%
2005	854,119	793,123	92.9%	20,227	812,050	95.1%
2006	995,304	895,383	90.0%	18,704	899,661	90.4%
2007	1,227,817	1,102,256	89.8%	-	1,102,256	89.8%

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

	Governmental Activities					
Fiscal Year	General Obligation Tax Increment Bonds	Special Assessment Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
1998	$ 840,000	$ 1,995,000	$ 156,430	$ 2,991,430	5.24%	$ 1,039
1999	670,000	1,650,000	129,127	2,449,127	4.03%	851
2000	580,000	1,330,000	97,784	2,007,784	3.28%	698
2001	485,000	3,055,000	59,089	3,599,089	4.54%	1,067
2002	380,000	2,785,000	56,335	3,221,335	3.88%	955
2003	270,000	2,335,000	44,955	2,649,955	3.08%	786
2004	150,000	2,210,000	32,953	2,392,953	2.77%	709
2005	105,000	1,955,000	59,225	2,119,225	2.39%	628
2006	55,000	1,740,000	199,268	1,994,268	2.08%	591
2007	-	3,205,000	318,204	3,523,204	Not available	1,045

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: General Obligation Bonds	General Bonded Debt Outstanding: Special Assessment Bonds	General Bonded Debt Outstanding: Total	Percentage of Actual Taxable Value of Property [a]	Per Capita [b]
1998	$ 840,000	$ 1,995,000	$ 2,835,000	2.64%	$ 985
1999	670,000	1,650,000	2,320,000	1.81%	806
2000	580,000	1,330,000	1,910,000	1.43%	566
2001	485,000	3,055,000	3,540,000	2.45%	1,050
2002	380,000	2,785,000	3,165,000	1.99%	938
2003	270,000	2,335,000	2,605,000	1.64%	772
2004	150,000	2,210,000	2,360,000	1.29%	700
2005	105,000	1,955,000	2,060,000	1.07%	611
2006	55,000	1,740,000	1,795,000	0.86%	532
2007	-	3,205,000	3,205,000	1.44%	950

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, 2007

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
School District #861	$ 19,337,303	10.0%	$ 1,933,730
County of Winona	11,360,000	6.5%	738,400
Subtotal, overlapping debt			2,672,130
City of Goodview direct debt			3,523,204
Total direct and overlapping debt			$ 6,195,334

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 2007	
Assessed value	$ 224,893,000
Debt limit (2% of assessed value)	4,497,860
Debt applicable to limit:	
General obligation bonds	3,205,000
Less: Special Assessment Bonds	(3,205,000)
Total net debt applicable to limit	-
Legal debt margin	**$ 4,497,860**

	Fiscal Year									
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
Debt limit	$ 2,149,384	$ 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
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	**$ 2,149,384**	**$ 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**
Total net debt applicable to the as a percentage *of* debt limit	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

Note: Under Minnesota State law, the City of Goodview's net debt cannot exceed 2 percent of the estimated market value of property.

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

	Special Assessment Bonds**				Tax Increment Bonds			
		Debt Service				Debt Service		
Fiscal Year	Special Assessment Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage
1998	$ 232,656	$ 340,000	$102,109	0.53	$ 221,996	$ 130,000	$ 64,932	1.14
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	-

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

**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%.

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

Calendar Year	Population	Personal Income [d]	Per Capita Personal Income [a]	Median Age	School Enrollment	Unemployment Rate [b]
1998	2,878	$ 57,142,690	$ 19,855	34.9	255	2.2%
1999	2,878	60,748,824	21,108	27% over 50 [b]	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 [c]	230	3.5%
2002	3,373	82,969,054	24,598	36.2 [c]	198	3.7%
2003	3,373	85,971,024	25,488	36.2 [c]	194	4.7%
2004	3,373	86,291,459	25,583	36.2 [c]	199	4.4%
2005	3,373	88,645,813	26,281	36.2 [c]	194	3.6%
2006	3,373	96,056,294	28,478	Not Available	208	3.7%
2007	3,373	Not available	Not available	Not Available	194	4.2%

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

		2007			1998		
EMPLOYER	TYPE OF BUSINESS/PRODUCT	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT[a]	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Fastenal Company	Office and tool repair	1,700	1	6.65%	**	**	**
Benchmark Electronics, Inc.	Electronics manufacturer	1,064	2	4.16%	**	**	**
Winona Lighting, Inc.	Lighting specialists	250	3	0.98%	**	**	**
Knitcraft Corporation	Garment manufacturer	200	4	0.78%	**	**	**
Wincraft, Inc.	Novelty manufacturer	80	5	0.31%	**	**	**
I.S.D. No. 861 (Winona)	Elementary and secondary education	43 [b]	6	0.17%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	38	7	0.15%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	38	8	0.15%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	36	9	0.15%	**	**	**
Ticona Celstran, Inc.	Thermoplastic manufacturer	36	10	0.15%	**	**	**
Total		**3,485**		**13.65%**			

** Information not available

[a] Includes full-time, part-time and seasonal.

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

Sources: 2007 Minnesota State Business Directory and the 2007 Minnesota Manufacturers Register.
MN DEED Employee - All Industries total for Winona County

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

	Fiscal Year									
Function/Program	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
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	5	6	6	6	6	6	6	6	6	6
Administrative assistant	0	0	1	1	1	1	1	1	1	1
Public works										
Streets	4	4	4	4	4	4	4	4	4	5
Culture, recreation, and education										
Park rec (seasonal)	22	18	19	10	11	9	12	13	12	13
Water	8	8	8	8	8	8	8	8	8	9
Wastewater	8	8	8	8	8	8	8	8	8	9

** Information not available

Sources: Various city departments

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

	Fiscal Year									
Function/Program	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
General government										
Building permits issued	61	59	62	54	54	71	71	71	71	51
Police										
Physical arrests	144	151	103	151	159	202	150	128	140	122
Parking violations	54	44	79	60	64	34	82	136	66	128
Traffic violations	712	921	735	940	915	630	720	549	591	518
Fire										
Emergency responses	15	17	17	**	14	20	23	18	15	14
Fires extinguished	10	5	8	**	6	6	13	8	9	4
Inspections	2	2	2	**	2	2	2	2	2	2
Volunteers	29	31	29	27	25	27	30	29	29	29
First responder										
Runs	94	**	41	64	55	76	90	109	88	94
Patients	94	**	44	64	57	84	103	96	79	93
Volunteers	**	**	**	**	**	8	12	17	19	21
Water										
Customers	915	928	946	929	941	967	986	1,009	1,116	1,128
Water main breaks	1	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	334,690	340,668	341,680	343,293	308,190	369,350	313,001	335,975	337,248	330,850
Peak daily consumption (thousands of gallons)	**	**	**	**	551,003	561,039	374,232	545,077	509,639	486,765
Wastewater										
Customers	989	1,002	1,020	1,001	1,009	1,036	1,054	1,075	1,099	1,109
Average daily sewage treatment (thousands of gallons)	**	**	**	**	283,251	282,379	280,872	265,970	259,658	307,195

** Information not available

Sources: Various city departments

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

	Fiscal Year									
Function/Program	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**
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	5	6	6	6	6	6	9	9	12	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	29	31	29	27	25	27	30	29	29	29
Other public works										
Streets (miles)										
Paved	15.6	15.6	16.2	16.2	16.8	16.8	16.8	16.8	17	17
Unpaved	1	1	1	1	1	1	1.1	1.1	1.1	1.1
Streetlights	165	165	165	165	165	181	173	174	176	189
Recreation and culture										
Acreage	13.2	13.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	4	4	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	0	3	3	3	3	3	3	3
Basketball courts	1	1	1	1	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	0	1	1	1	1
Water										
Water mains (miles)	16.5	16.5	16.5	18.8	18.8	18.8	19.2	19.2	19.4	20.4
Fire hydrants	119	120	120	138	139	140	158	162	167	179
Storage capacity (millions of gallons)	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	13.9	15.5	15.6	15.9	16.7	16.7	16.9	18.1
Storm sewers (miles)	6.4	6.4	6.4	6.7	6.7	6.7	6.7	6.7	6.7	6.8

CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2007

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, 2007, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 9, 2008. 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 the 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 the 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 matters that we reported to management of the City of Goodview, Minnesota, in a separate letter dated June 9, 2008.

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 9, 2008