CITY OF GOODVIEW, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2014

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, 2014

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THE CITY OF
GOODVIEW

4140 Fifth Street
Goodview, MN 55987

507/452-1630 • Fax 507/452-2174

June 9, 2015

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

Minnesota statutes require all cities to issue an annual report on their 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, 2014.

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, 2014, 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 auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Goodview's financial statements for the fiscal year ended December 31, 2014 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City of Goodview's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Goodview was incorporated in 1946 and is located in the Mississippi River Valley between the Minnesota and Wisconsin picturesque bluff lands in southeastern Minnesota, adjacent to its' larger neighbor, Winona. The City currently covers 3.2 square miles and serves a population in excess of 4,000 (2010 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

Because of its proximity to the City of Winona, the City of Goodview benefits from the employment opportunities offered in the regional economy. However, a number of major industries call Goodview home. These major industries include a design, testing and electronic component manufacturer, automotive engine rebuilding equipment manufacturer, composite raw material manufacturer, heat, light and power company, garment manufacturer, tire retreading plant, formed wire parts designer and manufacturer, truck leasing and freight haulers, lighting designers and manufacturers, underground and building contractors, and building material manufacturers and distributors.

The City saw a significant drop once again in the total building permits issued of those permits in 2014. The total permits went from 142 in 2013 to an even 100 in 2014, a 30% percent decrease. However, the dollar value increased dramatically from slightly more than $2M in 2013 to just over $5.6M in 2014. The category of New Apartments/Townhomes carried the load with a total of seven new permits at a cost of about $3.8M being issued in 2014. The other category that saw less permits, but more dollar value when compared to 2013 was Industrial/Commercial Improvements area where only seven permits were issued, down from 18 in 2013, for a total dollar value of $1,218,000, an increase of 64%. The category which accounted for the most permits issued, 83% of the 100, was for Improvements to Residential property. The City's total taxable market value saw its first increase in four years as it went up about 1.7% from the 2013 level. The City is viewing this as a real sign that the entire property market value industry is recovering. The retail economy in the adjacent urban area continued to stay stable over the past 12 months, and continues to provide a variety of available goods and services within easy access of all area residents.

The Winona County unemployment rate dropped again for the fifth straight year to 3.9% in 2014. This is down from the 4.2% rate in 2013. This basically puts it in-line with the State rate of 3.7%, but well below the national rate of 5.6%.

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

Long-Term Financial Planning

City's Financial Policies:

General Fund Unassigned Fund Balance: The City's Unassigned Fund Balance saw an increase of approximately $90,000 in 2014, an increase of 10%. This was accomplished through the City's conservative budgeting strategy and prudent spending habits. This Fund Balance continues to be very healthy when compared to the total General Fund Expenditures for the year. The result of this calculation shows the Fund Balance is approximately 60% of General Fund Expenditures. This is a vast improvement from where the City stood eight years ago when the Fund Balance as of December 31, 2006 was 9%. Having such a healthy Fund Balance allows the City to continue to provide the services its taxpayers have come to expect in spite of a minimal amount of Local Government Aid received from the State of Minnesota.

Capital Improvement Plan: Although the City did not have a formal Capital Improvement Plan for 2014, it still continued with the basic concepts of such a plan by exploring the needs of each individual department within the City. This analysis included discussing all aspects of Capital planning from the different types of assets needed, to researching the possible avenues of funding to obtain those assets. A few examples of this process involved the lease purchase of a new Police

squad car and the planned purchase of a new air compressor for the Fire Department.

Projects: For the fourth straight year, the City continued with a multi-year project to reline all the City's sewer lines. In 2014 the City invested over $106,000 to this project, bringing the four-year total to over $373,000. The entire project is estimated to cost over $1 million. The City continues to explore for potential funding sources (i.e.; grants, etc.), but to date all dollars spent on this project has been financed through the Sewer Fund budget. The City also expanded its utility services to an area of the City that was still working off of wells and septic systems. This was a bonded assessable project for nearly $2,000,000 involved extending services and improving streets to approximately 25 properties.

Awards and Acknowledgements

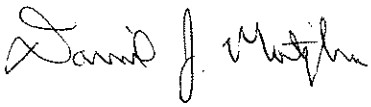
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goodview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2013. This is the seventh straight year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, the City needs to publish an easily readable and efficiently organized CAFR which conforms to program standards. The report satisfies both accounting principles generally accepted in the United States of America, and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe our current CAFR continues to meet the Certificate of Achievement program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

I would like to express my appreciation to the entire staff that contributed to the preparation of this report, specifically the members of the Finance Department. Thank you also to the City's Mayor and entire Council for their leadership and unfailing support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectively submitted,



Daniel J. Matejka
City Administrator

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goodview

Minnesota

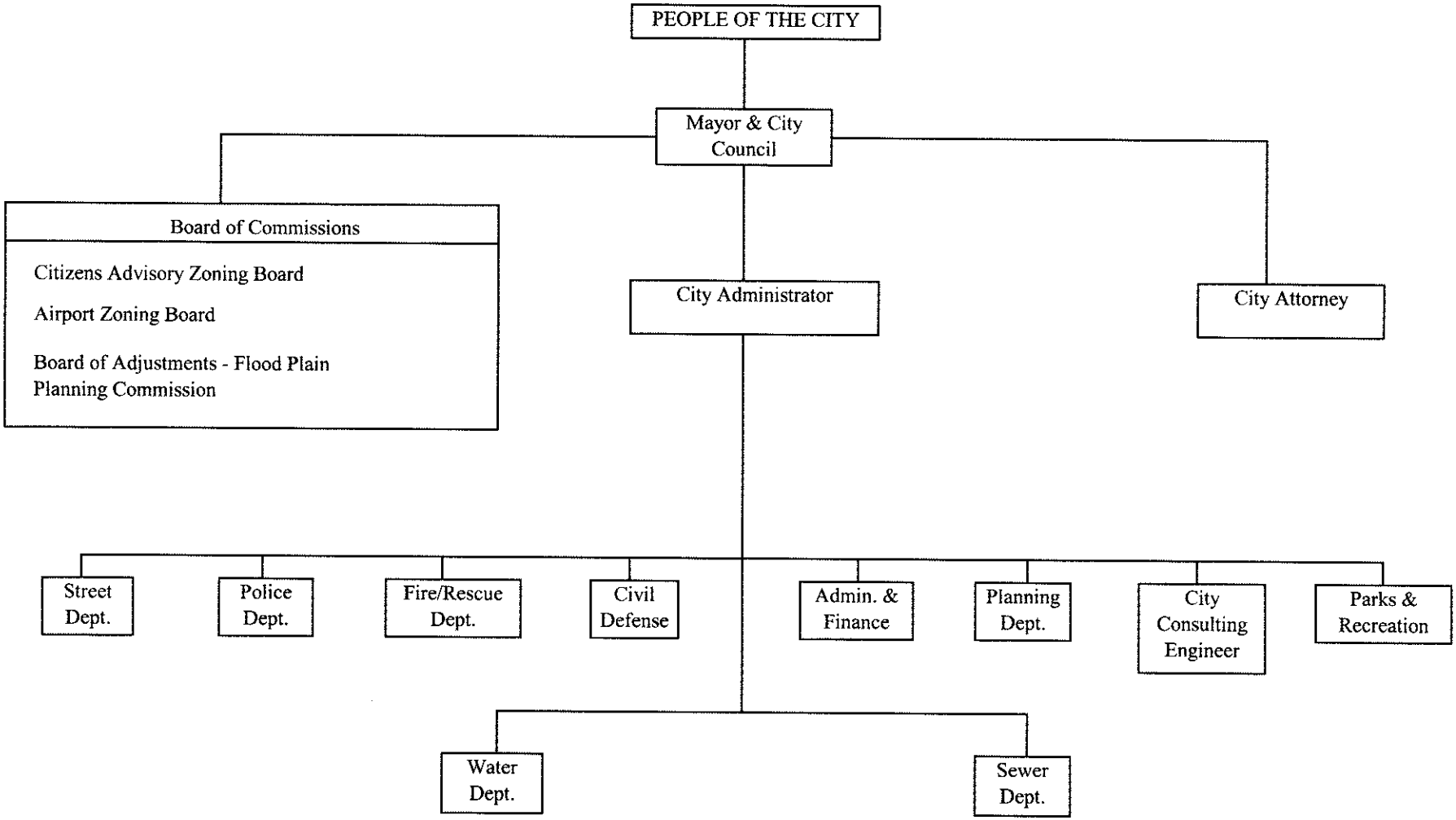
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Jeffrey R. Ernst

Executive Director/CEO

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



CITY OF GOODVIEW, MINNESOTA
PRINCIPAL OFFICERS
MAYOR – COUNCIL

Steve Baumgart	**Mayor**
Michael Alexander	**Council member**
Richard Ledebuhr	**Council member**
Sandra Erdman	**Council member**
Charlie Andring	**Council member**

Dan Matejka	**Administrator**
Judy Gottschalk	**Administrative Assistant**
Denise Herber	**General Services/Accounting Clerk**
Lori Eschweiler	**Clerk Typist/Accounting Tech**

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CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2014

RUSSELL & ASSOCIATES LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Goodview, Minnesota

Report on the Financial Statements

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 and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Goodview, Minnesota, as of December 31, 2014, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, and the supplemental information identified as "Goodview Firemen's Relief Association, Schedule of Funding Progress" and "Other Post Employment Benefits, Schedule of Funding Progress", as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodview, Minnesota's basic financial statements. The supplemental information identified as "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.

The "Budgetary Comparison Schedule – Debt Service Fund" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Budgetary Comparison Schedule – Debt Service Fund" is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2015, on our consideration of the City of Goodview, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Goodview, Minnesota's internal control over financial reporting and compliance.

Russell & Associates, LLC

Winona, Minnesota
June 9, 2015

Management's Discussion and Analysis

As management of the City of Goodview, Minnesota, we offer readers of the City of Goodview, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Goodview, Minnesota for the fiscal year ended December 31, 2014. 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.

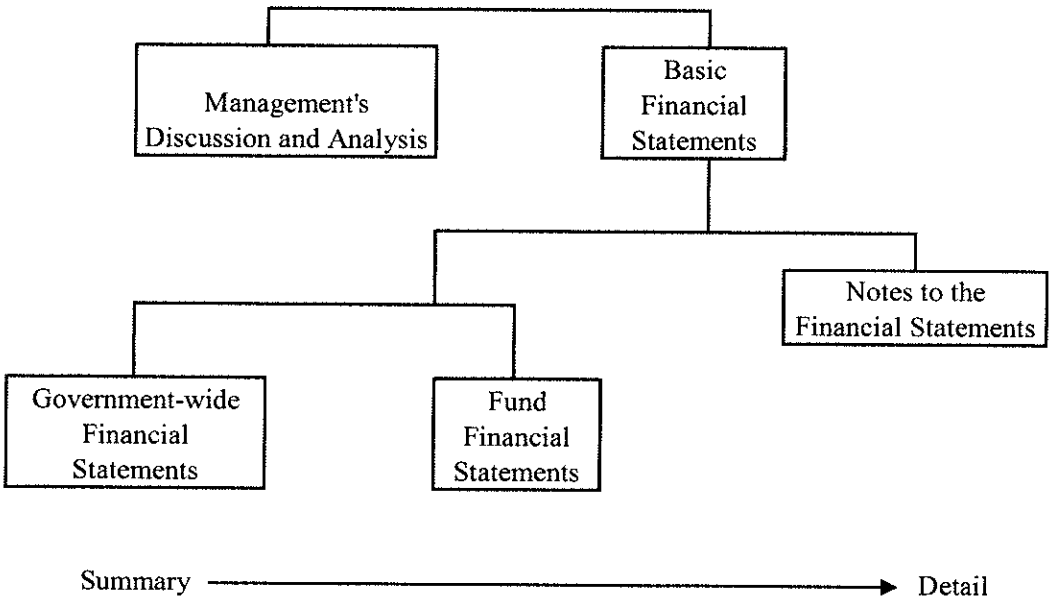
Financial Highlights

- The assets of the City of Goodview, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $21,384,513 *(net position)*. Of this amount, $2,713,312 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of the business-type activities increased by $602,552 and total net position of the governmental activities increased by $183,365. This resulted in a total increase in net position of $785,917 for the City.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of $3,573,185, an increase of $497,592 in comparison with the prior year. The major portion of this increase is in the Capital Projects Fund where the city has a street and utility improvement project in-process, and this is a net result of the bonds being issued and the corresponding expenditures going out.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $993,888, or 60 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements are **Fund Financial Statements.** These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide financial statements. There are two parts to the Fund Financial Statements: the governmental funds statements and the proprietary funds statements.

The next section of the basic financial statements is the **notes.** The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided on pensions and budgetary information required by the General Statutes. **Other supplementary information** includes budgetary information for the debt-service fund.

Government-Wide Financial Statements

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

The government-wide statements report the City's net position and how it has changed. Net position is the difference between the City's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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 Position 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 Position 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 position 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 and deferred inflows of resources by $21,384,513 at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net position (81 percent) reflects its net 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 Position

Figure 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Current & other assets	$ 4,558,437	$ 3,755,791	$ 1,013,353	$ 1,490,387	$ 5,571,790	$ 5,246,178
Capital assets	9,212,294	8,816,127	14,340,542	13,524,700	23,552,836	22,340,827
Total assets	13,770,731	12,571,918	15,353,895	15,015,087	29,124,626	27,587,005
Long-term liabilities outstanding	4,137,653	3,073,481	3,330,017	3,510,678	7,467,670	6,584,159
Other liabilities	174,818	125,050	97,625	180,708	272,443	305,758
Total liabilities	4,312,471	3,198,531	3,427,642	3,691,386	7,740,113	6,889,917
Deferred inflows of resources	-	98,492	-	-	-	98,492
Net position:						
Net investment in capital assets	6,218,118	6,443,259	11,072,610	10,065,768	17,290,728	16,509,027
Restricted	1,380,473	1,369,061	-	-	1,380,473	1,369,061
Unrestricted	1,859,669	1,462,575	853,643	1,257,933	2,713,312	2,720,508
Total net position	**$ 9,458,260**	**$ 9,274,895**	**$ 11,926,253**	**$ 11,323,701**	**$ 21,384,513**	**$ 20,598,596**

An additional portion of the City of Goodview, Minnesota's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* ($2,713,312) 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 position, 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.

City of Goodview, Minnesota's Changes in Net Position

Figure 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
REVENUE						
Program revenue						
Charges for services	$ 87,711	$ 63,910	$ 1,378,172	$ 1,372,418	$ 1,465,883	$ 1,436,328
Operating grants & contributions	85,530	96,699	-	-	85,530	96,699
Capital grants & contributions	554,537	42,168	-	-	554,537	42,168
General revenue:						
Taxes	1,572,529	1,559,874	-	-	1,572,529	1,559,874
Intergovernmental revenue	252,795	140,061	-	-	252,795	140,061
Interest and investment income	33,172	34,395	15,693	12,638	48,865	47,033
Miscellaneous	34,779	34,359	-	-	34,779	34,359
TOTAL REVENUE	2,621,053	1,971,466	1,393,865	1,385,056	4,014,918	3,356,522
EXPENSES						
General government	485,228	426,016	-	-	485,228	426,016
Public safety	775,108	783,022	-	-	775,108	783,022
Public works	543,417	706,804	-	-	543,417	706,804
Health and human services	2,534	1,540	-	-	2,534	1,540
Culture and recreation	100,589	107,198	-	-	100,589	107,198
Interest and fiscal charges	121,085	120,247	-	-	121,085	120,247
Water	-	-	633,872	628,277	633,872	590,857
Sewer	-	-	567,168	528,247	567,168	519,565
TOTAL EXPENSES	2,027,961	2,144,827	1,201,040	1,156,524	3,229,001	3,301,351
INCREASE (DECREASE) IN NET POSITION BEFORE TRANSFERS	593,092	(173,361)	192,825	228,532	785,917	55,171
TRANSFERS	(409,727)	-	409,727	-	-	-
CHANGE IN NET POSITION	183,365	(173,361)	602,552	228,532	785,917	55,171
NET POSITION – BEGINNING	9,274,895	9,448,256	11,323,701	11,095,169	20,598,596	20,543,425
NET POSITION - ENDING	**$ 9,458,260**	**$ 9,274,895**	**$ 11,926,253**	**$ 11,323,701**	**$21,384,513**	**$20,598,596**

Figure 3 provides summarized operating results and their impact on net position. 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: Governmental activities increased the City's net position by $183,365. Total revenue increased 33% over the prior year, with the largest increase in Capital grants and contributions primarily as a result of a levy for special assessments of $423,760 for 2014 street and utility projects. Intergovernmental revenue increased by slightly less than $113,000 as a result of a legislative action increasing the State's total appropriation to the Local Government Aid program. Total expenses decreased by $116,866 (5%). Public works expenses decreased by $163,387, due to street overlay costs in 2013 of approximately $130,000. In 2014, $409,727 was transferred to the business-type activities for their portions of the 2014 street and utility projects.

Business-type activities: Business-type activities net position increased $602,552 partially as a result of the City's conservative budgeting practice and conscience effort of prudent spending, but mostly as a result of a transfer from the Capital Improvements Fund to the respective Enterprise funds to cover their portion of a street and utility improvement project.

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, unassigned 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, unassigned fund balance of the General Fund was $993,888, while total fund balance was $1,095,373. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 60 percent of total General Fund expenditures, while total fund balance represents 66 percent of that same amount. The General Fund's fund balance increased $119,828 during 2014. The increase is partially attributable to the City's conservative budgeting practice and conscience effort of prudent spending which helps create an atmosphere of no deficit spending.

At December 31, 2014, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of $1,588,402, an increase of $26,482 from last year. The increase is for the most part due to the law-given authority to levy an additional 5% over planned expenditures in the Debt Service Fund. The Capital Projects Fund reported a fund balance of $889,410, an increase of $351,282 from 2013. The increase is primarily due to the costs-to-date of a street and utility improvement project being netted against the issuance of a new bond.

General Fund Budget. The General Fund budget was not amended during the 2014 year. There were a few significant budget-to-actual variances for the year ended December 31, 2014. The areas on the revenue side that had variances were basically the same areas that we usually see variances every year. They were; (1) Building permits and inspection fees, (2) Other State Aid under the Intergovernmental category, and (3) Donations and Miscellaneous under the Miscellaneous category. In the case for the first item, it always comes due to the unknown of the actual number of building projects that will be issued in a given year. Item two is the case of the City receiving more state aid than expected for both the Police and Fire Departments. And for item #3, part of this evolves from a City policy of not typically budgeting for donations on either the revenue or expenditure sides of the ledger, but also from not exactly knowing if dividends will be received on either or both of our Workers Compensation and Property/Liability insurance plans. As for the variances between actual and budget figures for expenditures, there were a few different categories that closed with significant variances. These included the Other General Government area where the City had higher legal costs due to the need to renew the two cable franchise agreements has with the local providers, and in the engineering area because the City chose to have a study done to research the creation of a railroad Quiet Zone through the City. There was also a negative variance in the Capital Outlay – Buildings area, as there was in the same area for the Fire and Street departments as these were for capital improvements budgeted for in a different area. The Law Enforcement category saw a positive variance with the majority of it being attributable to less part-time hours being used than were budgeted, lower gas prices than expected, and the fact the City budgeted to do some Building Maintenance that never occurred. Utilities were another area the overall City had a variance to-the-good as those prices were better than expected. There was also a significant negative variance for Capital Outlay – Vehicles in the Police Department for the lease purchase of a new squad, but this was off-set on the revenue side for lease proceeds. The Fire Department finished with a good variance as they spent less on small tools and uniforms than originally planned. However, they did spend more on a planned purchase of a new air compressor. The Parks and Recreation area (non-Capital Outlay) had a negative variance due to the fact expenditures were made using donated funds and these are not typically budgeted for. Finally, as stated earlier in this paragraph, the City doesn't budget any amount in either the revenue or expenditure budgets for donations so negative variances are the norm in this category.

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 position follows:

	Unrestricted Net Position	Change in Net Position
Water	$ 492,561	$ 274,521
Sewer	361,082	328,031

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 net investment in capital assets, for its governmental and business-type activities as of December 31, 2014, totals $18,264,460 (net of accumulated depreciation). These assets include land, improvements, buildings, machinery and equipment, infrastructure, and intangibles.

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

- Purchase a police vehicle
- Utility extension project
- Installation of a generator
- Purchase an air compressor
- Purchase of LETG project equipment
- Sanitary sewer relining project
- Purchase wood chipper
- Received donated land

City of Goodview, Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Land	$ 947,399	$ 906,399	$ 62,689	$ 62,689	$ 1,010,088	$ 969,088
Construction in progress	608,212	-	935,473	-	1,543,685	-
Buildings	1,544,928	1,544,928	3,627,153	3,627,153	5,172,081	5,172,081
Improvements	964,586	964,586	-	-	964,586	964,586
Machinery and equipment	2,069,820	1,963,652	1,807,927	1,743,202	3,877,747	3,706,854
Infrastructure	8,304,166	8,304,166	11,229,291	11,114,020	19,533,457	19,418,186
Less: Accumulated depreciation	(5,226,817)	(4,867,604)	(3,321,991)	(3,022,364)	(8,548,808)	(7,889,968)
TOTAL	**$ 9,212,294**	**$ 8,816,127**	**$ 14,340,542**	**$ 13,524,700**	**$ 23,552,836**	**$ 22,340,827**

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 43-44.

Long-Term Obligations. As of December 31, 2014, the City of Goodview, Minnesota had total long-term obligations outstanding of $7,467,670. Of this, $7,042,684 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases, contract for deed, compensated absences, and other post employment benefits.

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

Figure 5

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2014	2013	2014	2013	2014	2013
Special Assessment Bonds	$ 3,774,752	$ 2,728,173	$ -	$ -	$ 3,774,752	$ 2,728,173
General Obligation Water Bond	-	-	3,267,932	3,458,932	3,267,932	3,458,932
Contract for deed	91,256	118,791	-	-	91,256	118,791
Other long-term obligations	271,645	226,517	62,085	51,746	333,730	278,263
TOTAL	**$ 4,137,653**	**$ 3,073,481**	**$ 3,330,017**	**$ 3,510,678**	**$ 7,467,670**	**$ 6,584,159**

The City's total debt increased by $883,511 (13.4 %) during the past fiscal year due to a new Special Assessment Bonded debt issuance for a street and utility improvement project.

The State of Minnesota statutes limit the amount of general obligation debt that a unit of government can issue to 3 percent of the total market value of taxable property located within that government's boundaries. The legal debt limit for the City of Goodview, Minnesota is $7,105,386.

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 46-50.

Economic Factors and Next Year's Budgets and Rates

The 2015 General Fund expenditure budget is $1,770,148, which is $76,188, or 4.5%, more than the 2014 budget. This increase came as a result of the City regrettably choosing to raise property taxes for the first time since 2010. This increase was in order to budget for certain building and street maintenance issues that had been deferred for a number of years. The increase also allowed the City not to have to use any of the Unassigned Fund Balance dollars to balance the budget. A practice the City had used for the past two budget cycles in 2013 and 2014. The property tax rate for 2015 increased slightly more than 3.2% from 47.043% in 2014 to 50.262% in 2015. This increase in property taxes is being planned as a one-time occurrence, and it is the City's hope to decrease taxes in future budgeting cycles, and for this not to become an every year thing.

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, 2014

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CITY OF GOODVIEW, MINNESOTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DECEMBER 31, 2014

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and temporary investments	$ 2,172,597	$ 1,366,172	$ 3,538,769
Receivables			
Accounts	57,781	192,776	250,557
Taxes	39,613	-	39,613
Special assessments	830,870	-	830,870
Internal balances	558,860	(558,860)	-
Inventories	-	4,149	4,149
Prepaid items	16,067	9,116	25,183
Restricted assets			
Cash and investments held in escrow	882,649	-	882,649
Capital assets not being depreciated			
Land and construction in progress	1,555,611	998,162	2,553,773
Capital assets, net of accumulated depreciation			
Buildings	875,394	2,948,982	3,824,376
Improvements other than buildings	568,131	-	568,131
Machinery and equipment	776,276	1,383,754	2,160,030
Infrastructure	5,436,882	9,009,644	14,446,526
TOTAL ASSETS	**$ 13,770,731**	**$ 15,353,895**	**$ 29,124,626**

(Continued on page 22)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2014

LIABILITIES AND NET POSITION	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	$ 122,964	$ 55,879	$ 178,843
Customer deposits	3,000	-	3,000
Accrued interest	33,351	31,282	64,633
Due to other governments	11,255	464	11,719
Unearned revenues	-	10,000	10,000
Payable from restricted assets			
Accrued interest	4,248	-	4,248
Noncurrent liabilities			
Due within one year	1,353,952	221,852	1,575,804
Due in more than one year	2,783,701	3,108,165	5,891,866
TOTAL LIABILITIES	4,312,471	3,427,642	7,740,113
NET POSITION			
Net investment in capital assets	6,218,118	11,072,610	17,290,728
Restricted for			
Debt service	1,302,977	-	1,302,977
First responders	3,376	-	3,376
Equipment - fire	29,452	-	29,452
Equipment - police	24,255	-	24,255
Police K-9	3,336	-	3,336
Parks	10,770	-	10,770
Recreation programs	5,760	-	5,760
Flood relief	547	-	547
Unrestricted	1,859,669	853,643	2,713,312
TOTAL NET POSITION	9,458,260	11,926,253	21,384,513
TOTAL LIABILITIES AND NET	**$ 13,770,731**	**$ 15,353,895**	**$ 29,124,626**

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	$ 485,228	$ 9,927	$ -	$ -
Public safety	775,108	17,331	75,515	25,150
Public works	543,417	45,842	-	529,387
Health and human services	2,534	-	-	-
Culture and recreation	100,589	14,611	10,015	-
Interest and fiscal charges	121,085	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	2,027,961	87,711	85,530	554,537
BUSINESS-TYPE ACTIVITIES				
Water	633,872	716,471	-	-
Sewer	567,168	661,701	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,201,040	1,378,172	-	-
TOTAL	$ 3,229,001	$ 1,465,883	$ 85,530	$ 554,537

GENERAL REVENUE
- Taxes
  - Property taxes
  - Franchise taxes
- Intergovernmental revenue not restricted to specific programs
- Unrestricted investment earnings
- Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUE AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

NET (EXPENSES) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (475,301)		$ (475,301)
(657,112)		(657,112)
31,812		31,812
(2,534)		(2,534)
(75,963)		(75,963)
(121,085)		(121,085)
(1,300,183)		(1,300,183)
	$ 82,599	82,599
	94,533	94,533
	177,132	177,132
(1,300,183)	177,132	(1,123,051)
1,369,733	-	1,369,733
202,796	-	202,796
252,795	-	252,795
33,172	15,693	48,865
34,779	-	34,779
(409,727)	409,727	-
1,483,548	425,420	1,908,968
183,365	602,552	785,917
9,274,895	11,323,701	20,598,596
$ 9,458,260	**$ 11,926,253**	**$ 21,384,513**

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CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2014

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014

ASSETS	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	$ 1,081,322	$ 700,351	$ 390,924	$ 2,172,597
Receivables				
Accounts	57,781	-	-	57,781
Taxes	30,634	8,979	-	39,613
Special assessments	-	344,196	486,674	830,870
Due from other funds	-	-	558,860	558,860
Prepaid items	16,067	-	-	16,067
Restricted assets				
Cash and investments held in escrow	-	882,649	-	882,649
TOTAL ASSETS	**$ 1,185,804**	**$ 1,936,175**	**$ 1,436,458**	**$ 4,558,437**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 55,680	$ -	$ 67,284	$ 122,964
Customer deposits	3,000	-	-	3,000
Due to other governments	11,255	-	-	11,255
TOTAL LIABILITIES	69,935	-	67,284	137,219
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	20,496	5,809	-	26,305
Unavailable revenue - special assessments	-	341,964	479,764	821,728
TOTAL DEFERRED INFLOWS OF RESOURCES	20,496	347,773	479,764	848,033
FUND BALANCES				
Nonspendable:				
Prepaids	16,067	-	-	16,067
Restricted:				
Debt service	-	1,588,402	395,493	1,983,895
First responders	3,376	-	-	3,376
Equipment - fire	29,452	-	-	29,452
Equipment - police	24,255	-	-	24,255
Police K-9	3,336	-	-	3,336
Parks	10,770	-	-	10,770
Recreation programs	5,760	-	-	5,760
Flood relief	547	-	-	547
Assigned	7,922	-	493,917	501,839
Unassigned	993,888	-	-	993,888
TOTAL FUND BALANCES	1,095,373	1,588,402	889,410	3,573,185
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$ 1,185,804**	**$ 1,936,175**	**$ 1,436,458**	

Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	9,212,294
Other long-term assets are not available to pay for current expenditures and, therefore, are unavailable revenue in the governmental funds	848,033
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	(3,751,882)
Contract for deed	(91,256)
Capital leases payable	(120,580)
Accrued interest	(37,599)
Compensated absences	(98,198)
Other post employment benefits	(52,867)
Other long-term liability	(22,870)
NET POSITION OF GOVERNMENTAL ACTIVITIES	**$ 9,458,260**

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, 2014

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	$ 1,038,865	$ 326,355	$ 144	$ 1,365,364
Franchise	202,796	-	-	202,796
Licenses and permits	54,821	-	-	54,821
Intergovernmental	321,989	21	-	322,010
Charges for services	15,428	-	-	15,428
Fines and forfeitures	17,462	-	-	17,462
Special assessments	-	72,545	68,743	141,288
Interest	742	26,636	5,794	33,172
Donations	41,465	-	-	41,465
Miscellaneous	34,779	-	-	34,779
TOTAL REVENUE	1,728,347	425,557	74,681	2,228,585
EXPENDITURES				
Current				
General government	461,394	-	-	461,394
Public safety	710,767	-	-	710,767
Public works	320,113	-	735	320,848
Health and human services	2,534	-	-	2,534
Culture and recreation	34,913	-	-	34,913
Capital outlay	117,509	-	1,017,939	1,135,448
Debt service				
Principal	-	315,000	27,535	342,535
Interest and fiscal charges	-	84,075	5,600	89,675
Bond issuance costs	-	-	35,415	35,415
TOTAL EXPENDITURES	1,647,230	399,075	1,087,224	3,133,529
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	81,117	26,482	(1,012,543)	(904,944)
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	38,711	-	-	38,711
Special assessment bonds issued	-	-	1,375,000	1,375,000
Discount on special assessment bonds	-	-	(11,175)	(11,175)
TOTAL OTHER FINANCING SOURCES (USES)	38,711	-	1,363,825	1,402,536
NET CHANGE IN FUND BALANCES	119,828	26,482	351,282	497,592
FUND BALANCES AT BEGINNING OF YEAR	975,545	1,561,920	538,128	3,075,593
FUND BALANCES AT END OF YEAR	**$ 1,095,373**	**$ 1,588,402**	**$ 889,410**	**$ 3,573,185**

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

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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, 2014

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

Net change in fund balances - Total Governmental Funds		$ 497,592
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	$ 1,135,448	
Less: proprietary fund capital contribution	(409,727)	
Less: Depreciation expense	(393,425)	332,296
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets.		41,000
Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
Change in unavailable revenue - delinquent taxes	4,368	
Change in unavailable revenue - special assessments	347,099	351,467
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.		
Capital lease proceeds	(38,711)	
Issuance of special assessment bonds	(1,375,000)	
Lease principal payments	40,358	
Bond principal payments	342,535	(1,030,818)
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	2,311	
Current year discount	11,175	
Amortization of bond discount or premium	2,248	
Change in compensated absences	(13,589)	
Change in other post employment benefits	(10,317)	(8,172)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		**$ 183,365**

The accompanying notes an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

ASSETS	WATER FUND	SEWER FUND	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	$ 569,730	$ 796,442	$ 1,366,172
Receivables			
Accounts	45,574	50,836	96,410
Unbilled	50,045	46,321	96,366
Inventories	4,149	-	4,149
Prepaid items	4,825	4,291	9,116
TOTAL CURRENT ASSETS	674,323	897,890	1,572,213
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	3,465,550	161,603	3,627,153
Storage, distribution, and collection system	5,800,965	5,428,326	11,229,291
Machinery and equipment	1,551,618	256,309	1,807,927
Construction in progress	263,970	671,503	935,473
TOTAL CAPITAL ASSETS	11,132,637	6,529,896	17,662,533
Less accumulated depreciation	1,986,090	1,335,901	3,321,991
NET CAPITAL ASSETS	9,146,547	5,193,995	14,340,542
TOTAL ASSETS	**$ 9,820,870**	**$ 6,091,885**	**$ 15,912,755**
LIABILITIES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	$ 4,580	$ 51,299	$ 55,879
Accrued interest	31,282	-	31,282
Due to other governments	464	-	464
Due to other funds	104,393	454,467	558,860
Unearned revenue	10,000	-	10,000
Current portion of long-term debt	196,000	-	196,000
Current portion of compensated absences	12,926	12,926	25,852
TOTAL CURRENT LIABILITIES	359,645	518,692	878,337
NONCURRENT LIABILITIES			
Long-term debt	3,071,932	-	3,071,932
Compensated absences	2,648	2,647	5,295
Other post employment benefits	15,469	15,469	30,938
TOTAL NONCURRENT LIABILITIES	3,090,049	18,116	3,108,165
TOTAL LIABILITIES	3,449,694	536,808	3,986,502
NET POSITION			
Net investment in capital assets	5,878,615	5,193,995	11,072,610
Unrestricted	492,561	361,082	853,643
TOTAL NET POSITION	6,371,176	5,555,077	11,926,253
TOTAL LIABILITIES AND NET POSITION	**$ 9,820,870**	**$ 6,091,885**	**$ 15,912,755**

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUE			
Sales	$ 582,206	$ 652,730	$ 1,234,936
Charges for services	109,843	7,146	116,989
Miscellaneous	24,422	1,825	26,247
TOTAL OPERATING REVENUE	716,471	661,701	1,378,172
OPERATING EXPENSES			
Cost of sales and services	266,394	432,006	698,400
Administration	75,687	38,288	113,975
Depreciation	202,753	96,874	299,627
TOTAL OPERATING EXPENSES	544,834	567,168	1,112,002
OPERATING INCOME	171,637	94,533	266,170
NONOPERATING REVENUE (EXPENSE)			
Interest income	8,190	7,503	15,693
Interest expense	(89,038)	-	(89,038)
TOTAL NONOPERATING REVENUE (EXPENSE)	(80,848)	7,503	(73,345)
INCOME BEFORE CAPITAL CONTRIBUTIONS	90,789	102,036	192,825
CAPITAL CONTRIBUTIONS	183,732	225,995	409,727
CHANGE IN NET POSITION	274,521	328,031	602,552
NET POSITION AT BEGINNING OF YEAR	6,096,655	5,227,046	11,323,701
NET POSITION AT END OF YEAR	**$ 6,371,176**	**$ 5,555,077**	**$ 11,926,253**

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, 2014

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 734,132	$ 668,899	$ 1,403,031
Receipts for (payments from) interfund services	33,811	438,063	471,874
Payments to suppliers for goods and services	(219,452)	(437,340)	(656,792)
Payments to employees for services	(119,854)	(119,851)	(239,705)
NET CASH PROVIDED BY OPERATING ACTIVITIES	428,637	549,771	978,408
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(124,531)	(581,212)	(705,743)
Principal paid on capital debt	(191,000)	-	(191,000)
Interest paid on capital debt	(90,866)	-	(90,866)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(406,397)	(581,212)	(987,609)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	8,190	7,503	15,693
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	30,430	(23,938)	6,492
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	539,300	820,380	1,359,680
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 569,730**	**$ 796,442**	**$ 1,366,172**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 171,637	$ 94,533	$ 266,170
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	202,753	96,874	299,627
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	7,661	7,198	14,859
Inventories	(2,278)	-	(2,278)
Prepaid items	(537)	(391)	(928)
Increase (decrease) in liabilities			
Accounts payable	801	(91,676)	(90,875)
Due to other governments	(381)	-	(381)
Due to other funds	33,811	438,063	471,874
Unearned revenue	10,000	-	10,000
Compensated absences	2,231	2,231	4,462
Other post employment benefits	2,939	2,939	5,878
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 428,637**	**$ 549,771**	**$ 978,408**

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

CITY OF GOODVIEW, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2014

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, 2014, 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 position and the statement of activities) report the overall financial activity of the City. They include all funds of the reporting entity except for fiduciary funds. Governmental activities, which normally are supported by taxes, intergovernmental revenue, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers 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. The City does not allocate indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers 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, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The City reports the following major governmental funds:

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

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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.

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

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

Proprietary funds distinguish *operating* revenue and expenses from *nonoperating* items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position 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, Deferred Outflows/Inflows of Resources and Net Position 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, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

2. Receivables and Payables - Continued

Advances between funds, as reported in the fund financial statements, are offset by a nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources. All trade (utility) and property tax receivables are shown at a gross amount, since both taxes and trade (utility) receivables are assessable to the property taxes and are collectible upon sale of the assessed property.

Property taxes are submitted to the County Auditor by December 28 of each year to be levied on January 1. The County acts as a collection agent for all property taxes. The tax levy notice is mailed in March with the first half payment due on May 15 and the second half payment due on October 15. The County provides tax settlements to cities and other taxing districts normally during the months of January, June, and December.

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

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014 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. Insurance premiums are accounted for using the purchases method in the fund financial statements.

5. Restricted Assets

Mandatory segregations of assets are presented as restricted assets. Such segregations are required by bond agreements and other external parties. Current liabilities payable from these restricted assets are so classified. The excess of restricted assets over current liabilities payable from restricted assets will be used first for retirement of long-term debt. The remainder, if generated from earnings, is shown as restricted net assets. Cash and investments held in escrow are deposits into an irrevocable trust with an escrow agent held for the purpose of debt service and refunding debt in a crossover refunding.

NOTE 1 - Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

6. Capital Assets and Intangible Assets

Capital and intangible assets, which include property, plant, equipment, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), easements, water rights, timber rights, patents, trademarks, and computer software 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 $25,000 for intangible assets and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. The City does not capitalize interest on general capital asset projects. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No enterprise fund capital asset projects during 2014 required interest to be capitalized.

Property, plant, and equipment of the City are depreciated or amortized 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
Intangible assets	10

NOTE 1 - Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity – Continued

7. 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. 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.

Sick leave can be accumulated up to a maximum of 120 days. All sick leave is cancelled when an employee leaves the employment of the City unless the employee qualifies for other post-employment benefits as more fully described in Note 3D.

8. 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 position. Bond premiums and discounts 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 expensed in the period incurred.

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.

9. Net Position

In the government-wide and proprietary fund financial statements, equity is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1 - Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

9. Net Position - Continued

Restricted - This consists of net position that is legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the City's policy to use restricted resources first, then unrestricted resources when they are needed.

Unrestricted - This consists of net position that does not meet the definition of "restricted" or "net investment in capital assets".

10. Fund Equity

In the fund financial statements, governmental funds report fund balances in classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or, for legal or contractual reasons, must be kept intact. This classification includes prepaid amounts, inventories, long-term receivables, and corpus on any permanent funds.

Restricted – Constraints placed on the use of these resources are either externally imposed by creditors (such as through bond covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions or enabling legislation).

Committed – Includes amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. The City Council is the highest level of decision-making authority that can commit fund balance through a resolution or ordinance approved prior to the end of the fiscal year. These constraints can only be removed or changed by the City Council using the same action that was used to create them.

Assigned – Amounts that are constrained by the City's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body, another body, or by an official to whom that authority has been given. With the exception of the general fund, this is the residual fund balance classification for all governmental funds (debt service funds or capital improvement funds) with positive balances. The authority to assign fund balance is delegated to the City Administrator by resolution of the City Council. The City Administrator or City Council can remove an assignment.

NOTE 1 - Summary of Significant Accounting Policies - Continued

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Equity - Continued

10. Fund Equity - Continued

Unassigned – This is the residual classification for the general fund and also reflects negative residual amounts in other funds.

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

The City has adopted a financial policy to maintain an unassigned fund balance in the general fund of 35% - 55% of general fund operating expenditures. If the fund balance falls below the desired range, the City will create a plan to restore the unassigned fund balance to the appropriate level. Should the actual amount rise above the desired range, any excess funds will remain unassigned pending the Council's final decision concerning transfer to another fund balance classification. It is the policy of the City that such excess funds will be, by Council action, reported in the committed category.

11. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

12. New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, *Accounting and Financial Reporting for Pensions,* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.* The requirements of these statements are effective for financial statements for fiscal years beginning after June 15, 2014. Application of these standards may restate portions of these financial statements.

NOTE 2 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in two 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 $3,258,901 and the bank balances totaled $3,593,707. State statutes require depositories of municipal funds, in lieu of a corporate or personal surety bond, to provide security collateral in the amount of at least 10 percent more than any deposit in excess of any insured portion.

	Merchants National Bank	Wells Fargo Bank
Deposits - Cash	$ 3,288,630	$ 305,077
Less: Federal Deposit Insurance	(486,238)	(261,988)
Deposits in excess of insured amounts	$ 2,802,392	$ 43,089
Security collateral required	$ 3,082,631	$ 47,398
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	3,563,287	1,616,925
Excess of security collateral	**$ 480,656**	**$ 1,569,527**

Bank balances of deposits including cash and money market accounts as of December 31, 2014 are insured or collateralized with securities held by an agent of the City in the City's name.

Deposits made during 2014 included deposits in interest bearing money market accounts. Deposits as of December 31, 2014 are as follows:

	Deposit Amount	Carrying Amount
Wells Fargo Bank		
Checking accounts	$ 293,089	$ (26,974)
Money market accounts	11,988	11,988
Merchants Bank		
Checking accounts	236,238	221,495
Money market accounts	3,052,392	3,052,392
Total deposits	3,593,707	3,258,901
Petty cash and change funds		100
Total cash and change fund	**$ 3,593,707**	**$ 3,259,001**

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

The City's investments consist of United States Treasury Securities – State and Local Government Series (SLGS) and a money market account through a broker/dealer. As of December 31, 2014, the City had the following investments:

Investments	Maturity	Yield	Fair Value	Carrying Value
Money Market	N/A	0.04%	$ 279,768	$ 279,768
Cash deposit	N/A	N/A	1	1
SLGS-NT	2/1/15	0.17%	882,648	882,648
			$1,162,417	**$1,162,417**

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2014, 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's investment policy requires the investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Credit Risk – State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City's investment policy limits investments to the type of securities permitted by state statutes and requires the portfolio to be diversified so that the impact of potential losses from any one type of security or any one individual issuer will be minimized. The policy requires the City Council to approve public depositories by resolution. The United States Treasury Securities – State and Local Government Series (SLGS) are unrated.

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's policy for custodial credit risk requires the City to maintain a list of public depositories, financial institutions and City brokers/dealers authorized to provide deposit and investment services. The authorized depositories, financial institutions and broker/dealers must provide an appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines. As of December 31, 2014, $748,226 of the City's bank balance of $3,593,707 is covered by FDIC coverage, and the remaining $2,845,481 was collateralized. None of the City's deposits were exposed to custodial credit risk.

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

Custodial Credit Risk - Investments – For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's restricted investments are held in an irrevocable trust with an escrow agent. The money market account is invested in a network of other financial institutions and is fully insured by FDIC deposit insurance.

Following is a summary of total deposits and investments:

Deposits	$ 3,259,001
Investments	1,162,417
Total	$ 4,421,418

Deposits and investments are presented in the December 31, 2014 basic financial statements as follows:

Cash and temporary investments	$ 3,538,769
Restricted assets:	
Cash and investments held in escrow	882,649
Total	$ 4,421,418

B. Receivables

Receivables at December 31, 2014 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	$ 57,781	$ -	$ -	$ 95,619	$ 97,157	$ 250,557
Taxes - delinquent	30,634	8,979	-	-	-	39,613
Special assessments						
Delinquent	-	2,233	-	-	-	2,233
Deferred	-	341,963	486,674	-	-	828,637
Total receivables	**$ 88,415**	**$ 353,175**	**$ 486,674**	**$ 95,619**	**$ 97,157**	**$ 1,121,040**

Governmental funds report deferred inflows of resources 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, unavailable revenue reported in the governmental funds was for special assessments and delinquent taxes not yet available for the amount of $848,033.

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	$ 906,399	$ 41,000	$ -	$ 947,399
Construction in progress	-	608,212	-	608,212
Total capital assets not being depreciated	906,399	649,212	-	1,555,611
Capital assets being depreciated				
Buildings	1,544,928	-	-	1,544,928
Improvements	964,586	-	-	964,586
Machinery and equipment	1,963,652	140,380	34,212	2,069,820
Infrastructure	8,304,166	-	-	8,304,166
Total capital assets being depreciated	12,777,332	140,380	34,212	12,883,500
Less accumulated depreciation for:				
Buildings	625,509	44,025	-	669,534
Improvements	361,548	34,907	-	396,455
Machinery and equipment	1,180,254	147,502	34,212	1,293,544
Infrastructure	2,700,293	166,991	-	2,867,284
Total accumulated depreciation	4,867,604	393,425	34,212	5,226,817
Total capital assets being depreciated, net	7,909,728	(253,045)	-	7,656,683
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	**$ 8,816,127**	**$ 396,167**	**$ -**	**$ 9,212,294**

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	$ 62,689	$ -	$ -	$ 62,689
Construction in progress	-	935,473		935,473
Total capital assets not being depreciated	62,689	935,473	-	998,162
Capital assets being depreciated				
Buildings	3,627,153	-	-	3,627,153
Machinery and equipment	1,743,202	64,725	-	1,807,927
Infrastructure	11,114,020	115,271	-	11,229,291
Total capital assets being depreciated	16,484,375	179,996	-	16,664,371
Less accumulated depreciation for:				
Buildings	606,449	71,722	-	678,171
Machinery and equipment	352,296	71,877	-	424,173
Infrastructure	2,063,619	156,028	-	2,219,647
Total accumulated depreciation	3,022,364	299,627	-	3,321,991
Total capital assets being depreciated, net	13,462,011	(119,631)	-	13,342,380
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	**$ 13,524,700**	**$ 815,842**	**$ -**	**$ 14,340,542**

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

GOVERNMENTAL ACTIVITIES	
General government	$ 20,437
Public safety	91,683
Public works	215,628
Culture and recreation	65,677
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	**$ 393,425**
BUSINESS-TYPE ACTIVITIES	
Sewer	$ 96,874
Water	202,753
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	**$ 299,627**

NOTE 2 - Detailed Notes on all Funds – Continued

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2014, is as follows:

Due to/from other funds:

Receivable fund	Payable Fund	Amount
Capital Projects	Water Fund	$ 104,393
Capital Projects	Sewer Fund	454,467
TOTAL		**$ 558,860**

Balances resulted from the timing differences between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, (4) and funds overdraw their share of pooled cash.

E. Capital Leases

The City entered into a lease purchase agreement in 2014 to acquire a police vehicle. The City has also financed the acquisition of a fire truck and the police building by means of leases. The lease agreements qualify as capital leases (title transfers at the end of the lease terms) and have been recorded at the present value of the future minimum lease payments as of the date of the inception. The property and equipment were recorded as capital assets while the liability created is recorded as a long-term obligation in the statement of net position. 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 agreements at December 31, 2014 consisted of the following:

Description	Dated	Original Cost Capital Assets	Interest Rate	Amount Outstanding
Fire Pumper Truck	03-20-07	$ 256,112	4.62 %	$ 46,238
Police Vehicle	08-01-14	38,711	2.93%	34,033
Police Building	09-11-06	165,000	5.35 %	40,309
				$ 120,580

NOTE 2 - Detailed Notes on all Funds – Continued

E. Capital Leases - Continued

The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at December 31, 2014:

Year Ending December 31,	Payment
2015	$ 50,705
2016	51,559
2017	20,142
2018	5,976
Total minimum lease payments	128,382
Less: amounts representing interest	7,802
Present value of future minimum lease payments	**$ 120,580**

F. Long-Term Debt

General Obligation Bonds

The City issued $4,277,500 of General Obligation Water Bonds in 2008 for the construction of two water filtration plants. This bond is recorded as a liability in the water fund. The bonds are payable from revenue derived from the operation of the water utility and are backed by the full faith, credit and taxing power of the City. The bonds have a stated interest rate of 2.627% and mature in 2028. The balance outstanding at December 31, 2014 was $3,267,932.

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

Fiscal Year Ending	Business-Type Activities	
December 31,	Principal	Interest
2015	$ 196,000	$ 85,849
2016	201,000	80,700
2017	207,000	75,419
2018	212,000	69,981
2019	218,000	64,412
2020 - 2024	1,176,000	233,269
2025 - 2028	1,057,932	70,396
TOTAL	$ 3,267,932	$ 680,026

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Special Assessment Debt

The City is obligated on all special assessment debt, since each issue carries the backing of the City's full faith and credit taxing authority. The City is obligated for all or any portion of debt for which the collection of special assessments and interest thereon is insufficient to meet all principal and interest requirements to maturity. Such amounts were determined by the City Council to be public benefit portions of the projects so financed. Such amounts are included in the special assessment bonds payable with government commitment reported as long-term obligations in the statement of net position. Of the total amount of outstanding special assessment debt, $2,388,950 is considered debt of the City and $1,396,050 is the special assessment portion.

In 2013, the City issued $600,000 of General Obligation Refunding Bonds to refinance the 2007 Improvement Bonds in a crossover refunding.

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

Fiscal Year Ending	Governmental Activities	
December 31,	Principal	Interest
2015	$ 1,205,000	$ 77,298
2016	380,000	52,498
2017	395,000	43,935
2018	335,000	35,453
2019	165,000	30,634
2020 - 2024	730,000	116,571
2025 - 2029	475,000	51,000
2030	100,000	1,500
TOTAL	$ 3,785,000	$ 408,889

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Individual bond issues which comprise long-term debt's special assessment bonds with government commitment 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 2015	Interest Due in 2015
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	$ 1,600,000	$ 615,000	$ 985,000	$ 985,000	$ 21,198
2009A Ref Bonds	2.50%	12-1-09	2-1-18	81%	1,550,000	725,000	825,000	220,000	24,350
2013A Ref Bonds	0.65%-1.7%	5-16-13	5-1-23	*	600,000	-	600,000	-	6,797
2014A GO Imp Bonds	0.7%-3.0%	9-18-14	2-1-30	55%	1,375,000	-	1,375,000	-	24,953
Total Special Assessment Bonds					$ 5,125,000	$ 1,340,000	$ 3,785,000	$ 1,205,000	$ 77,298

*The 2013A Refunding Bonds will be paid from special assessments levied against properties benefitted by improvements financed by the Series 2007A Bonds and from ad valorem taxes.

Contract for Deed

The City entered into a contract for deed to purchase a building to be used for a shop. The contract matures in 2017 and pays interest at 5%. Annual debt service requirements to maturity for the contract for deed are as follows:

Fiscal Year Ending	Governmental Activities	
December 31,	Principal	Interest
2015	$ 28,929	$ 4,206
2016	30,394	2,741
2017	31,933	1,202
TOTAL	$ 91,256	$ 8,149

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, with which the City is in complete compliance.

Cash and investments (deposits) available and restricted to retirement of these bonds, amounts to $700,351 and cash and investments held in escrow of $882,649. Of the $7,105,386 statutory net debt limit, the City has $3,837,454 remaining.

Crossover Refunding

In 2013, the City issued $600,000 in General Obligation Crossover Refunding Bonds, Series 2013A, to be used for a crossover refunding of the outstanding Series 2007 bonds, which were issued to finance street and utility projects. The net proceeds of $564,037 (after payment of issuance costs) along with $325,000 from the debt service fund were used to purchase United States Treasury Securities – State and Local Government Series (SLGS). Those securities were deposited into an irrevocable trust with an escrow agent to provide for interest payments until February 1, 2015 on the 2013A bonds and the 2016-2023 maturities of the Series 2007A bonds until the call date of the refunded issue at which time the bonds will be called and paid by the escrow agent. The City completed the crossover refunding to reduce its total debt service payments over the next ten years by $97,148. The economic gain, reflected as the difference between the present value of the refunded debt requirements and the refunding debt requirements, will be $65,694.

				Bonds to be Called			
Bond Issue	Amount	Average Interest	Proceeds	Bond Issue	Average Interest	Call Date	Balance to be Called
G.O. Refunding, 2013A	$600,000	1.39%	$564,037	G.O. Improvement, 2007A	4.33%	2/1/2015	$880,000

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2014, was as follows:

	BALANCE, JANUARY 1	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
GOVERNMENTAL ACTIVITIES					
Bonds payable					
Special assessment debt with government commitment	$ 2,725,000	$1,375,000	$(315,000)	$ 3,785,000	$ 1,205,000
Unamortized premium (discount)	3,173	(11,175)	(2,246)	(10,248)	-
Total bonds payable	2,728,173	1,363,825	(317,246)	3,774,752	1,205,000
Contract for deed	118,791	-	(27,535)	91,256	28,929
Capital leases	122,227	38,711	(40,358)	120,580	46,066
Compensated absences	61,740	75,328	(61,740)	75,328	62,522
Claims	-	22,870	-	22,870	11,435
Other post employment benefits	42,550	10,317	-	52,867	-
TOTAL	3,073,481	1,511,051	(446,879)	4,137,653	1,353,952
BUSINESS-TYPE ACTIVITIES					
Bonds payable					
General Obligation	3,458,932	-	(191,000)	3,267,932	196,000
Compensated absences	26,686	31,147	(26,686)	31,147	25,852
Other post employment benefits	25,060	5,878	-	30,938	-
TOTAL	3,510,678	37,025	(217,686)	3,330,017	221,852
TOTAL	**$ 6,584,159**	**$ 1,548,076**	**$ (664,565)**	**$ 7,467,670**	**$1,575,804**

For the governmental activities, compensated absences and other post employment benefits are generally liquidated by the General Fund.

G. Assigned Net Position – Business-Type Activities

A portion of the Water Fund net position has been assigned for future repair costs related to its waterline insurance program. The amount assigned at December 31, 2014 was $22,973.

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, 2014. There have been no significant reductions in insurance coverage.

NOTE 3 - Other Information – Continued

B. Contingent Liabilities

The City is a co-defendant in a few data practices lawsuits. Any claims payable should be fully covered by insurance. The suit seeks damages estimated at $330,000 plus punitive damages. The City believes that the cases will be dismissed. The ultimate outcome of the litigation cannot presently be determined. However, in management's opinion, the likelihood of a material adverse outcome is remote. Accordingly, adjustments, if any, that might result from the resolution of this matter, have not been reflected in the financial statements.

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 General Employees Retirement Fund (GERF) 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.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

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

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

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

Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

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. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2014. PEPFF members were required to contribute 10.2% of their annual covered salary in 2014. In 2014, the City of Goodview was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 15.3% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2014, 2013, and 2012 were $39,597, $38,512, and $37,654, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2014, 2013, and 2012 were $50,591, $47,865, and $44,640, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute. Contribution rates will increase on January 1, 2015 in the Coordinated Plan (6.5% for members and 7.5% for employers) and Police and Fire Fund (10.8% for members and 16.2% for employers).

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

A. Plan Description

The Goodview Volunteer Fire Department Pension Plan is a single-employer defined benefit pension plan administered by the Goodview Volunteer Fire Fighters Relief Association. The Plan provides a lump sum retirement benefit in the amount of $1,400 per year of service after at least age fifty (50) and twenty (20) years of service, and a death or permanent disability benefit in the amount of that which has accrued to their retirement account pursuant to the statutory formulas upon death or disability. Within statutory compliance, the Association has the authority to establish and amend benefit provisions. The Association issues its own stand-alone financial report that includes financial statements and required supplementary information for the Goodview Volunteer Fire Department Pension Plan. Copies may be obtained by writing the Goodview Volunteer Fire Fighters Relief Association, 4140 5th Street, Goodview, MN, 55987.

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 $2,000 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 fund's net position, and 10% of the surplus of assets over total accrued liability. For 2014, a contribution of $25,700 was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2014.

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

C. Annual Pension Cost - Continued

Three-Year Trend Information

Fiscal Year Ending	Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/12	$10,027	$10,027	100%
12/31/13	$21,925	$21,925	100%
12/31/14	$25,700	$25,700	100%

D. Funded Status and Funding Progress

As of December 31, 2014, the most recent statutorial valuation date, the plan was 74.74% funded. The statutory accrued liability for benefits was $604,897, and the statutory value of plan assets was $452,122, resulting in a shortage of the funded statutory accrued liability (USAL) of $152,775. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

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

E. Actuarial Methods and Assumptions

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

Statutory Assumptions:	
Administrative expense increase	3.5%
Investment rate of return	5.0%
2014 State Aid Contribution	100.0%
Amortization of pension benefit surplus (deficit) on a closed basis	10.0%

Investments are valued at fair value.

NOTE 3 - Other Information – Continued

D. Post Employment Benefits Other Than Pensions

A. Plan Description

The City offers other post employment benefits under a defined benefit single-employer plan. For employees retiring after May 26, 2008, the City pays severance in an amount equaling 15% of their current salary and the amount obtained by multiplying $110 times the retirees' unused number of sick leave days up to the maximum of 120 days. The severance pay will be contributed to the Post-Retirement Health Care Savings Plan with the Minnesota State Retirement System within one month of the effective date of retirement. The plan does not issue a publicly available financial report. Benefit provisions are established and amended by the City Council.

B. Funding Policy

Employees do not make contributions to the plan. The City makes payments on a pay-as-you go basis. The City did not make any payments during the current year.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other post employment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution* (ARC) of the employer. The City has elected to calculate the ARC and related information using the alternative measurement method permitted by GASB Statement 45 for employers in plans with fewer than one hundred total plan members. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan:

Annual required contribution	$ 24,214
Interest on net OPEB obligation	1,014
Adjustment to annual required contribution	(9,032)
Annual OPEB cost	16,196
Contributions made	-
Increase in net OPEB obligation	16,196
Net OPEB obligation-beginning of year	67,611
Net OPEB obligation-end of year	$ 83,807

NOTE 3 - Other Information – Continued

D. Post Employment Benefits Other Than Pensions - Continued

C. Annual OPEB Cost and Net OPEB Obligation - Continued

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/14	$ 16,196	0%	$ 83,807
12/31/13	14,665	0%	67,611
12/31/12	14,113	0%	52,946

D. Funded Status and Funding Progress

As of December 31, 2014, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $125,001, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $714,673, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 17.5 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and salary trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

E. Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation. The methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 3 - Other Information – Continued

D. Post Employment Benefits Other Than Pensions - Continued

E. Methods and Assumptions - Continued

The following simplifying assumptions were made:

Retirement age for active employees – Based on the date the employee becomes eligible to receive benefits which is when their age and full-time years of service total 75 or more.

Turnover – Non-group-specific age-based turnover data from GASB Statement 45 were used as the basis for assigning active members a probability of remaining employed until the assumed retirement age and for developing an expected future working lifetime assumption for purposes of allocating to periods the present value of total benefits to be paid.

Payroll growth rate – The expected long-term payroll growth rate was assumed to be 2 percent.

Inflation rate – The expected long-term inflation rate was assumed to equal the payroll growth rate.

Based on the historical and expected returns of the City's short-term investment portfolio, a discount rate of 1.5 percent was used. In addition, a simplified version of the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2014, was eight years.

E. Related Party Transactions

The City paid $993 for equipment rental and repair services to a company owned by the Director of Public Works for the City during 2014. At December 31, 2014, there was no balance due to this Company.

The City Administrator is related to a local bank President of which the City does business. At December 31, 2014, the City had cash on deposit in this bank of $3,288,630.

F. Construction Commitments

The City has an active construction project as of December 31, 2014. The project is for street and utility improvements. At year end the City's commitment with the contractor is as follows:

	Spent-to-Date		Remaining Commitment
$	1,345,679	$	315,282

CITY OF GOODVIEW, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 1,050,724	$1,050,724	$ 1,038,865	$ (11,859)
Franchise	193,400	193,400	202,796	9,396
Licenses and permits	38,400	38,400	54,821	16,421
Intergovernmental	303,006	303,006	321,989	18,983
Charges for services	12,010	12,010	15,428	3,418
Fines and forfeitures	15,900	15,900	17,462	1,562
Interest	500	500	742	242
Donations	-	-	41,465	41,465
Miscellaneous	20,020	20,020	34,779	14,759
TOTAL REVENUE	1,633,960	1,633,960	1,728,347	94,387
EXPENDITURES				
Current				
General government	461,876	461,876	461,394	482
Public safety	834,232	834,232	710,767	123,465
Public works	330,380	330,380	320,113	10,267
Health and human services	4,525	4,525	2,534	1,991
Culture and recreation	31,689	31,689	34,913	(3,224)
Capital outlay	31,258	31,258	117,509	(86,251)
TOTAL EXPENDITURES	1,693,960	1,693,960	1,647,230	46,730
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(60,000)	(60,000)	81,117	141,117
OTHER FINANCING SOURCES				
Issuance of capital leases	-	-	38,711	38,711
NET CHANGE IN FUND BALANCES*	(60,000)	(60,000)	119,828	179,828
FUND BALANCES AT BEGINNING OF YEAR	975,545	975,545	975,545	-
FUND BALANCES AT END OF YEAR	**$ 915,545**	**$ 915,545**	**$ 1,095,373**	**$ 179,828**

* The net change in fund balances was included in the budget as an appropriation (i.e. spend down) of fund balance.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2014

Stewardship, Compliance, and Accountability

A. Budgetary Information

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

On or before July 1 of each year, all departments of the City submit requests for appropriations to the City's Administrator so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review and approval. By September 15, the proposed budget and tax levy must be submitted to the County Auditor. The Council holds public hearings and a final budget and tax levy must be prepared, adopted, and submitted to the County Auditor no later than December 28.

The appropriated budget is prepared by fund, function, and department. The City's Administrator may make transfers of appropriations between departments. 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, 2014, expenditures did not exceed appropriations in the general fund.

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*
12/31/2014	$ 452,122	$ 604,897	$ 152,775	74.74%	N/A	N/A
12/31/2013	436,648	407,542	(29,106)	107.14%	N/A	N/A
12/31/2012	366,187	382,146	15,959	95.82%	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%
2014 state aid contribution	100.00%
Amortization of pension benefit surplus (deficit) on a closed basis	10.00%

Investments are valued at fair value.

CITY OF GOODVIEW, MINNESOTA
OTHER POST EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Simplified Unit Credit Cost Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2014	$ -	$ 125,001	$ 125,001	0.00%	$ 714,673	17.5%
1/1/2013	-	107,805	107,805	0.00%	682,252	15.8%
1/1/2012	-	99,762	99,762	0.00%	664,769	15.0%

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CITY OF GOODVIEW, MINNESOTA

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2014

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2014

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 329,865	$ 329,865	$ 326,355	$ (3,510)
Intergovernmental	-	-	21	21
Special assessments	56,818	56,818	72,545	15,727
Interest	23,529	23,529	26,636	3,107
TOTAL REVENUE	410,212	410,212	425,557	15,345
EXPENDITURES				
Current				
General government	500	500	-	500
Public works	500	500	-	500
Debt Service				
Principal	315,000	315,000	315,000	-
Interest and fiscal charges	75,411	75,411	84,075	(8,664)
TOTAL EXPENDITURES	391,411	391,411	399,075	(7,664)
NET CHANGE IN FUND BALANCES	18,801	18,801	26,482	7,681
FUND BALANCES AT BEGINNING OF YEAR	1,561,920	1,561,920	1,561,920	-
FUND BALANCES AT END OF YEAR	**$ 1,580,721**	**$ 1,580,721**	**$ 1,588,402**	**$ 7,681**

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 63-68
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 69-72
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 73-77
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 78-79
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 80-82
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.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net investment in capital assets	$ 3,806,554	$ 4,297,699	$ 3,537,666	$ 3,605,519	$ 6,056,830	$ 6,219,292	$ 6,243,221	$ 6,392,151	$ 6,443,259	$ 6,218,118
Restricted	258,877	407,204	465,846	952,124	2,180,104	921,805	1,531,793	1,469,691	1,369,061	1,380,473
Unrestricted	1,633,046	1,508,918	2,600,837	2,239,425	785,471	1,995,566	1,237,989	1,586,414	1,462,575	1,859,669
Total governmental activities net position	**$ 5,698,477**	**$ 6,213,821**	**$ 6,604,349**	**$ 6,797,068**	**$ 9,022,405**	**$ 9,136,663**	**$ 9,013,003**	**$ 9,448,256**	**$ 9,274,895**	**$ 9,458,260**
Business-type activities										
Net investment in capital assets	$ 6,621,148	$ 6,548,890	$ 7,432,972	$ 8,479,231	$ 10,141,722	$ 9,963,178	$ 9,892,032	$ 9,932,857	$ 10,065,768	$ 11,072,610
Unrestricted	484,998	430,687	415,021	392,499	722,991	1,091,463	1,368,913	1,162,312	1,257,933	853,643
Total business-type activities net position	**$ 7,106,146**	**$ 6,979,577**	**$ 7,847,993**	**$ 8,871,730**	**$ 10,864,713**	**$ 11,054,641**	**$ 11,260,945**	**$ 11,095,169**	**$ 11,323,701**	**$ 11,926,253**
Primary government										
Net investment in capital assets	$ 10,427,702	$ 10,846,589	$ 10,970,638	$ 12,084,750	$ 16,198,552	$ 16,182,470	$ 16,135,253	$ 16,325,008	$ 16,509,027	$ 17,290,728
Restricted	258,877	407,204	465,846	952,124	2,180,104	921,805	1,531,793	1,469,691	1,369,061	1,380,473
Unrestricted	2,118,044	1,939,605	3,015,858	2,631,924	1,508,462	3,087,029	2,606,902	2,748,726	2,720,508	2,713,312
Total primary government net position	**$ 12,804,623**	**$ 13,193,398**	**$ 14,452,342**	**$ 15,668,798**	**$ 19,887,118**	**$ 20,191,304**	**$ 20,273,948**	**$ 20,543,425**	**$ 20,598,596**	**$ 21,384,513**

Note: The City implemented GASB Statement No. 65 in 2012. Prior years have not been retroactively restated for the changes required by implementation of this standard.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
EXPENSES										
GOVERNMENTAL ACTIVITIES										
General government	$ 297,651	$ 351,455	$ 369,184	$ 386,718	$ 422,544	$ 433,780	$ 421,254	$ 426,421	$ 426,016	$ 485,228
Public safety	507,089	561,843	767,116	694,283	628,129	662,033	786,448	743,131	783,022	775,108
Public works	345,696	362,931	399,820	498,266	475,234	487,595	517,402	473,693	706,804	543,417
Health and human services	1,981	1,193	838	1,003	1,888	1,892	1,304	1,001	1,540	2,534
Economic development	42,573	155,490	-	-	-	-	-	-	-	-
Culture and recreation	81,939	106,175	101,162	100,538	84,294	124,350	149,539	110,826	107,198	100,589
Interest on long-term debt	86,541	78,640	97,565	131,869	125,738	120,969	101,476	87,038	120,246	121,085
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	1,363,470	1,617,727	1,735,685	1,812,677	1,737,827	1,830,619	1,977,423	1,842,110	2,144,826	2,027,961
BUSINESS-TYPE ACTIVITIES										
Water	276,761	310,309	313,432	338,210	483,165	578,220	571,153	590,857	628,277	633,872
Sewer	375,890	402,135	447,918	519,413	507,106	514,261	526,290	519,565	528,247	567,168
Lease: operating	17,509	-	-	-	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	670,160	712,444	761,350	857,623	990,271	1,092,481	1,097,443	1,110,422	1,156,524	1,201,040
TOTAL PRIMARY GOVERNMENT EXPENSES	$ 2,033,630	$ 2,330,171	$ 2,497,035	$ 2,670,300	$ 2,728,098	$ 2,923,100	$ 3,074,866	$ 2,952,532	$ 3,301,350	$ 3,229,001
PROGRAM REVENUE										
GOVERNMENTAL ACTIVITIES										
Charges for services:										
General government	$ 6,594	$ 10,152	$ 7,578	$ 7,411	$ 8,507	$ 9,700	$ 9,671	$ 9,757	$ 10,223	$ 9,927
Public safety	21,599	20,915	21,482	19,471	20,701	24,405	20,268	22,305	16,310	17,331
Public works	10,928	6,043	8,213	4,906	23,523	29,381	35,467	50,702	25,743	45,842
Culture and recreation	7,175	9,050	7,165	12,295	10,727	26,372	17,889	12,127	11,634	14,611
Operating grants and contributions	105,271	337,720	307,684	97,619	61,343	89,318	96,122	78,724	96,699	85,530
Capital grants and contributions	254,082	305,003	951,999	1,118,558	4,007,074	107,127	13,550	33,550	42,168	554,537
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	405,649	688,883	1,304,121	1,260,260	4,131,875	286,303	192,967	207,165	202,777	727,778
BUSINESS-TYPE ACTIVITIES										
Charges for services:										
Water	211,489	267,740	344,916	416,651	494,304	592,688	655,443	711,828	706,111	716,471
Sewer	359,297	404,814	453,053	523,546	590,521	636,281	627,632	662,000	666,307	661,701
Lease: Operating	12,000	-	-	-	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	582,786	672,554	797,969	940,197	1,084,825	1,228,969	1,283,075	1,373,828	1,372,418	1,378,172
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	$ 988,435	$ 1,361,437	$ 2,102,090	$ 2,200,457	$ 5,216,700	$ 1,515,272	$ 1,476,042	$ 1,580,993	$ 1,575,195	$ 2,105,950

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
NET (EXPENSE) REVENUE										
Governmental activities	$ (957,821)	$ (928,844)	$ (431,564)	$ (552,417)	$ 2,394,048	$ (1,544,316)	$ (1,784,456)	$ (1,634,945)	$ (1,942,049)	$ (1,300,183)
Business-type activities	(87,374)	(39,890)	36,619	82,574	94,554	136,488	185,632	263,406	215,894	177,132
TOTAL PRIMARY GOVERNMENT NET EXPENSE	$ (1,045,195)	$ (968,734)	$ (394,945)	$ (469,843)	$ 2,488,602	$ (1,407,828)	$ (1,598,824)	$ (1,371,539)	$ (1,726,155)	$ (1,123,051)
GENERAL REVENUE AND OTHER CHANGES IN NET POSITION										
GOVERNMENTAL ACTIVITIES										
Taxes										
Property taxes	$ 828,559	$ 940,540	$ 1,119,965	$ 1,190,056	$ 1,273,249	$ 1,303,845	$ 1,290,816	$ 1,372,544	$ 1,363,744	$ 1,369,733
Franchise taxes	29,018	96,955	179,228	166,765	172,024	178,000	182,027	186,884	196,130	202,796
Unrestricted grants and contributions	174,549	196,517	243,540	206,920	202,599	88,856	88,235	40,217	140,061	252,795
Interest and investment income	66,371	71,354	76,266	107,334	69,233	64,322	51,583	42,471	34,395	33,172
Miscellaneous	3,172	14,374	26,097	7,260	4,982	68,741	60,499	28,197	34,359	34,779
Transfers	(68,135)	11,229	(823,005)	(933,199)	(1,890,798)	(45,190)	(12,364)	430,767	-	(409,727)
TOTAL GOVERNMENTAL ACTIVITIES	1,033,534	1,330,969	822,091	745,136	(168,711)	1,658,574	1,660,796	2,101,080	1,768,689	1,483,548
BUSINESS-TYPE ACTIVITIES										
Investment earnings	8,512	7,471	8,793	7,964	7,632	8,250	8,308	11,413	12,638	15,693
Transfers	68,135	(11,229)	823,005	933,199	1,890,798	45,190	12,364	(430,767)	-	409,727
TOTAL BUSINESS-TYPE ACTIVITIES	76,647	(3,758)	831,798	941,163	1,898,430	53,440	20,672	(419,354)	12,638	425,420
TOTAL PRIMARY GOVERNMENT	$ 1,110,181	$ 1,327,211	$ 1,653,889	$ 1,686,299	$ 1,729,719	$ 1,712,014	$ 1,681,468	$ 1,681,726	$ 1,781,327	$ 1,908,968
CHANGE IN NET POSITION										
Governmental activities	$ 75,713	$ 402,125	$ 390,527	$ 192,719	$ 2,225,337	$ 114,258	$ (123,660)	$ 466,135	$ (173,360)	$ 183,365
Business-type activities	(10,727)	(43,648)	868,417	1,023,737	1,992,984	189,928	206,304	(155,948)	228,532	602,552
TOTAL PRIMARY GOVERNMENT	$ 64,986	$ 358,477	$ 1,258,944	$ 1,216,456	$ 4,218,321	$ 304,186	$ 82,644	$ 310,187	$ 55,172	$ 785,917

Note: The City implemented GASB Statement No. 65 in 2012. Prior years have not been retroactively restated for the changes required by implementation of this standard.

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Nonspendable							$ 16,933	$ 19,755	$ 14,389	$ 16,067
Restricted							48,640	52,513	57,935	77,496
Assigned							-	-	-	7,922
Unassigned							839,144	935,744	903,221	993,888
Reserved	$ 39,735	$ 220,673	$ 113,787	$ 149,255	$ 82,411	$ 78,353	-	-	-	-
Unreserved	163,701	116,384	390,627	429,983	541,143	776,472	-	-	-	-
Total general fund	$ 203,436	$ 337,057	$ 504,414	$ 579,238	$ 623,554	$ 854,825	$ 904,717	$1,008,012	$ 975,545	$1,095,373
All Other Governmental Funds										
Restricted							$1,013,191	$ 963,458	$ 1,561,920	$1,983,895
Assigned							325,710	612,724	538,128	493,917
Reserved	$ 243,372	$ 347,250	$ 367,378	$ 818,032	$2,116,674	$ 863,363	-	-	-	-
Unreserved, reported in:										
Capital projects funds	804,685	696,604	1,002,700	707,261	821,276	580,710	-	-	-	-
Total all other governmental funds	$1,048,057	$1,043,854	$1,370,078	$1,525,293	$2,937,950	$1,444,073	$1,338,901	$1,576,182	$ 2,100,048	$2,477,812

Note: The City began to report new fund balance classifications when it implemented GASB Statement 54 in fiscal year 2011.

CITY OF GOODVIEW, MINNESOTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
REVENUE										
Taxes	$ 857,577	$1,037,495	$1,299,193	$ 1,324,906	$1,439,235	$1,486,101	$1,475,324	$ 1,566,810	$ 1,561,769	$1,568,160
Licenses and permits	16,159	15,569	15,737	11,709	30,706	37,378	43,642	59,088	34,766	54,821
Intergovernmental	256,211	519,725	468,591	1,374,849	4,239,642	240,588	142,490	111,870	209,068	322,010
Charges for services	8,983	10,227	7,710	13,856	12,152	27,472	18,794	13,564	12,798	15,428
Fines and forfeitures	21,154	20,364	20,991	18,518	20,599	25,007	20,859	22,239	16,345	17,462
Special assessments	187,377	127,919	288,670	227,674	184,731	122,248	136,440	132,623	146,284	141,288
Interest	66,371	71,354	76,266	107,334	69,232	64,321	51,584	42,471	34,395	33,172
Other revenue	110,153	163,724	143,334	87,564	35,433	118,677	119,670	77,871	84,801	76,244
TOTAL REVENUE	1,523,985	1,966,377	2,320,492	3,166,410	6,031,730	2,121,792	2,008,803	2,026,536	2,100,226	2,228,585
EXPENDITURES										
General government	287,266	335,440	329,675	367,078	403,072	422,929	397,609	406,725	403,730	461,394
Public safety	479,640	530,246	761,759	659,327	578,157	622,042	706,237	718,883	752,407	710,767
Economic development	42,573	155,490	-	-	-	-	-	-	-	-
Other public works	231,178	242,803	276,191	374,668	346,587	360,679	348,426	288,664	488,201	320,848
Health and human services	1,981	1,193	838	1,003	1,888	1,892	1,304	1,001	1,540	2,534
Culture and recreation	35,118	54,941	46,971	47,210	31,898	68,124	82,536	44,814	42,107	34,913
Capital Outlay	342,994	459,761	1,873,328	1,269,245	4,425,101	363,145	196,063	427,577	61,957	1,135,448
Debt service										
Principal	300,000	265,000	190,000	135,000	250,000	100,000	230,000	280,000	331,209	342,535
Interest	90,435	81,259	72,689	131,869	125,738	120,969	101,908	94,063	92,176	89,675
Bond issuance costs	-	-	25,420	-	27,775	-	-	-	31,450	35,415
TOTAL EXPENDITURES	1,811,185	2,126,133	3,576,871	2,985,400	6,190,216	2,059,780	2,064,083	2,261,727	2,204,777	3,133,529
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(287,200)	(159,756)	(1,256,379)	181,010	(158,486)	62,012	(55,280)	(235,191)	(104,551)	(904,944)

CITY OF GOODVIEW, MINNESOTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS - Continued

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	$ -	$ -	$ 1,600,000	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,375,000
Discount on bonds	-	-	(7,152)	-	-	-	-	-	-	(11,175)
Proceeds from capital leases	48,016	165,000	157,112	49,028	35,215	5,381	-	-	-	38,711
Proceeds from contract for deed	-	-	-	-	-	-	-	145,000	-	-
Refunding bonds issued	-	-	-	-	1,550,000	-	-	-	600,000	-
Premium (discount) on refunding bonds	-	-	-	-	30,244	-	-	-	(4,050)	-
Payment of refunded debt	-	-	-	-	-	(1,330,000)	-	-	-	-
Transfers in	-	124,174	-	273,092	76,711	-	-	-	-	-
Transfers out	-	-	-	(273,092)	(76,711)	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	48,016	289,174	1,749,960	49,028	1,615,459	(1,324,619)	-	145,000	595,950	1,402,536
NET CHANGE IN FUND BALANCES	**$ (239,184)**	**$ 129,418**	**$ 493,581**	**$ 230,038**	**$ 1,456,973**	**$ (1,262,607)**	**$ (55,280)**	**$ (90,191)**	**$ 491,399**	**$ 497,592**
Debt service as a percentage of noncapital expenditures	26.6%	20.8%	15.4%	15.6%	21.3%	13.0%	17.8%	20.4%	19.8%	21.6%

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed as Percentage of Actual Taxable Value
2005	$149,956,000	$ 21,121,400	$ 17,637,600	$ 416,800	$ 7,780,200	$ 181,351,600	37.464	$ 191,822,900	0.9454
2006	159,212,700	25,243,300	18,368,200	493,600	8,917,100	194,400,700	40.340	207,583,400	0.9365
2007	173,829,100	27,258,500	19,371,500	518,200	9,635,500	211,341,800	44.994	222,738,400	0.9488
2008	165,231,800	28,939,100	20,309,900	392,800	10,449,800	204,423,800	45.025	235,732,600	0.8672
2009	199,503,300	28,817,900	21,446,100	421,500	10,533,600	239,655,200	46.194	252,404,800	0.9495
2010	206,375,800	28,950,100	21,470,200	419,800	11,402,300	245,813,600	45.829	261,781,300	0.9390
2011	203,758,100	30,913,200	20,750,400	416,400	11,081,600	244,756,500	45.829	258,153,300	0.9481
2012	210,271,900	32,953,900	20,208,500	508,900	11,328,600	252,614,600	47.766	234,282,500	1.0782
2013	180,189,600	32,906,800	20,285,400	199,400	11,211,600	222,369,600	47.906	232,803,800	0.9552
2014	185,128,300	36,028,800	20,902,200	197,700	11,440,300	230,816,700	47.044	236,846,200	0.9745

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
2005	27.243	10.221	37.464	16.273	48.970	1.035
2006	32.065	8.275	40.340	13.078	45.996	0.585
2007	39.694	5.300	44.994	16.103	44.860	0.531
2008	37.931	7.094	45.025	16.418	44.284	0.937
2009	38.093	8.101	46.194	17.473	44.980	0.469
2010	40.756	5.073	45.829	16.537	43.107	0.496
2011	37.842	7.987	45.829	17.202	43.211	0.465
2012	38.139	9.627	47.766	18.990	44.684	0.508
2013	36.463	11.443	47.906	17.223	42.221	0.470
2014	35.807	11.237	47.044	15.970	39.444	0.422

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

	2014			2005		
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	$ 7,724,600	1	3.35%	$ 7,207,200	2	3.95%
Lakeside Manor	7,581,200	2	3.28%	7,565,600	1	4.15%
Hillview Apartments	3,512,400	3	1.52%			
Polymer Composites	3,394,200	4	1.47%	3,523,700	3	1.93%
Lake Village	3,114,500	5	1.35%	2,105,100	6	1.16%
Mississippi Welders	2,573,700	6	1.12%	2,030,300	7	1.11%
Fastenal	2,538,100	7	1.10%	1,799,900	8	0.99%
Winona Lighting Associates	2,438,100	8	1.06%	2,422,600	4	1.33%
Jacobson/Baker Apartments	2,233,700	9	0.97%			
Hiatt Manufacturing	2,112,900	10	0.92%	2,206,200	5	1.21%
Corcoran & Herold Inc.				1,636,300	9	0.90%
Knitcraft Corporation				1,571,600	10	0.86%
Total	**$ 37,223,400**		**16.14%**	**$ 32,068,500**		**17.59%**

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
2005	$ 854,119	$ 831,587	97.4%	$ 22,532	$ 854,119	100.0%
2006	995,304	971,374	97.6%	23,930	995,304	100.0%
2007	1,227,817	1,188,841	96.8%	38,906	1,227,747	100.0%
2008	1,289,207	1,270,541	98.6%	18,158	1,288,699	100.0%
2009	1,356,025	1,327,800	97.9%	27,840	1,355,640	100.0%
2010	1,392,000	1,317,996	94.7%	20,121	1,338,117	96.1%
2011	1,381,725	1,302,569	94.3%	20,390	1,322,959	95.7%
2012	1,361,739	1,341,586	98.5%	15,745	1,357,331	99.7%
2013	1,361,739	1,339,251	98.3%	16,865	1,356,116	99.6%
2014	1,361,739	1,336,495	98.1%	-	1,336,495	98.1%

Source: City of Goodview Finance Department

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

	Governmental Activities					Business-Type Activities			
Fiscal Year	General Obligation Tax Increment Bonds	Contract for Deed	Special Assessment Bonds [a]	Capital Leases	Total Governmental Activities Debt	General Obligation Water Bonds	Total Primary Government	Percentage of Personal Income [b]	Per Capita [b]
2005	$ 105,000	$ -	$ 1,955,000	$ 59,225	$ 2,119,225	$ -	$ 2,119,225	2.39%	628
2006	55,000	-	1,740,000	199,268	1,994,268	-	1,994,268	2.08%	591
2007	-	-	3,198,173	318,205	3,516,378	-	3,516,378	3.16%	1,043
2008	-	-	3,063,982	319,345	3,383,327	2,071,937	5,455,264	4.69%	1,617
2009	-	-	4,394,586	309,389	4,703,975	3,916,158	8,620,133	7.44%	2,556
2010	-	-	2,959,465	263,445	3,222,910	3,926,817	7,149,727	5.16%	1,771
2011	-	-	2,724,741	209,377	2,934,118	3,825,932	6,760,050	4.78%	1,675
2012	-	145,000	2,440,508	162,772	2,748,280	3,644,932	6,393,212	4.17%	1,584
2013	-	118,791	2,728,173	122,227	2,969,191	3,458,932	6,428,123	4.05%	1,593
2014	-	91,256	3,774,752	120,580	3,986,588	3,267,932	7,254,520	Not available	1,797

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

[a] Presented net of origninal issuance discounts and premiums.

[b] See Schedule 14 for personal income and population data.

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	General Obligation Water Bonds [a]	Total	Less: Available In Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [b]	Per Capita [c]
2005	$ 105,000	$ 1,955,000	$ -	$ 2,060,000	$ 232,372	$ 1,827,628	0.95%	542
2006	55,000	1,740,000	-	1,795,000	347,250	1,447,750	0.70%	429
2007	-	3,198,173	-	3,198,173	367,378	2,830,795	1.27%	839
2008	-	3,063,982	2,071,937	5,135,919	818,032	4,317,887	1.83%	1,280
2009	-	4,394,586	3,916,158	8,310,744	2,116,674	6,194,070	2.45%	1,836
2010	-	2,959,465	3,926,817	6,886,282	863,363	6,022,919	2.30%	1,492
2011	-	2,724,741	3,825,932	6,550,673	909,300	5,641,373	2.19%	1,398
2012	-	2,440,508	3,644,932	6,085,440	963,458	5,121,982	2.19%	1,269
2013	-	2,728,173	3,458,932	6,187,105	1,561,920	4,625,185	1.99%	1,146
2014	-	3,774,752	3,267,932	7,042,684	1,588,402	5,454,282	2.30%	1,351

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

[a] Presented net of original issuance premiums

[b] See Schedule 5 for property value data.

[c] Population data can be found in Schedule 14

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
School District #861	$ 20,847,903	10.21%	$ 2,128,571
County of Winona	4,966,444	6.90%	342,685
Subtotal, overlapping debt			2,471,256
City of Goodview direct debt			3,986,588
Total direct and overlapping debt			**$ 6,457,844**

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 2014	
Assessed value	$236,846,200
Debt limit (3% of assessed value)	7,105,386
Debt applicable to limit:	
General obligation bonds & notes	7,144,188
Less: Special Assessment Bonds & Contract for Deed	(3,876,256)
Total net debt applicable to limit	3,267,932
Legal debt margin	**$ 3,837,454**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	$ 3,836,458	$ 4,117,406	$ 4,497,860	$ 7,071,978	$ 7,572,144	$ 7,853,439	$ 7,744,599	$ 7,028,475	$ 6,984,114	$ 7,105,386
Total net debt applicable to limit	-	-	-	2,071,937	3,916,158	3,926,817	3,825,932	3,644,932	3,458,932	3,267,932
Legal debt margin	**$ 3,836,458**	**$ 4,117,406**	**$ 4,497,860**	**$ 5,000,041**	**$ 3,655,986**	**$ 3,926,622**	**$ 3,918,667**	**$ 3,383,543**	**$ 3,525,182**	**$ 3,837,454**
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	29%	52%	50%	49%	52%	50%	46%

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

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

	Special Assessment Bonds[a]				Tax Increment Bonds				General Obligation Water Revenue Bonds					
		Debt Service				Debt Service						Debt Service		
Fiscal Year	Special Assessment Collections	Principal	Interest	Coverage	Collections	Principal	Interest	Coverage	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Principal	Interest	Coverage
2005	$ 180,580	$ 255,000	$ 82,067	0.54	$ 33,943	$ 45,000	$ 8,368	0.64	$ -	$ -	$ -	$ -	$ -	-
2006	136,790	215,000	75,991	0.47	32,303	50,000	5,268	0.58	-	-	-	-	-	-
2007	292,002	135,000	70,873	1.42	-	55,000	1,815	-	-	-	-	-	-	-
2008	252,650	135,000	131,791	0.95	-	-	-	-	420,417	255,991	164,426	- [b]	- [b]	-
2009	243,924	250,000	125,668	0.65	-	-	-	-	497,914	307,701	190,213	102,500	56,403	1.20
2010	144,828	100,000	120,909	0.66	-	-	-	-	596,561	295,539	301,022	172,000	104,047	1.09
2011	153,742	230,000	101,848	0.46	-	-	-	-	659,621	280,399	379,222	177,069	103,279	1.35
2012	170,364	280,000	93,973	0.46	-	-	-	-	717,654	306,400	411,254	181,000	100,507	1.46
2013	191,269	305,000	85,160	0.49	-	-	-	-	712,576	334,990	377,586	186,000	95,752	1.34
2014	162,327	315,000	83,535	0.41	-	-	-	-	724,661	342,081	382,580	191,000	90,866	1.36

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

[a] Special Assessment Bonds are not fully covered with pledged assessment revenue. The amount of principal and interest that is pledged with special assessment revenue ranges from 19% to 63%.

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

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

Calendar Year	Population	Personal Income [d]	Per Capita Personal Income [a]	Median Age [c]	School Enrollment	Unemployment Rate [b]
2005	3,373	$ 88,645,813	$ 26,281	36.2	194	3.6%
2006	3,373	96,056,294	28,478	36.2	208	3.7%
2007	3,373	111,187,572	32,964	36.2	194	4.2%
2008	3,373	116,365,127	34,499	32.8	178	5.5%
2009	3,373	115,784,971	34,327	28.8	172	7.5%
2010	4,036	138,636,600	34,350	26.7	184	7.0%
2011	4,036	141,457,764	35,049	26.7	195	5.5%
2012	4,036	153,295,352	37,982	26.7	190	4.7%
2013	4,036	158,723,772	39,327	26.7	201	4.7%
2014	4,036	Not available	Not available	Not Available	186	3.9%

Sources:
- [a] US Bureau of Economic Analysis (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 Dept. of Employment & Economic
- [c] City-Data.com (by County)
- [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

		2014			2005		
EMPLOYER	TYPE OF BUSINESS/PRODUCT	EMPLOYEES [b]	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT [a]	EMPLOYEES	RANK	PERCENTAGE OF TOTAL CITY EMPLOYMENT
Benchmark Electronics, Inc.	Electronics manufacturer	568	1	2.30%	**	**	**
Fastenal Company	Office and tool repair	427	2	1.73%	**	**	**
Winona Lighting, Inc.	Lighting specialists	199	3	0.80%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	149	4	0.60%	**	**	**
Knitcraft Corporation	Garment manufacturer	120	5	0.49%	**	**	**
Ticona Celstran, Inc.	Thermoplastic manufacturer	74	6	0.30%	**	**	**
Wincraft, Inc.	Novelty manufacturer	62	7	0.30%	**	**	**
I.S.D. No. 861 (Winona)	Elementary education	60	8	0.24%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	36	9	0.15%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	23	10	0.09%	**	**	**
Total		**1,718**		**7.00%**			

** Information not available

[a] Includes full-time, part-time and seasonal for the Winona County area.

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

Sources: Information from each business human resources department.

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

	Fiscal Year									
Function/Program	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
General government										
Legislative	5	5	5	5	5	5	5	5	5	5
Administration	4	4	4	4	4	4	4	4	4	4
Public safety										
Police										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	12	14	10	13	14	14	12
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	4	4	5	5	5	5	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	13	12	13	10	9	10	8	9	9	11
Water	8	8	9	9	9	9	9	9	9	9
Wastewater	8	8	9	9	9	9	9	9	9	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	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
General government										
Building permits issued	71	71	51	51	132	244	214	214	142	100
Police										
Physical arrests	128	140	122	109	160	140	99	92	155	91
Parking violations	136	66	128	84	43	60	68	27	67	57
Traffic violations	549	591	518	474	403	504	475	408	266	358
Fire										
Emergency responses	18	15	14	12	27	19	19	27	13	26
Fires extinguished	8	9	4	7	6	8	11	8	14	13
Inspections	2	2	2	2	2	2	2	2	2	2
Volunteers	29	29	29	29	32	31	31	28	28	31
First responder										
Runs	109	88	94	134	160	146	179	171	156	164
Patients	96	79	93	134	160	140	169	179	164	174
Volunteers	17	19	21	41	22	23	22	24	26	19
Water										
Customers	1,009	1,116	1,128	1,169	1,244	1,260	1,268	1,272	1,281	1,281
Water main breaks	0	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	335,975	337,248	330,850	328,330	335,136	296,931	302,830	298,462	305,446	315,597
Peak daily consumption (thousands of gallons)	545,077	509,639	486,765	447,813	565,754	343,388	367,386	415,695	388,173	380,383
Wastewater										
Customers	1,075	1,099	1,109	1,153	1,229	1,244	1,252	1,256	1,265	1,265
Average daily sewage treatment (thousands of gallons)	265,970	259,658	307,195	305,766	296,380	301,789	273,282	249,404	269,355	288,082

** 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	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
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	9	12	13	13	14	10	13	14	14	12
Patrol units	5	5	5	5	5	7	6	6	6	6
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	29	29	29	29	32	31	31	28	28	31
Other public works										
Streets (miles)										
Paved	16.8	17	17	17	19	19	19	19	19	19
Unpaved	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Streetlights	174	176	189	189	189	189	196	196	196	196
Recreation and culture										
Acreage	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2	2	2	2	2
Biking/walking trail (2 miles)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	19.2	19.4	20.4	20.4	24.6	24.6	24.6	24.6	24.7	25.4
Fire hydrants	162	167	179	179	179	179	179	179	181	188
Storage capacity (millions of	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	16.7	16.9	18.1	18.1	21.9	21.9	21.9	21.9	22.0	22.8
Storm sewers (miles)	6.7	6.7	6.7	6.8	6.8	7.5	7.6	7.6	7.6	8.1

Sources: Various City departments

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CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2014

RUSSELL & ASSOCIATES LLC

Certified Public Accountants

INDEPENDENT AUDITOR'S 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, 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, the financial statements of the of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota ("City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2015.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Goodview's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Goodview's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Goodview's internal control.

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify the following deficiencies in internal control over financial reporting that we consider to be significant deficiencies:

Segregation of Duties and Management Override of Controls

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.

Management's Responsibility for Preparation of Financial Statements

Adequate internal controls necessitate personnel (management or others) of the City have adequate training and knowledge that would enable you to prepare financial statements (and footnotes) in accordance with generally accepted accounting principles (GAAP). The training and knowledge of personnel limits your ability to prepare GAAP basis financial statements. This weakness could result in the possibility of undetected errors and irregularities. Without additional training of personnel, adequate internal control over financial reporting is not possible.

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

The *Minnesota Legal Compliance Audit Guide for Political Subdivisions,* promulgated by the State Auditor pursuant to Minn. Stat. 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions and tax increment financing. Our audit considered all of the listed categories, except that we did not test for compliance with the provisions for tax increment financing as the City did not have any tax increment financing.

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

City of Goodview's Response to Findings

The City's response to the findings identified in our audit is described above. The City of Goodview's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Russell & Associates, LLC

Winona, Minnesota
June 9, 2015