CITY OF GOODVIEW, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2010

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, 2010

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THE CITY OF
GOODVIEW

4140 Fifth Street
Goodview, MN 55987

507/452-1630 • Fax 507/452-2174

June 1, 2011

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, 2010.

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, 2010, 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 unqualified opinion that the City of Goodview's financial statements for the fiscal year ended December 31, 2010 are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

In 2010, the City once again saw a dramatic increase in the number of building permits issued, unfortunately though, this increase in permits didn't translate into an increase of corresponding dollar values of permits. Overall the number of permits almost doubled from 131 in 2009 to 244 in 2010. However, dollar values declined approximately 37% from 2009 to just shy of $2.1 million. The clear cut category where this decline was the most is that of New Construction of Townhomes and Apartments, where it went from $1.7 million in 2009 to only $520,000 in 2010. However, the category which saw a substantial increase in both the number of permits issued, and the corresponding dollar value was for Residential Improvements. This category saw its number of permits exactly double from the 113 in 2009 to 216 in 2010, and the dollar values increase just over $370,000 from its 2009 level of $653,231. In 2010, the City continued to see a significant drop in construction of new single-family housing units and industrial expansion; down 49% and 30% respectively when compared to 2009. The City saw a slight increase of approximately 3.7% in total market value when compared to 2009. And although this is still an increase, it is the smallest increase in total market valuation the City has seen in quite some time. The retail economy in the adjacent urban areas has continued to experience a somewhat stable trend thus providing a variety of available goods and services within easy access of all area residents.

The Winona County unemployment rate decreased from 7.5% in 2009 to 7.0% in 2010, which basically puts it in line with the State rate of 6.9%. However, both of these rates are considerably lower than the National average of 9.4%.

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:

Rebuilding of General Fund Unreserved Fund Balance. The City, through its conservative budgeting process, has steadily rebuilt the Fund Balance from 9% of General Fund Expenditures in 2006 to 53% in 2010. This Fund Balance will allow the City to sustain a certain level of services it offers despite continued partial withholding of local government aid funds by the State.

Three-Year Capital Improvement Plan. The City continues to operate under the plan developed in 2009. However, it also continues to update this plan on an on-going basis, and make adjustments as needed.

Projects. After a pretty busy 2009 as far as projects go, 2010 was relatively quiet. The City did a street sealing project with a cost of approximately $40,000. It also started a major sewer relining project, with just a small portion being completed in 2010. This will be a multi-year project that will cost the City over $1 million dollars when all is said and done. At this time, the entire project will be financed through the Sewer Fund, but the City will continue to explore for grants to fund the project.

Cash Management Policies and Practices

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

Risk Management

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

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, 2009. This is the third 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

Daniel J. Matejka
City Administrator

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Goodview Minnesota

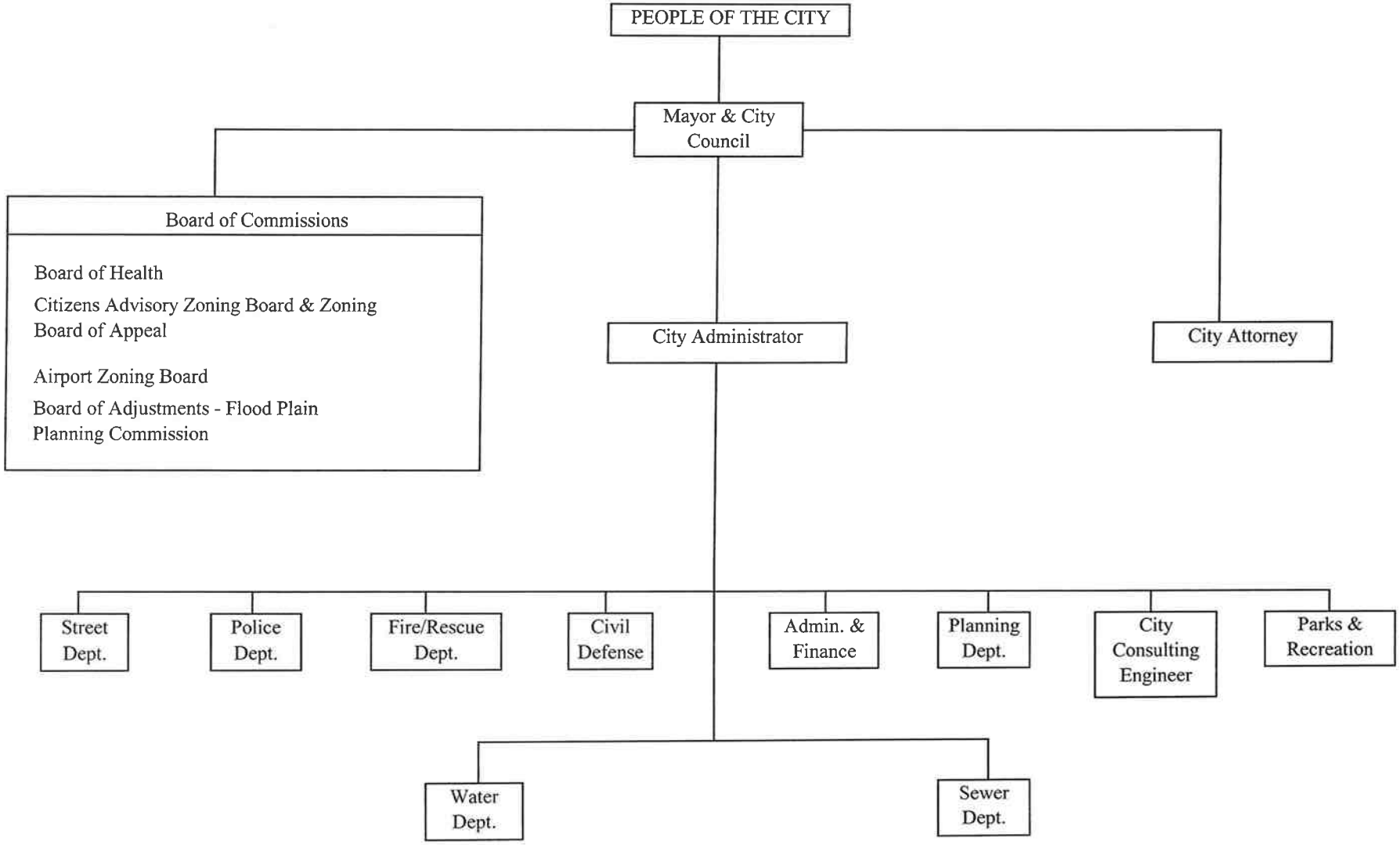
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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

President

Executive Director

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



CITY OF GOODVIEW, MINNESOTA
PRINCIPAL OFFICERS
MAYOR – COUNCIL

John Weimerskirch	**Mayor**
Charles Andring	**Councilman**
Richard Ledebuhr	**Councilman**
Sandy Erdman	**Councilman**
Steve Baumgart	**Councilman**

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

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CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2010

RUSSELL & ASSOCIATES LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the City Council
City of Goodview, Minnesota

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota, as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Goodview, Minnesota's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Goodview, Minnesota, as of December 31, 2010, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated June 1, 2011, on our consideration of the City of Goodview, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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.

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 relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the 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.

Russell & Associates, LLC

Winona, Minnesota
June 1, 2011

Management's Discussion and Analysis

As management of the City of Goodview, Minnesota, we offer readers of the City of Goodview, Minnesota's basic financial statements this narrative overview and analysis of the financial activities of the City of Goodview, Minnesota for the fiscal year ended December 31, 2010. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the City's basic financial statements, which follow this narrative.

Financial Highlights

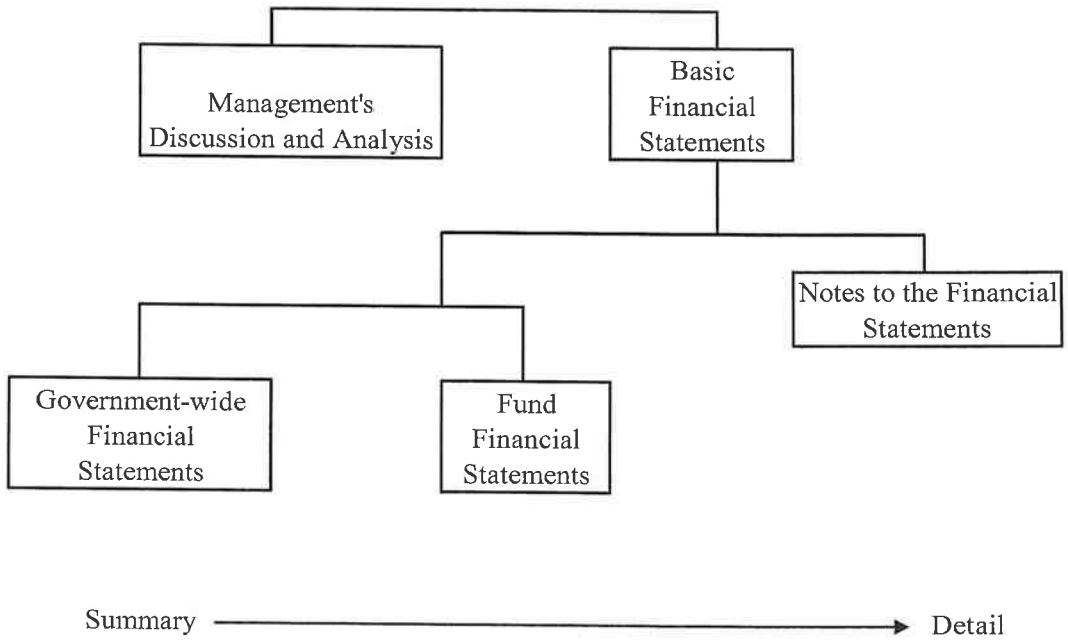
- The assets of the City of Goodview, Minnesota exceeded its liabilities at the close of the fiscal year by $20,191,304 *(net* assets).
- The government's total net assets increased by $304,186, primarily due to approximately $94,000 of grant dollars which were expended in 2010 being capitalized. Also rate increases and usages provided an increase in the net assets of business-type activities for the City in 2010.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of $2,298,898, a decrease of $1,262,607 in comparison with the prior year. The decrease is primarily due to the refunding of debt the proceeds of which were received in 2009.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $776,472, or 53 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 assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

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

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Goodview, Minnesota, like all other governmental entities in Minnesota, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the State of Minnesota Statutes or the City's budget ordinance. All of the funds of the City of Goodview, Minnesota can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Goodview, Minnesota, assets exceeded liabilities by $20,191,304, at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net assets (80 percent) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Goodview, Minnesota used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Goodview, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City of Goodview, Minnesota's Net Assets

Figure 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Current & other assets	$ 3,459,977	$ 5,091,495	$ 1,292,469	$ 1,033,878	$ 4,752,446	$ 6,125,373
Capital assets	9,238,523	9,210,805	13,879,084	14,057,879	23,117,607	23,268,684
Total assets	12,698,500	14,302,300	15,171,553	15,091,757	27,870,053	29,394,057
Long-term liabilities outstanding	3,295,859	4,769,364	3,960,729	3,946,302	7,256,588	8,715,666
Other liabilities	265,978	510,531	156,183	280,741	422,161	791,272
Total liabilities	3,561,837	5,279,895	4,116,912	4,227,043	7,678,749	9,506,938
Net assets:						
Invested in capital assets, net of related debt	6,219,292	6,056,830	9,963,178	10,141,722	16,182,470	16,198,552
Restricted	921,805	1,030,104	-	-	921,805	1,030,104
Unrestricted	1,995,566	1,935,471	1,091,463	722,991	3,087,029	2,658,462
Total net assets	**$ 9,136,663**	**$9,022,405**	**$ 11,054,641**	**$ 10,864,713**	**$ 20,191,304**	**$ 19,887,118**

An additional portion of the City of Goodview, Minnesota's net assets (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* ($3,087,029) may be used to meet the government's ongoing obligations to citizens and creditors.

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

There was a decrease of $108,299 in restricted net assets reported in connection with the City of Goodview, Minnesota's governmental activities. The decrease was associated with both a decrease in the flood relief reserve account and the normal outlay of debt service payments made during the year which decreased the restricted net assets in the debt service area by approximately $103,000.

The government's net assets increased by $304,186 during the current fiscal year, primarily due to approximately $94,000 of grant dollars which were expended in 2010 being capitalized. Also, rate increases and usages in both the water and sewer funds provided an increase in the net assets of Business-Type Activities for the City in 2010.

Governmental activities: Governmental activities increased the City of Goodview, Minnesota's net assets by $114,258 thereby accounting for 38 percent of the total growth in the net assets of the City of Goodview, Minnesota.

City of Goodview, Minnesota's Changes in Net Assets

Figure 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
REVENUE						
Program revenue						
Charges for services	$ 89,858	$ 63,458	$ 1,228,969	$ 1,084,825	$ 1,318,827	$ 1,148,283
Operating grants & contributions	89,318	61,343	-	-	89,318	61,343
Capital grants & contributions	107,127	4,007,074	-	-	107,127	4,007,074
General revenue:						
Taxes	1,481,845	1,445,273	-	-	1,481,845	1,445,273
Intergovernmental revenue	88,856	202,599	-	-	88,856	202,599
Interest and investment income	64,322	69,233	8,250	7,632	72,572	76,865
Miscellaneous	68,741	4,982	-	-	68,741	4,982
TOTAL REVENUE	1,990,067	5,853,962	1,237,219	1,092,457	3,227,285	6,946,419
EXPENSES						
General government	433,780	422,544	-	-	433,780	422,544
Public safety	662,033	628,129	-	-	662,033	628,129
Public works	487,595	475,234	-	-	487,595	475,234
Health and human services	1,892	1,888	-	-	1,892	1,888
Culture and recreation	124,350	84,294	-	-	124,350	84,294
Interest and fiscal charges	120,969	125,738	-	-	120,969	125,738
Water	-	-	578,220	483,165	578,220	483,165
Sewer	-	-	514,261	507,106	514,261	507,106
TOTAL EXPENSES	1,830,619	1,737,827	1,092,481	990,271	2,923,100	2,728,098
EXCESS BEFORE TRANSFERS	159,448	4,116,135	144,738	102,186	304,186	4,218,321
TRANSFERS	(45,190)	(1,890,798)	45,190	1,890,798	-	-
CHANGE IN NET ASSETS	114,258	2,225,337	189,928	1,992,984	304,186	4,218,321
NET ASSETS - BEGINNING	9,022,405	6,797,068	10,864,713	8,871,729	19,887,118	15,668,797
NET ASSETS - ENDING	**$ 9,136,663**	**$9,022,405**	**$ 11,054,641**	**$ 10,864,713**	**$20,191,304**	**$19,887,118**

Figure 3 provides summarized operating results and their impact on net assets. Transfers to business activities representing primarily investments in capital assets without any related debt meant the assets remained with the City but became part of business-type activities.

Governmental activities: Taxes increased $36,572 (2.5 percent) during the year.

Grants and contributions decreased $3,871,972 (95 percent). In 2008, the City was awarded two grants totaling $3,841,000 from the Minnesota Public Facilities Authority for street and utility rehabilitation and replacement of which the majority of the grant money was earned in 2009. Also, the City was basically inactive in the grant field in 2010.

Revenues decreased 66 percent in contrast to a 5 percent increase overall in expenses.

Business-type activities: Business-type activities net assets increased $189,928 the majority of which, $144,144, was a result of utility service rate increases.

Financial Analysis of the City's Funds

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

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

The General Fund is the primary operating fund of the City of Goodview, Minnesota. At the end of the current fiscal year, unreserved fund balance of the General Fund was $776,472, while total fund balance was $854,825. As a measure of the General Fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 53 percent of total General Fund expenditures, while total fund balance represents 58 percent of that same amount. The General Fund's fund balance increased $231,270 during 2010. The increase is partially attributable to a conscious effort to build the fund balance through decreased spending.

At December 31, 2010, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of $863,363, a decrease of $1,253,311 from last year. The decrease was the result of a current refunding of debt in 2010 for which the proceeds were received in 2009. The Capital Projects Fund reported a fund balance of $580,710, a decrease of $240,566 from 2009. The decrease was primarily due to $185,102 of equipment purchases which were funded by bond proceeds received in 2009.

General Fund Budget. The general fund budget was amended to reflect changes during the year. There were very few significant budget-to-actual variances at the end of the 2010 fiscal year. On the revenue side, there were two areas where the City received dollars, but had no corresponding budgets. The first was Homestead Aid which was not budgeted for under this code, but under the Current Property Taxes code. The other being the recognition of a Capital Lease the City entered into mid-year. The areas of significant variances between budget and actual on the revenue side of the ledger were; (1) Building/Zoning Permits, (2) Parks under the Charges for Services category, and (3) Interest, Donations, and Miscellaneous under the Miscellaneous category. In the case of #1, the City formally adopted the State Building Code in April of 2009, so this caused a considerable spike in 2009 in both the number of permits and the dollar values attached to those permits. However, because 2009 was just a partial year, 2010 was the first full 12-month cycle in which the State Building Code had been in effect, so this caused an even greater increase in both the number of permits issued and the revenue received for those permits for 12 months. For item #2 and part of the Miscellaneous sub-category of #3, the City recognized the revenues and expenditures for the first time for the Sandlot Baseball Program which is operated within the City. This also caused a variance on the expenditure side of the ledger under Parks and Recreation. For the Interest sub-category and the other part of the Miscellaneous sub-category of #3 this variance between budget and actual was the settling of a payroll tax issue which resulted in a reimbursement of funds the City had paid out in prior years. Finally, and obviously, the City does not budget for donations on either the revenue or expenditure sides, thus when any are received and eventually expended this will cause a budget-to-actual variance. Also on the expenditure side the Highway and Streets sub-category saw a variance because some improvement work was budgeted for under Capital Outlay, and was actually paid for under Public Works. Finally, the variance in the Parks and Recreation sub-category under the Capital Outlay heading was actually a security camera system that was purchased using donated funds.

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

	Unrestricted Net Assets	Change in Net Assets
Water	$ 337,142	$ 42,545
Sewer	754,321	147,383

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

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets, net of related debt, for its governmental and business-type activities as of December 31, 2010, totals $16,182,470 (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):

- Construction of water plants for radium removal
- Street and utility improvements to Gunderson & Connaughty subdivisions
- Construction of an outlet for Lake Goodview
- Purchase of 2 police vehicles and a rescue squad vehicle
- Purchase of a street sweeper
- Purchase of an AS 400 computer

City of Goodview, Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Land	$ 906,399	$ 906,399	$ 62,689	$ 62,689	$ 969,088	$ 969,088
Construction work-in-progress	1,453,726	2,390,875	2,842,567	2,797,377	4,296,293	5,188,252
Buildings	1,277,426	1,277,426	3,622,186	5,037,031	4,899,612	6,314,457
Improvements	964,586	964,586	-	-	964,586	964,586
Machinery and equipment	1,780,285	1,641,408	1,670,684	261,526	3,450,969	1,902,934
Infrastructure	6,751,781	5,702,512	7,902,649	7,902,649	14,654,430	13,605,161
Less: Accumulated depreciation	(3,895,680)	(3,672,401)	(2,221,691)	(2,003,392)	(6,117,371)	(5,675,793)
TOTAL	**$ 9,238,523**	**$ 9,210,805**	**$ 13,879,084**	**$ 14,057,880**	**$ 23,117,607**	**$ 23,268,685**

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

Long-Term Obligations. As of December 31, 2010, the City of Goodview, Minnesota had total long-term obligations outstanding of $7,256,587. Of this, $6,886,282 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases, compensated absences, and other post employment benefits.

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

Figure 5

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2010	2009	2010	2009	2010	2009
Special Assessment Bonds	$ 2,959,465	$ 4,394,586	$ -	$ -	$ 2,959,465	$ 4,294,586
General Obligation Water Bond	-	-	3,926,817	3,916,158	3,926,817	3,916,158
Other long-term obligations	336,394	374,779	33,912	30,144	370,306	404,923
TOTAL	**$ 3,295,859**	**$ 4,769,365**	**$ 3,960,729**	**$ 3,946,302**	**$ 7,256,588**	**$ 8,715,667**

The City's total debt decreased by $1,459,079 (17 %) during the past fiscal year as a result of a current refunding of the 2001 special assessment bonds. In December of 2009, the City issued $1,550,000 in bonds, of which $1,150,000 was used to refund the 2001 special assessment bonds in January 2010 and $400,000 is to be used for capital improvements.

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 $7,853,439.

Additional information regarding the City of Goodview, Minnesota's long-term debt can be found in the Note 2F to the financial statements on pages 43-46.

Economic Factors and Next Year's Budgets and Rates

The 2011 General Fund budget is $1,509,656 for expenditures a 1.5 percent decrease from the original 2010 budget, or a 0.5 percent decrease from the 2010 amended budget. Property tax levies for 2011 were $1,381,725 down 0.7 percent from 2010. Property tax rates for 2011 were kept at the same level they were at in 2010, 45.830.

During 2010, building projects totaled $2,085,612 compared with a total of $3,332,456 for 2009.

These factors were considered when the City prepared its 2011 budget.

Requests for Information

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

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CITY OF GOODVIEW, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2010

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CITY OF GOODVIEW, MINNESOTA

GOVERNMENT-WIDE FINANCIAL STATEMENTS

DECEMBER 31, 2010

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	$ 2,156,713	$ 1,248,375	$ 3,405,088
Receivables			
Accounts	52,410	172,045	224,455
Taxes	42,225	-	42,225
Special assessments	999,201	-	999,201
Internal balances	149,822	(149,822)	-
Due from other governments	1,500	-	1,500
Inventories	-	1,762	1,762
Prepaid items	19,911	9,198	29,109
Deferred bond issuance costs	38,195	10,911	49,106
Capital assets not being depreciated			
Land and construction in progress	2,360,125	2,905,256	5,265,381
Capital assets, net of accumulated depreciation			
Buildings	767,643	3,232,427	4,000,070
Improvements other than buildings	709,726	-	709,726
Machinery and equipment	884,956	1,507,083	2,392,039
Infrastructure	4,516,073	6,234,318	10,750,391
TOTAL ASSETS	**$ 12,698,500**	**$ 15,171,553**	**$ 27,870,053**

(Continued on page 21)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS - Continued
DECEMBER 31, 2010

LIABILITIES AND NET ASSETS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
LIABILITIES			
Accounts payable	$ 103,834	$ 117,437	$ 221,271
Customer deposits	2,000	-	2,000
Accrued interest	47,346	37,589	84,935
Due to other governments	286	1,157	1,443
Unearned revenue	112,512	-	112,512
Noncurrent liabilities			
Due within one year	331,481	197,166	528,647
Due in more than one year	2,964,378	3,763,563	6,727,941
TOTAL LIABILITIES	3,561,837	4,116,912	7,678,749
NET ASSETS			
Invested in capital assets, net of related debt	6,219,292	9,963,178	16,182,470
Restricted for			
Debt service	863,363	-	863,363
First responders	4,758	-	4,758
Equipment - fire	18,767	-	18,767
Equipment - police	642	-	642
Recreation programs	5,596	-	5,596
Police K-9	7,580	-	7,580
Flood relief	21,099	-	21,099
Unrestricted	1,995,566	1,091,463	3,087,029
TOTAL NET ASSETS	9,136,663	11,054,641	20,191,304
TOTAL LIABILITIES AND NET ASSETS	**$ 12,698,500**	**$ 15,171,553**	**$ 27,870,053**

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2010

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUE: CHARGES FOR SERVICES	PROGRAM REVENUE: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUE: CAPITAL GRANTS AND CONTRIBUTIONS
GOVERNMENTAL ACTIVITIES				
General government	$ 433,780	$ 9,700	$ 3,930	$ -
Public safety	662,033	24,405	58,955	12,775
Public works	487,595	29,381	-	94,352
Health and human services	1,892	-	-	-
Culture and recreation	124,350	26,372	26,433	-
Interest and fiscal charges	120,969	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	1,830,619	89,858	89,318	107,127
BUSINESS-TYPE ACTIVITIES				
Water	578,220	592,688	-	-
Sewer	514,261	636,281	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,092,481	1,228,969	-	-
TOTAL	$ 2,923,100	$ 1,318,827	$ 89,318	$ 107,127

GENERAL REVENUE
- Taxes
  - Property taxes
  - Franchise taxes
- Intergovernmental revenue not restricted to specific programs
- Interest and investment income
- Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUE AND TRANSFERS

CHANGE IN NET ASSETS

NET ASSETS AT BEGINNING OF YEAR

NET ASSETS AT END OF YEAR

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

NET (EXPENSES) REVENUE AND CHANGES IN NET ASSETS		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (420,150)		$ (420,150)
(565,898)		(565,898)
(363,862)		(363,862)
(1,892)		(1,892)
(71,545)		(71,545)
(120,969)		(120,969)
(1,544,316)		(1,544,316)
	$ 14,468	14,468
	122,020	122,020
	136,488	136,488
(1,544,316)	136,488	(1,407,828)
1,303,845	-	1,303,845
178,000	-	178,000
88,856	-	88,856
64,322	8,250	72,572
68,741	-	68,741
(45,190)	45,190	-
1,658,574	53,440	1,712,014
114,258	189,928	304,186
9,022,405	10,864,713	19,887,118
$ 9,136,663	**$ 11,054,641**	**$ 20,191,304**

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CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2010

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

ASSETS	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	$ 809,130	$ 846,199	$ 501,384	$ 2,156,713
Receivables				
Accounts	52,410	-	-	52,410
Taxes	36,258	5,967	-	42,225
Special assessments	-	815,526	183,675	999,201
Due from other governments	1,500	-	-	1,500
Due from other funds	4,821	-	145,001	149,822
Prepaid items	19,911	-	-	19,911
TOTAL ASSETS	**$ 924,030**	**$ 1,667,692**	**$ 830,060**	**$ 3,421,782**
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	$ 37,972	$ -	$ 65,862	$ 103,834
Customer deposits	2,000	-	-	2,000
Due to other governments	286	-	-	286
Unearned revenue	28,947	804,329	183,488	1,016,764
TOTAL LIABILITIES	69,205	804,329	249,350	1,122,884
FUND BALANCES				
Reserved for:				
Debt service	-	863,363	-	863,363
Prepaids	19,911	-	-	19,911
First responders	4,758	-	-	4,758
Equipment - fire	18,767	-	-	18,767
Equipment - police	642	-	-	642
Police K-9	7,580	-	-	7,580
Recreation programs	5,596	-	-	5,596
Flood relief	21,099	-	-	21,099
Unreserved - designated	12,524	-	-	12,524
Unreserved - undesignated	763,948	-	580,710	1,344,658
TOTAL FUND BALANCES	854,825	863,363	580,710	2,298,898
TOTAL LIABILITIES AND FUND BALANCES	**$ 924,030**	**$ 1,667,692**	**$ 830,060**	

Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	9,238,523
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the governmental funds	904,251
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	(2,959,465)
Capital leases payable	(263,445)
Accrued interest	(47,346)
Compensated absences	(57,309)
Other post employment benefits	(15,639)
Unamortized bond issuance costs	38,195
NET ASSETS OF GOVERNMENTAL ACTIVITIES	**$ 9,136,663**

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, 2010

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	$ 1,163,558	$ 144,344	$ 199	$ 1,308,101
Franchise	178,000	-	-	178,000
Licenses and permits	37,378	-	-	37,378
Intergovernmental	140,876	5,360	94,352	240,588
Charges for services	27,472	-	-	27,472
Fines and forfeitures	25,007	-	-	25,007
Special assessments	-	101,230	21,018	122,248
Interest	4,842	47,914	11,565	64,321
Donations	44,713	-	-	44,713
Miscellaneous	73,964	-	-	73,964
TOTAL REVENUE	1,695,810	298,848	127,134	2,121,792
EXPENDITURES				
Current				
General government	410,452	-	12,477	422,929
Public safety	622,042	-	-	622,042
Public works	353,967	1,190	5,522	360,679
Health and human services	1,892	-	-	1,892
Culture and recreation	68,124	-	-	68,124
Capital outlay	13,444	-	349,701	363,145
Debt service				
Principal	-	100,000	-	100,000
Interest and fiscal charges	-	120,969	-	120,969
TOTAL EXPENDITURES	1,469,921	222,159	367,700	2,059,780
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	225,889	76,689	(240,566)	62,012
OTHER FINANCING SOURCES (USES)				
Issuance of capital leases	5,381	-	-	5,381
Payment of refunded debt	-	(1,330,000)	-	(1,330,000)
TOTAL OTHER FINANCING SOURCES (USES)	5,381	(1,330,000)	-	(1,324,619)
NET CHANGE IN FUND BALANCES	231,270	(1,253,311)	(240,566)	(1,262,607)
FUND BALANCES AT BEGINNING OF YEAR	623,555	2,116,674	821,276	3,561,505
FUND BALANCES AT END OF YEAR	**$ 854,825**	**$ 863,363**	**$ 580,710**	**$ 2,298,898**

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, 2010

Net change in fund balances - Total Governmental Funds		$ (1,262,607)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.		
Capital outlay	$ 363,145	
Less: proprietary fund capital contribution	(45,190)	
Depreciation expense	(285,015)	32,940
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets.		(5,221)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.		
Change in unearned revenue special assessments	(122,249)	
Change in unearned revenue delinquent taxes	(4,256)	(126,505)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Capital lease proceeds	(5,381)	
Lease principal payments	51,324	
Bond principal payments	1,430,000	1,475,943
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	10,039	
Amortization of bond issuance costs	(7,894)	
Amortization of bond discount or premium	5,121	
Change in compensated absences	641	
Change in other post employment benefits	(8,199)	(292)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		**$ 114,258**

The accompanying notes an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2010

ASSETS	WATER FUND	SEWER FUND	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	$ 522,388	$ 725,987	$ 1,248,375
Receivables			
Accounts	31,637	49,636	81,273
Unbilled	44,014	46,758	90,772
Inventories	1,762	-	1,762
Prepaid items	5,426	3,772	9,198
TOTAL CURRENT ASSETS	605,227	826,153	1,431,380
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	3,460,583	161,603	3,622,186
Storage, distribution, and collection system	4,087,900	3,814,749	7,902,649
Machinery and equipment	1,503,128	167,556	1,670,684
Construction in progress	1,623,689	1,218,878	2,842,567
TOTAL CAPITAL ASSETS	10,725,834	5,374,941	16,100,775
Less accumulated depreciation	1,217,732	1,003,959	2,221,691
NET CAPITAL ASSETS	9,508,102	4,370,982	13,879,084
OTHER ASSETS			
Unamortized debt issue costs	10,911	-	10,911
TOTAL ASSETS	**$ 10,124,240**	**$ 5,197,135**	**$ 15,321,375**
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	$ 64,971	$ 52,466	$ 117,437
Accrued interest	37,589	-	37,589
Due to other governments	1,157	-	1,157
Due to other funds	147,412	2,410	149,822
Current portion of long-term debt	177,000	-	177,000
Current portion of compensated absences	10,083	10,083	20,166
TOTAL CURRENT LIABILITIES	438,212	64,959	503,171
NONCURRENT LIABILITIES			
Long-term debt	3,749,817	-	3,749,817
Compensated absences	2,065	2,065	4,130
Other post employment benefits	4,808	4,808	9,616
TOTAL NONCURRENT LIABILITIES	3,756,690	6,873	3,763,563
TOTAL LIABILITIES	4,194,902	71,832	4,266,734
NET ASSETS			
Invested in capital assets, net of related debt	5,581,285	4,370,982	9,952,267
Unrestricted	348,053	754,321	1,102,374
TOTAL NET ASSETS	5,929,338	5,125,303	11,054,641
TOTAL LIABILITIES AND NET ASSETS	**$ 10,124,240**	**$ 5,197,135**	**$ 15,321,375**

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2010

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUE			
Sales	$ 479,930	$ 626,731	$ 1,106,661
Charges for services	96,374	7,315	103,689
Miscellaneous	16,384	2,235	18,619
TOTAL OPERATING REVENUE	592,688	636,281	1,228,969
OPERATING EXPENSES			
Cost of sales and services	237,573	415,066	652,639
Administration	57,966	32,627	90,593
Depreciation	176,591	66,568	243,159
TOTAL OPERATING EXPENSES	472,130	514,261	986,391
OPERATING INCOME	120,558	122,020	242,578
NONOPERATING REVENUE (EXPENSE)			
Interest income	3,873	4,377	8,250
Interest expense	(106,090)	-	(106,090)
TOTAL NONOPERATING REVENUE (EXPENSE)	(102,217)	4,377	(97,840)
INCOME BEFORE CAPITAL CONTRIBUTIONS	18,341	126,397	144,738
CAPITAL CONTRIBUTIONS	24,204	20,986	45,190
CHANGE IN NET ASSETS	42,545	147,383	189,928
NET ASSETS AT BEGINNING OF YEAR	5,886,793	4,977,920	10,864,713
NET ASSETS AT END OF YEAR	**$ 5,929,338**	**$ 5,125,303**	**$ 11,054,641**

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, 2010

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 575,670	$ 625,612	$ 1,201,282
Receipts for (payments from) interfund services	(33,164)	2,467	(30,697)
Payments to suppliers for goods and services	(296,291)	(328,630)	(624,921)
Payments to employees for services	(119,854)	(119,851)	(239,705)
NET CASH PROVIDED BY OPERATING ACTIVITIES	126,361	179,598	305,959
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from capital debt	182,659	-	182,659
Acquisition and construction of capital assets	(19,173)	-	(19,173)
Principal paid on capital debt	(172,000)	-	(172,000)
Interest paid on capital debt	(104,047)	-	(104,047)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(112,561)	-	(112,561)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	3,873	4,377	8,250
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,673	183,975	201,648
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	504,715	542,012	1,046,727
CASH AND CASH EQUIVALENTS AT END OF YEAR	**$ 522,388**	**$ 725,987**	**$ 1,248,375**
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	$ 120,558	$ 122,020	$ 242,578
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	176,591	66,568	243,159
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(17,018)	(10,669)	(27,687)
Due from other funds	-	57	57
Inventories	1,545	-	1,545
Prepaid items	(960)	(256)	(1,216)
Increase (decrease) in liabilities			
Accounts payable	(122,483)	(2,416)	(124,899)
Due to other governments	(592)	-	(592)
Due to other funds	(33,164)	2,410	(30,754)
Compensated absences	(606)	(606)	(1,212)
Other post employment benefits	2,490	2,490	4,980
NET CASH PROVIDED BY OPERATING ACTIVITIES	**$ 126,361**	**$ 179,598**	**$ 305,959**
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital contributions from municipality	$ 24,204	$ 20,986	$ 45,190

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

CITY OF GOODVIEW, MINNESOTA

NOTES TO THE BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2010

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, 2010, there were no entities that met the requirements to be considered a component unit of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report the overall financial activity of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses to functions in the statement of activities. Program revenue includes 1) charges to customers or applicants who purchase, use, or directly benefit from goods, service, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

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

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

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

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

1. Deposits and Investments - Continued

State statutes authorize investments in the following: direct obligations or obligations guaranteed by the United States or its agencies; shares of money market funds which are registered under the Federal Investment Company Act of 1940 and are rated in the two highest rating categories for money market funds by a nationally recognized statistical rating agency: shares of investment companies registered under the Federal Investment Company Act of 1940, and whose shares are registered under the Federal Securities Act of 1933, as long as the investment company's fund receives the highest credit rating and is rated in one of the two highest risk rating categories by a nationally recognized statistical rating agency, and all of the investments have a final maturity of thirteen months or less; municipal general obligations rated "A" or better; municipal revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies, and matures in 270 days or less; time deposits that are fully insured by the Federal Deposit Insurance Corporation or bankers acceptances of United States banks; Guaranteed Investment Contracts issued or guaranteed by United States commercial banks, domestic branches of foreign banks, United States insurance companies or their Canadian subsidiaries, or the domestic affiliates of any of the foregoing, and with a credit quality in one of the two highest categories by a nationally recognized rating agency; repurchase or reverse repurchase and securities lending agreements with financial institutions qualified as a "depository" of public funds of the City, with banks that are members of the Federal Reserve System and whose combined capital and surplus equals or exceeds $10,000,000, a primary reporting dealer in U.S. government securities to Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.

Investments for the City are reported at fair value.

2. Receivables and Payables

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

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

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

2. Receivables and Payables - Continued

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

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

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

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

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2010 are recorded as prepaid items in the Enterprise Funds. For governmental funds, if such amount represents a charge for the subsequent period, then a prepaid account is maintained.

5. Capital Assets 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.

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

5. Capital Assets - Continued

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 2010 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

6. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and compensatory time up to 40 hours of vacation and 120 hours of compensatory time. 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.

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

7. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, and proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

8. Fund Equity

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

9. Use of Estimates

The preparation of financial statements in conformity with 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.

NOTE 2 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in three financial institutions. Each fund's share of the deposits is stated simply as "Cash" throughout this report. The pools are managed and under direct control of the City. At year-end, the carrying amount of the City's deposits was $3,404,987 and the bank balances totaled $3,449,667. State statutes require depositories of municipal funds, in lieu of a corporate or personal surety bond, to provide security collateral in the amount of at least 10 percent more than any deposit in excess of any insured portion.

	Merchants National Bank	Wells Fargo Bank	Winona National Bank
Deposits - Cash	$ 1,284,008	$ 2,117,900	$ 47,759
Less: Federal Deposit Insurance	(471,227)	(250,000)	(47,759)
Deposits in excess of insured amounts	**$ 812,781**	**$ 1,867,900**	**$ -**
Security collateral required	$ 894,059	$ 2,054,690	$ -
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	1,199,855	2,110,725	
Excess of security collateral	**$ 305,796**	**$ 56,035**	

Bank balances of deposits including cash, money market accounts, and certificates of deposits as of December 31, 2010 are insured or collateralized with securities held by an agent of the City in the City's name. State statute authorizes the City to invest its idle cash in interest bearing accounts, certificates of deposit, repurchase agreements, governmental bonds, notes, bills, mortgages, or other direct obligations or insured issues of the United States or its agencies or in shares of an investment company duly registered and whose investments are in securities of the type described herein.

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Deposits made during 2010 included certificates of deposit and deposits in interest bearing money market accounts. Deposits as of December 31, 2010 are as follows:

	Deposit Amount	Carrying Amount
Winona National Bank		
Money market accounts	$ 47,759	$ 47,759
Wells Fargo Bank		
Checking accounts	184,171	165,845
Money market accounts	1,933,729	1,933,729
Merchants Bank		
Checking accounts	1,062,781	1,036,427
Money market accounts	221,227	221,227
Total deposits	3,449,667	3,404,987
Petty cash and change funds	-	100
Total cash and change fund	**$ 3,449,667**	**$ 3,405,087**

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2010, the fair value of the City's investments approximated original cost; therefore, no fair value adjustments were necessary.

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

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

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

NOTE 2 - Detailed Notes on all Funds – Continued

A. Deposits and Investments - Continued

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of December 31, 2010, $768,986 of the City's bank balance of $3,449,667 is covered by FDIC coverage, and the remaining $2,680,681 was collateralized. None of the City's deposits were exposed to custodial credit risk.

B. Receivables

Receivables at December 31, 2010 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	$ 52,410	$ -	$ -	$ 75,651	$ 96,394	$ 224,455
Taxes - delinquent	36,258	5,967	-	-	-	42,225
Special assessments						
Delinquent	-	15,946	-	-	-	15,946
Deferred	-	799,580	183,675	-	-	983,255
Total receivables	**$ 88,668**	**$ 821,493**	**$ 183,675**	**$ 75,651**	**$ 96,394**	**$ 1,265,881**

Governmental funds report unearned revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, unearned revenue reported in the governmental funds was for special assessments and delinquent taxes not yet available for the amount of $1,016,764.

NOTE 2 - Detailed Notes on all Funds – Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	RECLASS	ENDING BALANCE
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	$ 906,399	$ -	$ -	$ -	$ 906,399
Construction work-in-progress	2,390,875	25,655	-	(962,804)	1,453,726
Total capital assets not being depreciated	3,297,274	25,655	-	(962,804)	2,360,125
Capital assets being depreciated					
Buildings	1,277,426	-	-	-	1,277,426
Improvements	964,586	-	-	-	964,586
Machinery and equipment	1,641,408	225,094	86,217	-	1,780,285
Infrastructure	5,702,512	86,465	-	962,804	6,751,781
Total capital assets being depreciated	9,585,932	311,559	86,217	962,804	10,774,078
Less accumulated depreciation for:					
Buildings	475,665	34,118	-	-	509,783
Improvements	219,089	35,771	-	-	254,860
Machinery and equipment	857,083	99,982	61,736	-	895,329
Infrastructure	2,120,564	115,144	-	-	2,235,708
Total accumulated depreciation	3,672,401	285,015	61,736	-	3,895,680
Total capital assets being depreciated, net	5,913,531	26,544	24,481	962,804	6,878,398
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	**$ 9,210,805**	**$ 52,199**	**$ 24,481**	**$ -**	**$ 9,238,523**

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	BEGINNING BALANCE	INCREASES	DECREASES	RECLASS	ENDING BALANCE
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Land	$ 62,689	$ -	$ -	$ -	$ 62,689
Construction work-in-progress	2,797,377	45,190	-	-	2,842,567
Total capital assets not being depreciated	2,860,066	45,190	-	-	2,905,256
Capital assets being depreciated					
Buildings	5,037,031	19,173	-	(1,434,018)	3,622,186
Machinery and equipment	261,526	-	24,860	1,434,018	1,670,684
Infrastructure	7,902,649	-	-	-	7,902,649
Total capital assets being depreciated	13,201,206	19,173	24,860	-	13,195,519
Less accumulated depreciation for:					
Buildings	317,501	72,258	-	-	389,759
Machinery and equipment	124,141	64,320	24,860	-	163,601
Infrastructure	1,561,750	106,581	-	-	1,668,331
Total accumulated depreciation	2,003,392	243,159	24,860	-	2,221,691
Total capital assets being depreciated, net	11,197,814	(223,986)	-	-	10,973,828
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	**$ 14,057,880**	**$ (178,796)**	**$ -**	**$ -**	**$ 13,879,084**

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

GOVERNMENTAL ACTIVITIES	
General government	$ 15,765
Public safety	75,651
Public works	137,374
Culture and recreation	56,225
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	**$ 285,015**
BUSINESS-TYPE ACTIVITIES	
Sewer	$ 66,568
Water	176,591
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	**$ 243,159**

NOTE 2 - Detailed Notes on all Funds - Continued

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2010, is as follows:

Due to/from other funds:

Receivable fund	Payable Fund	Amount
General Fund	Water Fund	$ 2,411
General Fund	Sewer Fund	2,410
Capital Projects	Water Fund	145,001
TOTAL		**$ 149,822**

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.

Individual fund transfers during 2010 are as follows:

Transfer Out	Transfer In	Amount
Capital Projects	Water Fund	$ 24,204
Capital Projects	Sewer Fund	20,986
TOTAL		**$ 45,190**

Transfers were for the sewer and water portions of construction projects accounted for in the capital projects fund.

E. Capital Leases

The City entered into a lease purchase agreement in 2009 to acquire a police vehicle. The City has also financed the acquisition of a fire truck, one-ton truck and the police building by means of leases. The lease agreements qualify as capital leases (title transfers at the end of the lease terms) and have been recorded at the present value of the future minimum lease payments as of the date of the inception. The property and equipment were recorded as capital assets while the liability created is recorded as a long-term obligation in the statement of net assets. Annual payments of the lease amount are made from unrestricted revenue of the General Fund. The City is committed to the payment of the lease amount on an annual basis only. Each item financed by a lease purchase is secured only by itself, the City's full faith and credit authority is not pledged.

NOTE 2 - Detailed Notes on all Funds - Continued

E. Capital Leases - Continued

The lease purchase agreements at December 31, 2010 consisted of the following:

Description	Dated	Original Cost Capital Assets	Interest Rate	Amount Outstanding
Police Vehicle	10-01-09	$ 35,215	3.90 %	$ 24,012
One-Ton Truck	04-14-08	49,028	3.90 %	16,110
Fire Pumper Truck	03-20-07	256,112	4.62 %	110,068
Police Building	09-11-06	165,000	5.35 %	109,213
Police Copier	01-29-10	5,381	8.99%	4,042
				$ 263,445

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, 2010:

Year Ending December 31,	Payment
2011	$ 65,935
2012	66,107
2013	51,476
2014	41,317
2015	41,317
2016-Thereafter	51,216
Total minimum lease payments	317,368
Less: amounts representing interest	53,923
Present value of future minimum lease payments	**$ 263,445**

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. Funds are drawn down on the loan on a cost reimbursement basis. At December 31, 2010, $76,183 was remaining to be drawn on the bonds. The bonds have a stated interest rate of 2.627% and mature in 2028. The balance outstanding at December 31, 2010 was $3,926,817.

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

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

Fiscal Year Ending December 31,	Business-Type Activities Principal	Business-Type Activities Interest
2011	$ 177,000	$ 103,158
2012	181,000	98,508
2013	186,000	93,753
2014	191,000	88,867
2015	196,000	83,849
2016 - 2020	1,061,000	339,201
2021 - 2025	1,207,000	192,378
2026 - 2028	727,817	36,604
TOTAL	$ 3,926,817	$ 1,036,318

Special Assessment Debt

The City is obligated on all special assessment debt, since each issue carries the backing of the City's full faith and credit taxing authority. The City is obligated for all or any portion of debt for which the collection of special assessments and interest thereon is insufficient to meet all principal and interest requirements to maturity. Such amounts were determined by the City Council to be public benefit portions of the projects so financed. Such amounts are included in the special assessment bonds payable with government commitment reported as long-term obligations in the statement of net assets. Of the total amount of outstanding special assessment debt, $1,630,800 is considered debt of the City and $1,309,200 is the special assessment portion.

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

Fiscal Year Ending December 31,	Governmental Activities Principal	Governmental Activities Interest
2011	$ 230,000	$ 101,848
2012	280,000	93,973
2013	305,000	85,160
2014	315,000	75,321
2015	325,000	64,593
2016 - 2020	1,145,000	165,006
2021 - 2023	340,000	23,033
TOTAL	$ 2,940,000	$ 608,934

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 2011	Interest Due in 2011
2001 Imp. Bonds	2.75% - 4.65%	10-5-01	2-1-18	48%	$ 2,060,000	$ 2,060,000	$ -	$ -	$ -
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	1,600,000	210,000	1,390,000	100,000	56,648
2009A Ref Bonds	2.50%	12-1-09	2-1-18	81%	1,550,000	-	1,550,000	130,000	45,200
Total Special Assessment Bonds					$ 5,210,000	$ 2,270,000	$ 2,940,000	$ 230,000	$ 101,848

Other Debt Information

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

Cash and investments (deposits) available and restricted to retirement of these bonds, amounts to $846,199. Of the $7,853,439 statutory net debt limit, the City has $3,926,622 remaining.

Current Refunding

The City issued $1,550,000 of general obligation bonds in December 2009, of which $1,145,000 was used for a current refunding of $1,190,000 of the 2001 General Obligation Improvement Bonds. The transaction resulted in an economic gain of $109,970 and a reduction of $114,133 in future debt service payments.

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, 2010, 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	$ 4,370,000	$ -	$(1,430,000)	$ 2,940,000	$ 230,000
Unamortized premium (discount)	24,586	-	(5,121)	19,465	-
Total bonds payable	4,394,586	-	(1,435,121)	2,959,465	230,000
Capital leases	309,388	5,381	(51,324)	263,445	53,915
Compensated absences	57,950	57,309	(57,950)	57,309	47,566
Other post employment benefits	7,441	8,199	-	15,640	-
TOTAL	4,769,365	70,889	(1,544,395)	3,295,859	331,481
BUSINESS-TYPE ACTIVITIES					
Bonds payable					
General Obligation	3,916,158	182,659	(172,000)	3,926,817	177,000
Compensated absences	25,508	24,296	(25,508)	24,296	20,166
Other post employment benefits	4,636	4,980	-	9,616	-
TOTAL	3,946,302	211,935	(197,508)	3,960,729	197,166
TOTAL	**$ 8,715,667**	**$ 282,824**	**$ (1,741,903)**	**$ 7,256,588**	**$ 528,647**

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

G. Fund Equity

Fund balances at December 31, 2010, have been designated for the following purposes:

General Fund:	
Police canine replacement	$ 8,524
Track resurfacing	4,000
TOTAL	**$ 12,524**

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, 2010. There have been no significant reductions in insurance coverage.

B. Contingent Liabilities

The City had no claims pending at year-end.

C. Employee Retirement Systems and Pension Plans

1. Defined benefit pension plans - statewide employees' plans

A. Plan Description

All full-time and certain part-time employees of the City of Goodview are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the 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 three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

A. Plan Description - Continued

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and 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. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. In 2010, the City of Goodview was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7% for Coordinated Plan members, and 14.1% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2010, 2009, and 2008 were $34,881, $30,700, and $27,932, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2010, 2009, and 2008 were $39,046, $36,819, and $33,449, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

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

A. Plan Description

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

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

B. Funding Policy

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

C. Annual Pension Cost

Minnesota State Statute Chapter 424A establishes the amount of contribution required by the City. The City makes contributions to the plan equal to the amount required by the State Statute. These contribution requirements are not actuarially determined. No actuary is used to determine the actuarial implications of the requirement. The accrued pension liability is calculated based upon the number of years of service of its members with different amounts accruing at different levels of service up to a maximum of $1,400 per year of service. Required contributions are determined taking the increase in pension obligation and reducing it by the amount of State Aid to be received, 5% of the fund's net assets, and 10% of the surplus of assets over total accrued liability. For 2010, a contribution of $27,848 was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2010.

Three-Year Trend Information

Fiscal Year Ending	Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/08	0	0	100%
12/31/09	0	0	100%
12/31/10	$27,848	$27,848	100%

D. Funded Status and Funding Progress

As of December 31, 2010, the most recent statutorial valuation date, the plan was 90.77% funded. The statutory accrued liability for benefits was $372,290, and the statutory value of plan assets was $337,910, resulting in an unfunded statutory accrued liability (USAL) of $34,380. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

NOTE 3 - Other Information - Continued

C. Employee Retirement Systems and Pension Plans - Continued

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

D. Funded Status and Funding Progress - Continued

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

E. Actuarial Methods and Assumptions

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

Statutory Assumptions:	
Administrative expense increase	3.5%
Investment rate of return	5.0%
2010 State Aid Contribution	100.0%
Amortization of pension benefit surplus (deficit) on a closed basis	10.0%

Investments are valued at fair value.

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.

NOTE 3 - Other Information - Continued

D. Post Employment Benefits Other Than Pensions - Continued

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	$ 14,105
Interest on net OPEB obligation	181
Adjustment to annual required contribution	(1,107)
Annual OPEB cost	13,179
Contributions made	-
Increase in net OPEB obligation	13,179
Net OPEB obligation-beginning of year	12,077
Net OPEB obligation-end of year	$ 25,256

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/10	$ 13,179	0%	$ 25,256
12/31/09	12,077	0%	12,077

NOTE 3 - Other Information - Continued

D. Post Employment Benefits Other Than Pensions - Continued

D. Funded Status and Funding Progress

As of January 1, 2010, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $83,324, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was $642,235, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 13.0 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.

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.

NOTE 3 - Other Information – Continued

D. Post Employment Benefits Other Than Pensions - Continued

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 January 1, 2010, was twelve years.

E. Related Party Transactions

The City paid approximately $4,900 for equipment rental, welding services and snow plowing to a company owned by the Director of Public Works for the City during 2010. At December 31, 2010, $1,961 was due to this Company.

CITY OF GOODVIEW, MINNESOTA

REQUIRED SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2010

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	ACTUAL	
REVENUE				
Taxes				
Property	$ 1,240,955	$1,187,990	$1,163,558	$ (24,432)
Franchise	172,300	172,300	178,000	5,700
Licenses and permits	22,600	22,600	37,378	14,778
Intergovernmental	44,165	81,763	140,876	59,113
Charges for services	8,695	8,695	27,472	18,777
Fines and forfeitures	22,800	22,800	25,007	2,207
Interest	800	800	4,842	4,042
Donations	5,000	5,000	44,713	39,713
Miscellaneous	15,235	15,235	73,964	58,729
TOTAL REVENUE	1,532,550	1,517,183	1,695,810	178,627
EXPENDITURES				
Current				
General government	447,130	430,943	410,452	20,491
Public safety	676,897	677,717	622,042	55,675
Public works	342,445	335,895	353,967	(18,072)
Health and human services	1,600	1,600	1,892	(292)
Culture and recreation	41,078	41,078	68,124	(27,046)
Capital outlay	23,400	29,950	13,444	16,506
TOTAL EXPENDITURES	1,532,550	1,517,183	1,469,921	47,262
EXCESS OF REVENUE OVER EXPENDITURES	-	-	225,889	225,889
OTHER FINANCING SOURCES				
Issuance of capital leases	-	-	5,381	5,381
NET CHANGE IN FUND BALANCES	-	-	231,270	231,270
FUND BALANCES AT BEGINNING OF YEAR	623,555	623,555	623,555	-
FUND BALANCES AT END OF YEAR	**$ 623,555**	**$ 623,555**	**$ 854,825**	**$ 231,270**

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2010

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, 2010, 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*
12/31/2010	$ 337,910	$ 372,290	$ 34,380	90.77%	N/A	N/A
12/31/2009	347,912	403,705	55,793	86.18%	N/A	N/A
12/31/2008	301,277	439,107	137,830	68.61%	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%
2010 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
1/1/2010	$ -	$ 83,324	$ 83,324	0.00%	$ 642,235	13.0%
1/1/2009	-	72,111	72,111	0.00%	613,615	11.8%

This schedule was implemented in 2009, and therfore only contains two years of data.

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CITY OF GOODVIEW, MINNESOTA

OTHER SUPPLEMENTARY INFORMATION

DECEMBER 31, 2010

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2010

	BUDGETED AMOUNTS			VARIANCE WITH FINAL
	ORIGINAL	FINAL	ACTUAL	BUDGET
REVENUE				
Taxes				
Property	$ 151,045	$ 151,045	$ 144,344	$ (6,701)
Intergovernmental	-	-	5,360	5,360
Special assessments	72,698	72,698	101,230	28,532
Interest	45,942	45,942	47,914	1,972
TOTAL REVENUE	269,685	269,685	298,848	29,163
EXPENDITURES				
Current				
General government	600	400	-	400
Public works	400	400	1,190	(790)
Debt Service				
Principal	240,000	240,000	100,000	140,000
Interest and fiscal charges	119,736	119,736	120,969	(1,233)
TOTAL EXPENDITURES	360,736	360,536	222,159	138,377
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(91,051)	(90,851)	76,689	167,540
OTHER FINANCING USES				
Payment of refunded debt	-	-	(1,330,000)	(1,330,000)
NET CHANGE IN FUND BALANCES	(91,051)	(90,851)	(1,253,311)	(1,162,460)
FUND BALANCES AT BEGINNING OF YEAR	2,116,674	2,116,674	2,116,674	-
FUND BALANCES AT END OF YEAR	**$ 2,025,623**	**$ 2,025,823**	**$ 863,363**	**$ (1,162,460)**

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 60-65
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 66-69
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

Debt Capacity 70-74
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 75-76
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 77-79
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

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

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

	Fiscal Year						
	2004	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Governmental activities							
Invested in capital assets, net of related debt	$ 3,475,001	$ 3,806,554	$ 4,297,699	$ 3,537,666	$ 3,605,519	$ 6,056,830	$ 6,219,292
Restricted	44,984	258,877	407,204	465,846	952,124	2,180,104	921,805
Unrestricted	2,102,779	1,633,046	1,508,918	2,600,837	2,239,425	785,471	1,995,566
Total governmental activities net assets	**$ 5,622,764**	**$ 5,698,477**	**$ 6,213,821**	**$ 6,604,349**	**$ 6,797,068**	**$ 9,022,405**	**$ 9,136,663**
Business-type activities							
Invested in capital assets, net of related debt	$ 6,654,242	$ 6,621,148	$ 6,548,890	$ 7,432,972	$ 8,479,231	$ 10,141,722	$ 9,963,178
Unrestricted	462,631	484,998	430,687	415,021	392,499	722,991	1,091,463
Total business-type activities net assets	**$ 7,116,873**	**$ 7,106,146**	**$ 6,979,577**	**$ 7,847,993**	**$ 8,871,730**	**$ 10,864,713**	**$ 11,054,641**
Primary government							
Invested in capital assets, net of related debt	$ 10,129,243	$ 10,427,702	$ 10,846,589	$ 10,970,638	$ 12,084,750	$ 16,198,552	$ 16,182,470
Restricted	44,984	258,877	407,204	465,846	952,124	2,180,104	921,805
Unrestricted	2,565,410	2,118,044	1,939,605	3,015,858	2,631,924	1,508,462	3,087,029
Total primary government net assets	**$ 12,739,637**	**$ 12,804,623**	**$ 13,193,398**	**$ 14,452,342**	**$ 15,668,798**	**$ 19,887,118**	**$ 20,191,304**

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

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

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
EXPENSES							
GOVERNMENTAL ACTIVITIES							
General government	$ 298,887	$ 297,651	$ 351,455	$ 369,184	$ 386,718	$ 422,544	$ 433,780
Public safety	465,398	507,089	561,843	767,116	694,283	628,129	662,033
Public works	325,683	345,696	362,931	399,820	498,266	475,234	487,595
Health and human services	-	1,981	1,193	838	1,003	1,888	1,892
Economic development	-	42,573	155,490	-	-	-	-
Culture and recreation	71,892	81,939	106,175	101,162	100,538	84,294	124,350
Interest on long-term debt	96,339	86,541	78,640	97,565	131,869	125,738	120,969
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	1,258,199	1,363,470	1,617,727	1,735,685	1,812,677	1,737,827	1,830,619
BUSINESS-TYPE ACTIVITIES							
Water	294,646	276,761	310,309	313,432	338,210	483,165	578,220
Sewer	383,076	375,890	402,135	447,918	519,413	507,106	514,261
Lease: operating	26,374	17,509	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	704,096	670,160	712,444	761,350	857,623	990,271	1,092,481
TOTAL PRIMARY GOVERNMENT EXPENSES	$ 1,962,295	$ 2,033,630	$2,330,171	$ 2,497,035	$ 2,670,300	$ 2,728,098	$ 2,923,100
PROGRAM REVENUE							
GOVERNMENTAL ACTIVITIES							
Charges for services:							
General government	$ 7,095	$ 6,594	$ 10,152	$ 7,578	$ 7,411	$ 8,507	$ 9,700
Public safety	24,603	21,599	20,915	21,482	19,471	20,701	24,405
Public works	7,832	10,928	6,043	8,213	4,906	23,523	29,381
Culture and recreation	5,325	7,175	9,050	7,165	12,295	10,727	26,372
Operating grants and contributions	36,016	105,271	337,720	307,684	97,619	61,343	89,318
Capital grants and contributions	183,222	254,082	305,003	951,999	1,118,558	4,007,074	107,127
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	264,093	405,649	688,883	1,304,121	1,260,260	4,131,875	286,303
BUSINESS-TYPE ACTIVITIES							
Charges for services:							
Water	187,696	211,489	267,740	344,916	416,651	494,304	592,688
Sewer	325,546	359,297	404,814	453,053	523,546	590,521	636,281
Lease: Operating	13,500	12,000	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	526,742	582,786	672,554	797,969	940,197	1,084,825	1,228,969
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	$ 790,835	$ 988,435	$1,361,437	$ 2,102,090	$ 2,200,457	$ 5,216,700	$ 1,515,272

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

	Fiscal Year						
	2004	2005	2006	2007	2008	2009	2010
NET (EXPENSE) REVENUE							
Governmental activities	$ (994,106)	$ (957,821)	$ (928,844)	$ (431,564)	$ (552,417)	$ 2,394,048	$ (1,544,316)
Business-type activities	(177,354)	(87,374)	(39,890)	36,619	82,574	94,554	136,488
TOTAL PRIMARY GOVERNMENT NET EXPENSE	$ (1,171,460)	$ (1,045,195)	$ (968,734)	$ (394,945)	$ (469,843)	$ 2,488,602	$ (1,407,828)
GENERAL REVENUE AND OTHER CHANGES IN NET ASSETS							
GOVERNMENTAL ACTIVITIES							
Taxes							
Property taxes	$ 723,724	$ 828,559	$ 940,540	$ 1,119,965	$ 1,190,056	$ 1,273,249	$ 1,303,845
Franchise taxes	23,225	29,018	96,955	179,228	166,765	172,024	178,000
Unrestricted grants and contributions	180,564	174,549	196,517	243,540	206,920	202,599	88,856
Interest and investment income	69,330	66,371	71,354	76,266	107,334	69,233	64,322
Miscellaneous	2,200	3,172	14,374	26,097	7,260	4,982	68,741
Transfers	(523,106)	(68,135)	11,229	(823,005)	(933,199)	(1,890,798)	(45,190)
TOTAL GOVERNMENTAL ACTIVITIES	475,937	1,033,534	1,330,969	822,091	745,136	(168,711)	1,658,574
BUSINESS-TYPE ACTIVITIES							
Investment earnings	4,954	8,512	7,471	8,793	7,964	7,632	8,250
Miscellaneous	154	-	-	-	-	-	-
Transfers	523,106	68,135	(11,229)	823,005	933,199	1,890,798	45,190
TOTAL BUSINESS-TYPE ACTIVITIES	528,214	76,647	(3,758)	831,798	941,163	1,898,430	53,440
TOTAL PRIMARY GOVERNMENT	$ 1,004,151	$ 1,110,181	$ 1,327,211	$ 1,653,889	$ 1,686,299	$ 1,729,719	$ 1,712,014
CHANGE IN NET ASSETS							
Governmental activities	$ (518,169)	$ 75,713	$ 402,125	$ 390,527	$ 192,719	$ 2,225,337	$ 114,258
Business-type activities	350,860	(10,727)	(43,648)	868,417	1,023,737	1,992,984	189,928
TOTAL PRIMARY GOVERNMENT	$ (167,309)	$ 64,986	$ 358,477	$ 1,258,944	$ 1,216,456	$ 4,218,321	$ 304,186

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

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	$ 8,659	$ 1,634	$ 10,477	$ 5,483	$ 39,735	$ 220,673	$ 113,787	$ 149,255	$ 82,411	$ 78,353
Unreserved	347,424	410,748	444,072	316,452	163,701	116,384	390,627	429,983	541,143	776,472
Total general fund	$ 356,083	$ 412,382	$ 454,549	$ 321,935	$ 203,436	$ 337,057	$ 504,414	$ 579,238	$ 623,554	$ 854,825
All Other Governmental Funds										
Reserved	$ 325,528	$ 310,815	$ 103,458	$ 174,699	$ 243,372	$ 347,250	$ 367,378	$ 818,032	$2,116,674	$ 863,363
Unreserved, reported in:										
Capital projects funds	1,545,275	769,182	1,422,107	994,043	804,685	696,604	1,002,700	707,261	821,276	580,710
Total all other governmental funds	$1,870,803	$1,079,997	$1,525,565	$1,168,742	$1,048,057	$1,043,854	$1,370,078	$1,525,293	$2,937,950	$1,444,073

CITY OF GOODVIEW, MINNESOTA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUE										
Taxes	$ 660,992	$ 915,997	$ 853,995	$ 746,949	$ 857,577	$1,037,495	$1,299,193	$ 1,324,906	$ 1,439,235	$1,486,101
Licenses and permits	7,096	7,183	11,361	14,139	16,159	15,569	15,737	11,709	30,706	37,378
Intergovernmental	616,997	492,182	292,826	245,949	256,211	519,725	468,591	1,374,849	4,239,642	240,588
Charges for services	797	481	796	6,633	8,983	10,227	7,710	13,856	12,152	27,472
Fines and forfeitures	27,995	30,982	24,674	24,083	21,154	20,364	20,991	18,518	20,599	25,007
Special assessments	121,825	80,851	157,475	180,095	187,377	127,919	288,670	227,674	184,731	122,248
Interest	61,810	43,806	78,334	69,330	66,371	71,354	76,266	107,334	69,232	64,321
Other revenue	297,088	293,263	437,371	187,187	110,153	163,724	143,334	87,564	35,433	118,677
TOTAL REVENUE	1,794,600	1,864,745	1,856,832	1,474,365	1,523,985	1,966,377	2,320,492	3,166,410	6,031,730	2,121,792
EXPENDITURES										
General government	237,306	254,178	258,675	287,882	287,266	335,440	329,675	367,078	403,072	422,929
Public safety	415,366	403,445	371,574	415,765	479,640	530,246	761,759	659,327	578,157	622,042
Economic development	-	-	-	-	42,573	155,490	-	-	-	-
Other public works	236,723	300,532	205,211	208,153	231,178	242,803	276,191	374,668	346,587	360,679
Health and human services	-	-	-	-	1,981	1,193	838	1,003	1,888	1,892
Culture and recreation	31,154	23,513	21,045	27,620	35,118	54,941	46,971	47,210	31,898	68,124
Capital Outlay	1,380,691	1,098,716	754,002	679,544	342,994	459,761	1,873,328	1,269,245	4,425,101	363,145
Debt service										
Principal	430,000	375,000	560,000	245,000	300,000	265,000	190,000	135,000	250,000	100,000
Interest	120,161	143,868	148,590	99,838	90,435	81,259	72,689	131,869	125,738	120,969
Bond issuance costs	-	-	-	-	-	-	25,420	-	27,775	-
TOTAL EXPENDITURES	2,851,401	2,599,252	2,319,097	1,963,802	1,811,185	2,126,133	3,576,871	2,985,400	6,190,216	2,059,780
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(1,056,801)	(734,507)	(462,265)	(489,437)	(287,200)	(159,756)	(1,256,379)	181,010	(158,486)	62,012

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

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	$ 2,060,000	$ -	$ -	$ -	$ -	$ -	$ 1,600,000	$ -	$ -	$ -
Discount on bonds	-	-	-	-	-	-	(7,152)	-	-	-
Proceeds from capital leases	-	-	-	-	48,016	165,000	157,112	49,028	35,215	5,381
Refunding bonds issued	-	-	275,000	-	-	-	-	-	1,550,000	-
Premium on refunding bonds	-	-	-	-	-	-	-	-	30,244	-
Payment of refunded debt	-	-	(275,000)	-	-	-	-	-	-	(1,330,000)
Transfers in	58,145	-	950,000	-	-	124,174	-	273,092	76,711	-
Transfers out	-	-	-	-	-	-	-	(273,092)	(76,711)	-
TOTAL OTHER FINANCING SOURCES (USES)	2,118,145	-	950,000	-	48,016	289,174	1,749,960	49,028	1,615,459	(1,324,619)
NET CHANGE IN FUND BALANCES	**$ 1,061,344**	**$ (734,507)**	**$ 487,735**	**$ (489,437)**	**$ (239,184)**	**$ 129,418**	**$ 493,581**	**$ 230,038**	**$ 1,456,973**	**$ (1,262,607)**
Debt service as a percentage of noncapital expenditures	37.4%	34.6%	45.3%	26.9%	26.6%	20.8%	15.4%	15.6%	21.3%	13.0%

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
2001	$104,658,800	$ 12,351,300	$ 12,899,400	$ 212,800	$ 6,379,300	$ 123,743,000	24.571	$ 133,570,300	0.9264
2002	116,314,800	14,343,300	13,060,800	376,000	6,820,300	137,274,600	52.454	145,868,000	0.9411
2003	127,964,300	16,531,500	14,067,000	300,700	6,820,300	152,043,200	45.580	158,656,600	0.9583
2004	141,701,900	19,546,900	17,193,600	402,700	7,298,700	171,546,400	36.577	182,758,200	0.9387
2005	149,956,000	21,121,400	17,637,600	416,800	7,780,200	181,351,600	37.464	191,822,900	0.9454
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

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
2001	15.531	9.040	24.571	47.672	41.480	1.154
2002	44.566	7.888	52.454	17.705	57.297	1.040
2003	41.612	3.968	45.580	17.292	52.376	1.304
2004	28.981	7.596	36.577	14.842	50.591	1.155
2005	27.243	10.221	37.464	16.273	48.970	1.035
2006	32.065	8.275	40.340	13.078	45.996	0.585
2007	39.694	5.300	44.994	16.103	44.860	0.531
2008	37.931	7.094	45.025	16.418	44.284	0.937
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

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

	2010			2001		
TAXPAYER	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**Percentage of Total City Taxable Assessed Value**
Lakeside Manor	$ 7,581,200	1	2.92%	$ 7,083,200	1	5.08%
Benchmark of Winona	7,108,600	2	2.74%	5,634,500	2	4.04%
Polymer Composites	3,428,800	3	1.32%	2,502,300	3	1.79%
Hillview Apartments	3,064,300	4	1.18%			
Winona Lighting	2,775,200	5	1.07%	1,363,300	5	0.98%
Lake Village Associates	2,474,600	6	0.95%	1,863,300	4	1.34%
Hiatt Manufacturing	2,145,900	7	0.83%			
Mississippi Welders	2,044,900	8	0.79%			
Fastenal	1,835,100	9	0.71%	1,258,400	6	0.90%
Knitcraft	1,597,900	10	0.62%	1,192,400	7	0.85%
Xcel Energy				1,115,400	8	0.80%
Jacobson/Baker Apartments				1,097,000	9	0.79%
Wingfoot Tire Systems				739,200	10	0.53%
Total	**$ 34,056,500**		**13.13%**	**$ 23,849,000**		**17.10%**

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
2001	$ 748,303	$ 745,021	99.6%	$ 3,282	$ 748,303	100.0%
2002	907,460	904,484	99.7%	2,976	907,460	100.0%
2003	851,536	846,149	99.4%	5,387	851,536	100.0%
2004	781,887	773,825	99.0%	8,062	781,887	100.0%
2005	854,119	831,587	97.4%	20,232	851,819	99.7%
2006	995,304	971,374	97.6%	20,920	992,294	99.7%
2007	1,227,817	1,188,841	96.8%	38,280	1,227,121	99.9%
2008	1,289,207	1,270,541	98.6%	16,712	1,287,253	99.8%
2009	1,356,025	1,327,800	97.9%	20,362	1,348,162	99.4%
2010	1,392,000	1,317,996	94.7%	-	1,317,996	94.7%

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	Special Assessment Bonds	Capital Leases	Total Governmental Activities Debt	General Obligation Water Bonds	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
2001	$ 485,000	$ 3,055,000	$ 59,089	$ 3,599,089	$ -	$ 3,599,089	4.54%	$ 1,067
2002	380,000	2,785,000	56,335	3,221,335	-	3,221,335	3.88%	955
2003	270,000	2,335,000	44,955	2,649,955	-	2,649,955	3.08%	786
2004	150,000	2,210,000	32,953	2,392,953	-	2,392,953	2.77%	709
2005	105,000	1,955,000	59,225	2,119,225	-	2,119,225	2.39%	628
2006	55,000	1,740,000	199,268	1,994,268	-	1,994,268	2.08%	591
2007	-	3,205,000	318,205	3,523,205	-	3,523,205	3.17%	1,045
2008	-	3,070,000	319,345	3,389,345	2,071,937	5,461,282	4.69%	1,619
2009	-	4,370,000	309,389	4,679,389	3,916,158	8,595,547	7.42%	2,548
2010	-	2,940,000	263,445	3,203,445	3,926,817	7,130,262	Not available	1,767

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

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

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

	General Bonded Debt Outstanding							
Fiscal Year	General Obligation Bonds	Special Assessment Bonds	General Obligation Water Bonds	Total	Less: Available In Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property [a]	Per Capita [b]
2001	$ 485,000	$ 3,055,000	$ -	$ 3,540,000	$ 325,528	$ 3,214,472	2.41%	$ 953
2002	380,000	2,785,000	-	3,165,000	310,815	2,854,185	1.96%	846
2003	270,000	2,335,000	-	2,605,000	103,458	2,501,542	1.58%	742
2004	150,000	2,210,000	-	2,360,000	174,699	2,185,301	1.20%	648
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	-	3,205,000	-	3,205,000	367,378	2,837,622	1.27%	841
2008	-	3,070,000	2,071,937	5,141,937	818,032	4,323,905	1.83%	1,282
2009	-	4,370,000	3,916,158	8,286,158	2,116,674	6,169,484	2.44%	1,829
2010	-	2,940,000	3,926,817	6,866,817	863,363	6,003,454	2.38%	1,487

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

[a] See Schedule 5 for property value data.

[b] Population data can be found in Schedule 14

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable [a]	Estimated Share of Direct and Overlapping Debt
Debt repaid with property taxes			
School District #861	$ 24,197,903	10.3%	$ 2,489,964
County of Winona	8,628,860	7.5%	642,850
Subtotal, overlapping debt			3,132,814
City of Goodview direct debt			3,203,445
Total direct and overlapping debt			**$ 6,336,259**

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 2010

Assessed value	$261,781,300
Debt limit (3% of assessed value)	7,853,439
Debt applicable to limit:	
General obligation bonds	6,866,817
Less: Special Assessment Bonds	(2,940,000)
Total net debt applicable to limit	3,926,817
Legal debt margin	**$ 3,926,622**

	Fiscal Year									
	2001	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
Debt limit	$ 2,885,886	$ 2,917,360	$ 3,173,132	$ 3,655,164	$ 3,836,458	$ 4,117,406	$ 4,497,860	$ 7,071,978	$ 7,572,144	$ 7,853,439
Total net debt applicable to limit	-	-	-	-	-	-	-	2,071,937	3,916,158	3,926,817
Legal debt margin	**$ 2,885,886**	**$ 2,917,360**	**$ 3,173,132**	**$ 3,655,164**	**$ 3,836,458**	**$ 4,117,406**	**$ 4,497,860**	**$ 5,000,041**	**$ 3,655,986**	**$ 3,926,622**
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	0%	29%	52%	50%

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
2001	$ 105,193	$ 335,000	$ 83,065	0.25	$ 108,150	$ 95,000	$ 37,096	0.82	$ -	-	-	-	-	-
2002	93,507	270,000	113,802	0.24	70,173	105,000	30,066	0.52	-	-	-	-	-	-
2003	185,883	450,000	126,142	0.32	65,563	110,000	22,448	0.50	-	-	-	-	-	-
2004	153,161	125,000	85,669	0.73	32,507	120,000	14,169	0.24	-	-	-	-	-	-
2005	180,580	255,000	82,067	0.54	33,943	45,000	8,368	0.64	-	-	-	-	-	-
2006	136,790	215,000	75,991	0.47	32,303	50,000	5,268	0.58	-	-	-	-	-	-
2007	292,002	135,000	70,873	1.42	-	55,000	1,815	-	-	-	-	-	-	-
2008	252,650	135,000	131,791	0.95	-	-	-	-	420,417	255,991	164,426	- [b]	- [b]	-
2009	243,924	250,000	125,668	0.65	-	-	-	-	497,914	307,701	190,213	102,500	56,403	1.20
2010	142,959	100,000	120,909	0.65	-	-	-	-	596,561	295,539	301,022	172,000	104,047	1.09

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]
2001	3,373	$ 79,248,635	$ 23,495	36.2	230	3.5%
2002	3,373	82,969,054	24,598	36.2	198	3.7%
2003	3,373	85,971,024	25,488	36.2	194	4.7%
2004	3,373	86,291,459	25,583	36.2	199	4.4%
2005	3,373	88,645,813	26,281	36.2	194	3.6%
2006	3,373	96,056,294	28,478	36.2	208	3.7%
2007	3,373	111,187,572	32,964	36.2	194	4.2%
2008	3,373	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	Not available	Not available	Not Available	184	7.0%

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

		2010			2001		
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	660	1	2.84%	**	**	**
Fastenal Company	Office and tool repair	263	2	1.13%	**	**	**
Winona Lighting, Inc.	Lighting specialists	192	3	0.83%	**	**	**
Knitcraft Corporation	Garment manufacturer	112	4	0.48%	**	**	**
Ticona Celstran, Inc.	Thermoplastic manufacturer	57	5	0.25%	**	**	**
I.S.D. No. 861 (Winona)	Elementary education	53	6	0.23%	**	**	**
Wincraft, Inc.	Novelty manufacturer	52	8	0.22%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	50	7	0.21%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	31	9	0.13%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	15	10	0.06%	**	**	**
Total		**1,485**		**6.38%**			

** 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.

Schedule 16

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

	Fiscal Year									
Function/Program	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**
General government										
Legislative	5	5	5	5	5	5	5	5	5	5
Administration	4	4	4	4	4	4	4	4	4	4
Public safety										
Police										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	6	6	6	6	12	14	10
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	4	4	4	4	4	4	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	10	11	9	12	13	12	13	10	9	10
Water	8	8	8	8	8	8	9	9	9	9
Wastewater	8	8	8	8	8	8	9	9	9	9

** Information not available

Sources: Various City departments

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

Function/Program	Fiscal Year 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General government										
Building permits issued	54	54	71	71	71	71	51	51	132	244
Police										
Physical arrests	151	159	202	150	128	140	122	109	160	140
Parking violations	60	64	34	82	136	66	128	84	43	60
Traffic violations	940	915	630	720	549	591	518	474	403	504
Fire										
Emergency responses	**	14	20	23	18	15	14	12	27	19
Fires extinguished	**	6	6	13	8	9	4	7	6	8
Inspections	**	2	2	2	2	2	2	2	2	2
Volunteers	27	25	27	30	29	29	29	29	32	31
First responder										
Runs	64	55	76	90	109	88	94	134	160	146
Patients	64	57	84	103	96	79	93	134	160	140
Volunteers	**	**	8	12	17	19	21	41	22	23
Water										
Customers	929	941	967	986	1,009	1,116	1,128	1,169	1,244	1,260
Water main breaks	0	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	343,293	308,190	369,350	313,001	335,975	337,248	330,850	328,330	335,136	296,931
Peak daily consumption (thousands of gallons)	**	551,003	561,039	374,232	545,077	509,639	486,765	447,813	565,754	343,388
Wastewater										
Customers	1,001	1,009	1,036	1,054	1,075	1,099	1,109	1,153	1,229	1,244
Average daily sewage treatment (thousands of gallons)	**	283,251	282,379	280,872	265,970	259,658	307,195	305,766	296,380	301,789

** Information not available

Sources: Various City departments

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

Function/Program	Fiscal Year 2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Policemen										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	9	9	12	13	13	14	10
Patrol units	5	5	5	5	5	5	5	5	5	7
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	27	25	27	30	29	29	29	29	32	31
Other public works										
Streets (miles)										
Paved	16.2	16.8	16.8	16.8	16.8	17	17	17	19	19
Unpaved	1	1	1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Streetlights	165	165	181	173	174	176	189	189	189	189
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	1	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)	0	0	0	1	1	1	1	1	1	1
Water										
Water mains (miles)	18.8	18.8	18.8	19.2	19.2	19.4	20.4	20.4	24.6	24.6
Fire hydrants	138	139	140	158	162	167	179	179	179	179
Storage capacity (millions of	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	15.5	15.6	15.9	16.7	16.7	16.9	18.1	18.1	21.9	21.9
Storm sewers (miles)	6.7	6.7	6.7	6.7	6.7	6.7	6.8	6.8	7.5	7.5

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CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2010

RUSSELL & ASSOCIATES LLC

Certified Public Accountants

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

To the City Council
City of Goodview, Minnesota

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of the City of Goodview, Minnesota ("City"), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 1, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies in internal control over financial reporting. 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.

Segregation of Duties

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

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

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

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

The Minnesota Legal Compliance Audit Guide for Political Subdivisions 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 study included all of the listed categories.

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

We noted certain other matters that we reported to management of the City of Goodview, Minnesota, in a separate letter dated June 1, 2011.

The City of Goodview, Minnesota's responses to the findings identified in our audit have not been subjected to any auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Russell & Associates, LLC

Winona, Minnesota
June 1, 2011