

**CITY OF GOODVIEW,
MINNESOTA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL
YEAR ENDED
DECEMBER 31, 2011**

**Prepared by:
Finance Administration Department**

**Dan Matejka
Administrator**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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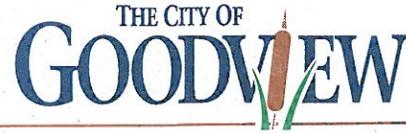
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CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2011

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4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

June 4, 2012

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, 2011.

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, 2011, 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, 2011 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 2011 the City once again saw a strong year when it comes to the total number of building permits issued. In fact, there was a difference of only one when comparing 2010 to 2011; 244 to 243, respectively. However, the City saw a total dollar increase of those permits of just more than \$762,000, or 36.6%, from 2010 to 2011. The clear cut category which saw a substantial increase in both the number of permits issued, and the corresponding dollar value for 2011 was for Industrial/Commercial Improvements. This category saw its number of permits increase by 20%, and the dollar values associated with that increase to be just slightly more than \$1,050,000 from 2010. In 2011, the City saw a significant drop in all of the “new” construction categories. In 2010 the City issued a total of four permits equaling \$876,000, but in 2011 those numbers dropped to three and \$147,000 respectively. The City saw a slight decrease of approximately 1.4% in total market value when compared to 2010. And although this is a very small decrease, it is significant because it is the first drop in market values for the City in a number of years. 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 7.0% in 2010 to 5.5% in 2011, which puts it more than a percentage point lower than the State rate of 6.6%. However, both of these rates are considerably lower than the National average of 8.4%.

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:

General Fund Unassigned Fund Balance. The City continues to strengthen its Fund Balance through conservative budgeting. This figure has steadily increased from 9% of General Fund Expenditures in 2006 to now 54% in 2011. This Fund Balance will allow the City to sustain a certain level of services it offers despite a continued practice by the State of Minnesota of reducing the amount of local government aid actually distributed versus what was certified.

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. During 2011 the City continued the major sewer relining project it started in 2010, by spending nearly \$84,000. This was year two of a multi-year project that will cost the City over \$1 million dollars when all is said and done. To date the entire project has been financed through the Sewer Fund, but the City will continue to explore for grants to fund the project. The City also resealed a number of streets at an approximate cost of \$52,000. The City also did a small project (about \$66,000) improving the drainage of stormwater in one of its subdivisions.

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

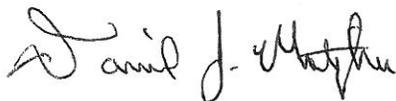
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goodview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2010. This is the fourth straight year that the City has received this prestigious award.

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

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

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

Respectively submitted,



Daniel J. Matejka
City Administrator

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, 2010

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.



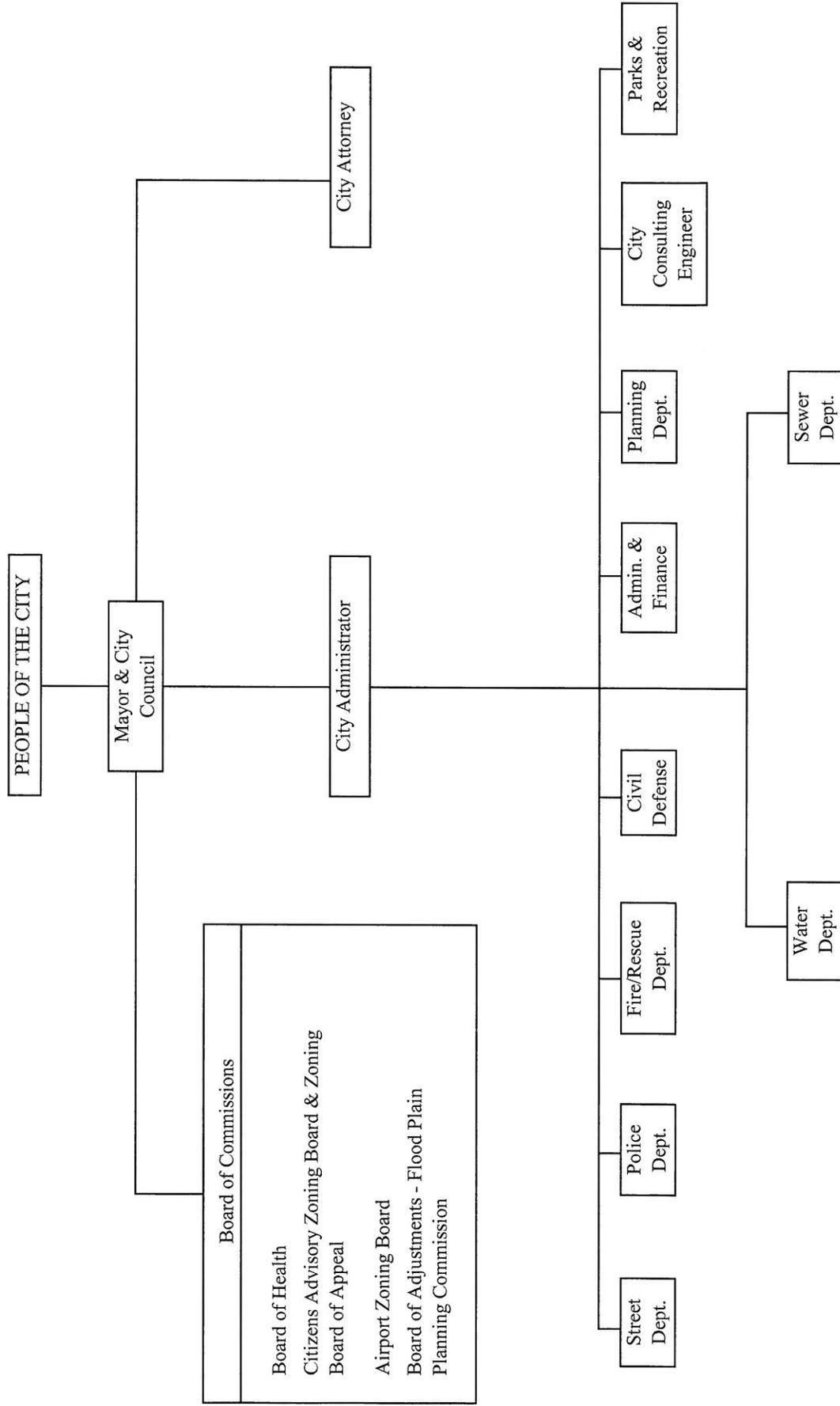
Linda C. Danison

President

Jeffrey R. Egan

Executive Director

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



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

John Weimerskirch	Mayor
Michael Alexander	Council member
Richard Ledebuhr	Council member
Sandy Erdman	Council member
Steve Baumgart	Council member
Dan Matejka	Administrator
Judy Gottschalk	Administrative Assistant
Denise Herber	General Services/Accounting Clerk
Lori Eshweiler	Clerk Typist/Accounting Tech

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CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2011



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, 2011, 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, 2011, 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.

As described in Note 1 to the financial statements, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective January 1, 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 25, 2012, 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.



Winona, Minnesota
May 25, 2012

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, 2011. 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

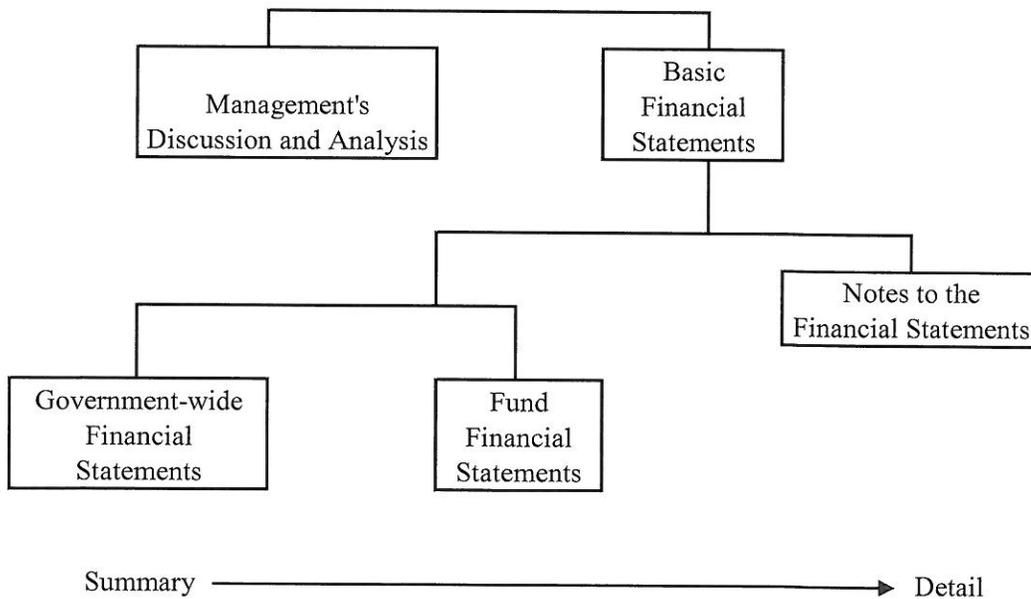
- The assets of the City of Goodview, Minnesota exceeded its liabilities at the close of the fiscal year by \$20,273,948 (*net assets*). Of this amount, \$2,606,902 (*unrestricted net assets*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net assets of business-type activities increased by \$206,304 and total net assets of the governmental activities decreased by \$123,660. This resulted in a total increase in net assets of \$82,644 for the City.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of \$2,243,618, a decrease of \$55,280 in comparison with the prior year. The decrease is in the Capital Projects Fund where the City invested over \$60,000 in a stormwater drainage project.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$839,144, or 54 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 \$20,273,948, 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	
	2011	2010	2011	2010	2011	2010
Current & other assets	\$ 3,230,362	\$ 3,459,977	\$ 1,502,449	\$ 1,292,469	\$ 4,732,811	\$ 4,752,446
Capital assets	9,073,448	9,238,523	13,717,964	13,879,084	22,791,412	23,117,607
Total assets	<u>12,303,810</u>	<u>12,698,500</u>	<u>15,220,413</u>	<u>15,171,553</u>	<u>27,524,223</u>	<u>27,870,053</u>
Long-term liabilities outstanding	3,022,162	3,295,859	3,866,924	3,960,729	6,889,086	7,256,588
Other liabilities	268,645	265,978	92,544	156,183	361,189	422,161
Total liabilities	<u>3,290,807</u>	<u>3,561,837</u>	<u>3,959,468</u>	<u>4,116,912</u>	<u>7,250,275</u>	<u>7,678,749</u>
Net assets:						
Invested in capital assets, net of related debt	6,243,221	6,219,292	9,892,032	9,963,178	16,135,253	16,182,470
Restricted	1,531,793	1,820,305	-	-	1,531,793	1,820,305
Unrestricted	<u>1,237,989</u>	<u>1,097,066</u>	<u>1,368,913</u>	<u>1,091,463</u>	<u>2,606,902</u>	<u>2,188,529</u>
Total net assets	<u>\$ 9,013,003</u>	<u>\$9,136,663</u>	<u>\$ 11,260,945</u>	<u>\$ 11,054,641</u>	<u>\$ 20,273,948</u>	<u>\$ 20,191,304</u>

An additional portion of the City of Goodview, Minnesota's net assets (8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$2,606,902) 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.

City of Goodview, Minnesota's Changes in Net Assets

Figure 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2011	2010	2011	2010	2011	2010
REVENUE						
Program revenue						
Charges for services	\$ 83,295	\$ 89,858	\$ 1,283,075	\$ 1,228,969	\$ 1,366,370	\$ 1,318,827
Operating grants & contributions	96,122	89,318	-	-	96,122	89,318
Capital grants & contributions	13,550	107,127	-	-	13,550	107,127
General revenue:						
Taxes	1,472,843	1,481,845	-	-	1,472,843	1,481,845
Intergovernmental revenue	88,235	88,856	-	-	88,235	88,856
Interest and investment income	51,583	64,322	8,308	8,250	59,891	72,572
Miscellaneous	60,499	68,741	-	-	60,499	68,741
TOTAL REVENUE	1,866,127	1,990,067	1,291,383	1,237,219	3,157,510	3,227,286
EXPENSES						
General government	421,254	433,780	-	-	421,254	433,780
Public safety	786,448	662,033	-	-	786,448	662,033
Public works	517,402	487,595	-	-	517,402	487,595
Health and human services	1,304	1,892	-	-	1,304	1,892
Culture and recreation	149,539	124,350	-	-	149,539	124,350
Interest and fiscal charges	101,476	120,969	-	-	101,476	120,969
Water	-	-	571,153	578,220	571,153	578,220
Sewer	-	-	526,290	514,261	526,290	514,261
TOTAL EXPENSES	1,977,423	1,830,619	1,097,443	1,092,481	3,074,866	2,923,100
INCREASE (DECREASE) IN NET ASSETS BEFORE TRANSFERS	(111,296)	159,448	193,940	144,738	82,644	304,186
TRANSFERS	(12,364)	(45,190)	12,364	45,190	-	-
CHANGE IN NET ASSETS	(123,660)	114,258	206,304	189,928	82,644	304,186
NET ASSETS - BEGINNING	9,136,663	9,022,405	11,054,641	10,864,713	20,191,304	19,887,118
NET ASSETS - ENDING	\$ 9,013,003	\$ 9,136,663	\$ 11,260,945	\$ 11,054,641	\$ 20,273,948	\$ 20,191,304

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: Governmental activities decreased the City's net assets by \$123,660.

Taxes decreased \$9,002 (0.6 percent) during the year.

Grants and contributions decreased \$86,773 (44 percent). The City was basically inactive in the grant field in 2011 when compared to previous years.

Revenues decreased 6 percent in contrast to an 8 percent increase overall in expenses.

Business-type activities: Business-type activities net assets increased \$206,304 the majority of which 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, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the primary operating fund of the City of Goodview, Minnesota. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$839,144, while total fund balance was \$904,717. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 54 percent of total General Fund expenditures, while total fund balance represents 59 percent of that same amount. The General Fund's fund balance increased \$49,892 during 2011. The increase is partially attributable to the City's conservative budgeting practice to help create the atmosphere of no deficit spending.

At December 31, 2011, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of \$909,300, an increase of \$45,937 from last year. The increase is partially due to the law-given ability to levy an additional 5% over planned expenditures in the Debt Service fund. It also is attributable to \$35,289 more in assessments being received than budgeted for. The Capital Projects Fund reported a fund balance of \$429,601, a decrease of \$151,109 from 2010. The decrease is primarily due to two factors; the first being the City spent just slightly more than \$101,000 on equipment which were funded by bond proceeds received in 2009. Also the City undertook, and completed, a stormwater drainage project in one of its subdivisions. This project's total cost was \$65,817.

General Fund Budget. The general fund budget was not amended during the 2011 year. There were very few significant budget-to-actual variances at the end of the 2011 fiscal year. On the revenue side, the only area where the City received dollars, but had no corresponding budget was the Homestead Aid which was not budgeted for under this code, but under the Current Property Taxes code. The areas of significant variances between budget and actual on the revenue side of the ledger were; (1) Building/Zoning Permits, (2) Local Government Aid under the Intergovernmental category, (3) Parks under the Charges for Services category, and (4) Donations, and Miscellaneous under the Miscellaneous category. In the case of #1, the City's estimate of this revenue was considerably under-budgeted due to the unknowns of building projects at the time of budget creation. For item #2, the City planned to receive approximately 27% of the certified LGA, but in reality only received the same amount received in 2010 – an approximate \$12,000 less than budgeted. For item #3 and part of the Miscellaneous sub-category of #4, the City once again recognized the revenues and expenditures of the Sandlot Baseball Organization ran in the City, which was not budgeted for. This also caused a variance on the expenditure side of the ledger under Parks and Recreation under the Culture & Recreation category. 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. On the expenditure side of the ledger, there were a few areas where either funds were budgeted and not spent, or vice versa, all occurring under the Capital Outlay category. The two areas where there was a budget but no expenditure, the actual expenditure occurred in another budget code. While the two with expenditures, but no budget, were the result of; (1) a purchase made with insurance recovery dollars for a new canine for the Police Department sub-category, and (2) was the sales tax paid on the purchase of a tractor in the Highway and Streets sub-category. Finally, the variance in the Fire Protection sub-category under Public Safety was a result of purchases made with donated funds. How the City accounts for donations was addressed earlier in this paragraph.

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	\$ 518,025	\$ 95,063
Sewer	850,888	111,241

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, 2011, totals \$16,668,803 (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):

- Street and utility improvements to Gunderson & Connaughty subdivisions
- Construction of storm sewers for the Brom subdivision
- Purchase of 2 trucks
- Sanitary sewer relining project
- Purchase of a tractor

City of Goodview, Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2011	2010	2011	2010	2011	2010
Land	\$ 906,399	\$ 906,399	\$ 62,689	\$ 62,689	\$ 969,088	\$ 969,088
Construction work-in-progress	830,175	1,453,726	1,856,556	2,842,567	2,686,731	4,296,293
Buildings	1,277,426	1,277,426	3,627,153	3,622,186	4,904,579	4,899,612
Improvements	964,586	964,586	-	-	964,586	964,586
Machinery and equipment	1,836,810	1,780,285	1,657,185	1,670,684	3,493,995	3,450,969
Infrastructure	7,448,067	6,751,781	8,985,018	7,902,649	16,433,085	14,654,430
Less: Accumulated depreciation	(4,190,015)	(3,895,680)	(2,470,637)	(2,221,691)	(6,660,652)	(6,117,371)
TOTAL	\$ 9,073,448	\$ 9,238,523	\$ 13,717,964	\$ 13,879,084	\$ 22,791,412	\$ 23,117,607

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 41-42.

Long-Term Obligations. As of December 31, 2011, the City of Goodview, Minnesota had total long-term obligations outstanding of \$6,889,086. Of this, \$6,550,673 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	
	2011	2010	2011	2010	2011	2010
	Special Assessment Bonds	\$ 2,724,741	\$ 2,959,465	\$ -	\$ -	\$ 2,724,741
General Obligation Water Bond	-	-	3,825,932	3,926,817	3,825,932	3,926,817
Other long-term obligations	297,421	336,394	40,992	33,912	338,413	370,306
TOTAL	\$ 3,022,162	\$ 3,295,859	\$ 3,866,924	\$ 3,960,729	\$ 6,889,086	\$ 7,256,588

The City's total debt decreased by \$367,502 (5 %) during the past fiscal year mainly due to the existing payment schedules of the various debt service obligations.

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 \$7,744,599.

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 44-47.

Economic Factors and Next Year's Budgets and Rates

The 2012 General Fund expenditure budget is \$1,475,059, which is \$34,597, or 2.29%, less than the 2011 budget. Property tax levies for 2012 were \$1,361,739 down 1.45% from 2011. Property tax rates for 2012 jumped 3.245% from the 2011 levels of 44.514%. This was due to the State of Minnesota eliminating the Market Value Homestead Credit program, and replacing it with the Homestead Market Value Exclusion law.

During 2011, building projects totaled \$2,847,908 compared with a total of \$2,085,612 for 2010 – an increase of 36.6%.

These factors were considered when the City prepared its 2012 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, 2011

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CITY OF GOODVIEW, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2011

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2011

<u>ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and cash equivalents	\$ 2,240,052	\$ 1,295,549	\$ 3,535,601
Receivables			
Accounts	59,890	170,819	230,709
Taxes	43,517	-	43,517
Special assessments	855,837	-	855,837
Internal balances	(16,748)	16,748	-
Inventories	-	2,842	2,842
Prepaid items	16,933	6,663	23,596
Deferred bond issuance costs	30,881	9,828	40,709
Capital assets not being depreciated			
Land and construction in progress	1,736,574	1,919,245	3,655,819
Capital assets, net of accumulated depreciation			
Buildings	733,525	3,165,107	3,898,632
Improvements other than buildings	674,004	-	674,004
Machinery and equipment	864,767	1,438,040	2,302,807
Infrastructure	5,064,578	7,195,572	12,260,150
	<u>5,064,578</u>	<u>7,195,572</u>	<u>12,260,150</u>
TOTAL ASSETS	<u>\$ 12,303,810</u>	<u>\$ 15,220,413</u>	<u>\$ 27,524,223</u>

(Continued on page 21)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS - Continued
DECEMBER 31, 2011

<u>LIABILITIES AND NET ASSETS</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Accounts payable	\$ 75,756	\$ 54,384	\$ 130,140
Customer deposits	2,000	-	2,000
Accrued interest	43,828	36,623	80,451
Due to other governments	34,549	1,537	36,086
Unearned revenue	112,512	-	112,512
Noncurrent liabilities			
Due within one year	378,645	202,894	581,539
Due in more than one year	2,643,517	3,664,030	6,307,547
TOTAL LIABILITIES	3,290,807	3,959,468	7,250,275
NET ASSETS			
Invested in capital assets, net of related debt	6,243,221	9,892,032	16,135,253
Restricted for			
Debt service	1,483,153	-	1,483,153
First responders	3,103	-	3,103
Equipment - fire	6,528	-	6,528
Equipment - police	7,242	-	7,242
Recreation programs	6,031	-	6,031
Police K-9	4,637	-	4,637
Flood relief	21,099	-	21,099
Unrestricted	1,237,989	1,368,913	2,606,902
TOTAL NET ASSETS	9,013,003	11,260,945	20,273,948
TOTAL LIABILITIES AND NET ASSETS	\$ 12,303,810	\$ 15,220,413	\$ 27,524,223

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2011

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUE</u>			
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 421,254	\$ 9,671	\$ -	\$ -
Public safety	786,448	20,268	69,826	-
Public works	517,402	35,467	-	-
Health and human services	1,304	-	-	-
Culture and recreation	149,539	17,889	26,296	13,550
Interest and fiscal charges	101,476	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,977,423</u>	<u>83,295</u>	<u>96,122</u>	<u>13,550</u>
BUSINESS-TYPE ACTIVITIES				
Water	571,153	655,443	-	-
Sewer	526,290	627,632	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,097,443</u>	<u>1,283,075</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 3,074,866</u>	<u>\$ 1,366,370</u>	<u>\$ 96,122</u>	<u>\$ 13,550</u>

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
\$ (411,583)		\$ (411,583)
(696,354)		(696,354)
(481,935)		(481,935)
(1,304)		(1,304)
(91,804)		(91,804)
(101,476)		(101,476)
<u>(1,784,456)</u>		<u>(1,784,456)</u>
	\$ 84,290	84,290
	<u>101,342</u>	<u>101,342</u>
	185,632	185,632
<u>(1,784,456)</u>	<u>185,632</u>	<u>(1,598,824)</u>
1,290,816	-	1,290,816
182,027	-	182,027
88,235	-	88,235
51,583	8,308	59,891
60,499	-	60,499
(12,364)	12,364	-
<u>1,660,796</u>	<u>20,672</u>	<u>1,681,468</u>
(123,660)	206,304	82,644
<u>9,136,663</u>	<u>11,054,641</u>	<u>20,191,304</u>
<u>\$ 9,013,003</u>	<u>\$ 11,260,945</u>	<u>\$ 20,273,948</u>

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CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2011

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011

<u>ASSETS</u>	<u>GENERAL FUND</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Cash and investments	\$ 847,645	\$ 898,180	\$ 494,227	\$ 2,240,052
Receivables				
Accounts	59,890	-	-	59,890
Taxes	36,790	6,727	-	43,517
Special assessments	-	700,802	155,035	855,837
Prepaid items	16,933	-	-	16,933
TOTAL ASSETS	<u>\$ 961,258</u>	<u>\$ 1,605,709</u>	<u>\$ 649,262</u>	<u>\$ 3,216,229</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ 27,502	\$ -	\$ 48,254	\$ 75,756
Customer deposits	2,000	-	-	2,000
Due to other governments	264	-	-	264
Due to other funds	376	-	16,372	16,748
Unearned revenue	26,399	696,409	155,035	877,843
TOTAL LIABILITIES	<u>56,541</u>	<u>696,409</u>	<u>219,661</u>	<u>972,611</u>
 FUND BALANCES				
Nonspendable:				
Prepays	16,933	-	-	16,933
Restricted:				
Debt service	-	909,300	-	909,300
Capital equipment	-	-	103,891	103,891
First responders	3,103	-	-	3,103
Equipment - fire	6,528	-	-	6,528
Equipment - police	7,242	-	-	7,242
Police K-9	4,637	-	-	4,637
Recreation programs	6,031	-	-	6,031
Flood relief	21,099	-	-	21,099
Assigned	-	-	325,710	325,710
Unassigned	839,144	-	-	839,144
TOTAL FUND BALANCES	<u>904,717</u>	<u>909,300</u>	<u>429,601</u>	<u>2,243,618</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 961,258</u>	<u>\$ 1,605,709</u>	<u>\$ 649,262</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	9,073,448
Other long-term assets are not available to pay for current expenditures and, therefore, are deferred in the governmental funds	765,331
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	(2,724,741)
Capital leases payable	(209,377)
Accrued interest	(43,828)
Compensated absences	(63,826)
Other post employment benefits	(24,218)
Unamortized bond issuance costs	30,881
Other long-term liability	(34,285)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 9,013,003</u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2011

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	\$ 1,072,361	\$ 220,441	\$ 495	\$ 1,293,297
Franchise	182,027	-	-	182,027
Licenses and permits	43,642	-	-	43,642
Intergovernmental	134,244	8,246	-	142,490
Charges for services	18,794	-	-	18,794
Fines and forfeitures	20,859	-	-	20,859
Special assessments	-	107,987	28,453	136,440
Interest	559	41,171	9,854	51,584
Donations	55,416	-	-	55,416
Miscellaneous	64,254	-	-	64,254
TOTAL REVENUE	<u>1,592,156</u>	<u>377,845</u>	<u>38,802</u>	<u>2,008,803</u>
EXPENDITURES				
Current				
General government	397,609	-	-	397,609
Public safety	705,687	-	550	706,237
Public works	343,128	-	5,298	348,426
Health and human services	1,304	-	-	1,304
Culture and recreation	82,536	-	-	82,536
Capital outlay	12,000	-	184,063	196,063
Debt service				
Principal	-	230,000	-	230,000
Interest and fiscal charges	-	101,908	-	101,908
TOTAL EXPENDITURES	<u>1,542,264</u>	<u>331,908</u>	<u>189,911</u>	<u>2,064,083</u>
NET CHANGE IN FUND BALANCES	49,892	45,937	(151,109)	(55,280)
FUND BALANCES AT BEGINNING OF YEAR	<u>854,825</u>	<u>863,363</u>	<u>580,710</u>	<u>2,298,898</u>
FUND BALANCES AT END OF YEAR	<u>\$ 904,717</u>	<u>\$ 909,300</u>	<u>\$ 429,601</u>	<u>\$ 2,243,618</u>

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, 2011

Net change in fund balances - Total Governmental Funds \$ (55,280)

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	\$ 196,063	
Less: proprietary fund capital contribution	(12,364)	
Depreciation expense	<u>(345,020)</u>	(161,321)

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets. (3,755)

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	(136,440)	
Change in unearned revenue delinquent taxes	<u>(2,480)</u>	(138,920)

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

Lease principal payments	54,069	
Bond principal payments	<u>230,000</u>	284,069

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in accrued interest	3,518	
Amortization of bond issuance costs	(7,314)	
Amortization of bond discount or premium	4,725	
Change in compensated absences	(6,518)	
Change in other post employment benefits	(8,579)	
Other long-term liability	<u>(34,285)</u>	<u>(48,453)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u>\$ (123,660)</u>
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The accompanying notes an integral part of these financial statements.

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
DECEMBER 31, 2011

<u>ASSETS</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 466,590	\$ 828,959	\$ 1,295,549
Receivables			
Accounts	34,456	47,430	81,886
Unbilled	45,040	43,893	88,933
Due from other funds	16,575	173	16,748
Inventories	2,842	-	2,842
Prepaid items	3,374	3,289	6,663
TOTAL CURRENT ASSETS	568,877	923,744	1,492,621
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	3,465,550	161,603	3,627,153
Storage, distribution, and collection system	4,773,150	4,211,868	8,985,018
Machinery and equipment	1,496,379	160,806	1,657,185
Construction in progress	945,033	911,523	1,856,556
TOTAL CAPITAL ASSETS	10,730,646	5,457,955	16,188,601
Less accumulated depreciation	1,398,338	1,072,299	2,470,637
NET CAPITAL ASSETS	9,332,308	4,385,656	13,717,964
OTHER ASSETS			
Unamortized debt issue costs	9,828	-	9,828
TOTAL ASSETS	\$ 9,911,013	\$ 5,309,400	\$ 15,220,413
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable	\$ 2,024	\$ 52,360	\$ 54,384
Accrued interest	36,623	-	36,623
Due to other governments	1,537	-	1,537
Current portion of long-term debt	181,000	-	181,000
Current portion of compensated absences	10,947	10,947	21,894
TOTAL CURRENT LIABILITIES	232,131	63,307	295,438
NONCURRENT LIABILITIES			
Long-term debt	3,644,932	-	3,644,932
Compensated absences	2,242	2,242	4,484
Other post employment benefits	7,307	7,307	14,614
TOTAL NONCURRENT LIABILITIES	3,654,481	9,549	3,664,030
TOTAL LIABILITIES	3,886,612	72,856	3,959,468
NET ASSETS			
Invested in capital assets, net of related debt	5,506,376	4,385,656	9,892,032
Unrestricted	518,025	850,888	1,368,913
TOTAL NET ASSETS	6,024,401	5,236,544	11,260,945
TOTAL LIABILITIES AND NET ASSETS	\$ 9,911,013	\$ 5,309,400	\$ 15,220,413

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, 2011

	WATER FUND	SEWER FUND	TOTALS
OPERATING REVENUE			
Sales	\$ 529,753	\$ 618,266	\$ 1,148,019
Charges for services	97,573	7,187	104,760
Miscellaneous	28,117	2,179	30,296
TOTAL OPERATING REVENUE	655,443	627,632	1,283,075
OPERATING EXPENSES			
Cost of sales and services	237,361	412,098	649,459
Administration	43,038	39,101	82,139
Depreciation	184,994	72,728	257,722
TOTAL OPERATING EXPENSES	465,393	523,927	989,320
OPERATING INCOME	190,050	103,705	293,755
NONOPERATING REVENUE (EXPENSE)			
Interest income	4,178	4,130	8,308
Interest expense	(103,397)	-	(103,397)
Loss on disposal of capital assets	(2,363)	(2,363)	(4,726)
TOTAL NONOPERATING REVENUE (EXPENSE)	(101,582)	1,767	(99,815)
INCOME BEFORE CAPITAL CONTRIBUTIONS	88,468	105,472	193,940
CAPITAL CONTRIBUTIONS	6,595	5,769	12,364
CHANGE IN NET ASSETS	95,063	111,241	206,304
NET ASSETS AT BEGINNING OF YEAR	5,929,338	5,125,303	11,054,641
NET ASSETS AT END OF YEAR	\$ 6,024,401	\$ 5,236,544	\$ 11,260,945

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, 2011

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 651,598	\$ 632,703	\$ 1,284,301
Receipts for (payments from) interfund services	(163,986)	(2,583)	(166,569)
Payments to suppliers for goods and services	(218,600)	(327,431)	(546,031)
Payments to employees for services	(119,854)	(119,851)	(239,705)
NET CASH PROVIDED			
BY OPERATING ACTIVITIES	149,158	182,838	331,996
CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
ACTIVITIES			
Proceeds from capital debt	76,182	-	76,182
Acquisition and construction of capital assets	(4,968)	(83,995)	(88,963)
Principal paid on capital debt	(177,069)	-	(177,069)
Interest paid on capital debt	(103,279)	-	(103,279)
NET CASH USED BY CAPITAL			
AND RELATED FINANCING ACTIVITIES	(209,134)	(83,995)	(293,129)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,178	4,130	8,308
NET INCREASE (DECREASE) IN CASH AND			
CASH EQUIVALENTS	(55,798)	102,973	47,175
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	522,388	725,986	1,248,374
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 466,590	\$ 828,959	\$ 1,295,549
RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income	\$ 190,050	\$ 103,705	\$ 293,755
Adjustments to reconcile operating income to			
net cash provided by operating activities			
Depreciation	184,994	72,728	257,722
Changes in assets and liabilities			
(Increase) decrease in assets			
Accounts receivable	(3,845)	5,071	1,226
Due from other funds	(16,575)	(173)	(16,748)
Inventories	(1,080)	-	(1,080)
Prepaid items	2,052	483	2,535
Increase (decrease) in liabilities			
Accounts payable	(62,947)	(106)	(63,053)
Due to other governments	380	-	380
Due to other funds	(147,411)	(2,410)	(149,821)
Compensated absences	1,041	1,041	2,082
Other post employment benefits	2,499	2,499	4,998
NET CASH PROVIDED			
BY OPERATING ACTIVITIES	\$ 149,158	\$ 182,838	\$ 331,996
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Capital contributions from municipality	\$ 6,595	\$ 5,769	\$ 12,364

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2011

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, 2011, there were no entities that met the requirements to be considered a component unit of the City.

B. Government-Wide and Fund Financial Statements

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

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

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

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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".

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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 nonspendable fund balance account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

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

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

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

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2011 are recorded as prepaid items in the Enterprise Funds. For governmental funds, if such amount represents a charge for the subsequent period, then a prepaid account is maintained. Insurance premiums are accounted for using the purchases method in the fund financial statements.

5. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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 2011 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:

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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. Net Assets

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

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

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

Unrestricted - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

9. Fund Equity

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

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

Committed – Includes amounts that can only be used for specific purposes because of a formal action (resolution or ordinance) by the government's highest level of decision-making authority. Fund Balance amounts are committed through a resolution approved by the City Council.

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

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

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

10. 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.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2011

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

11. Change in Accounting Principles

The City adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* on January 1, 2011. This statement establishes fund balance classifications that comprise a hierarchy primarily based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. This Statement provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements. This statement also clarifies the definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type. Accordingly, there was no cumulative effect of the accounting change. The implementation of this principle has affected the prior period governmental fund balances in fund balance classification only.

NOTE 2 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in two financial institutions. Each fund's share of the deposits is stated simply as "Cash" throughout this report. The pools are managed and under direct control of the City. At year-end, the carrying amount of the City's deposits was \$3,535,501 and the bank balances totaled \$3,600,646. State statutes require depositories of municipal funds, in lieu of a corporate or personal surety bond, to provide security collateral in the amount of at least 10 percent more than any deposit in excess of any insured portion.

	Merchants National Bank	Wells Fargo Bank
Deposits - Cash	\$ 1,313,642	\$ 2,287,004
Less: Federal Deposit Insurance	(1,313,642)	(475,152)
Deposits in excess of insured amounts	\$ -	\$ 1,811,852
Security collateral required	\$ -	\$ 1,993,037
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value		2,014,984
Excess of security collateral		\$ 21,947

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments - Continued

Bank balances of deposits including cash, money market accounts, and certificates of deposits as of December 31, 2011 are insured or collateralized with securities held by an agent of the City in the City's name. State statute authorizes the City to invest its idle cash in interest bearing accounts, certificates of deposit, repurchase agreements, governmental bonds, notes, bills, mortgages, or other direct obligations or insured issues of the United States or its agencies or in shares of an investment company duly registered and whose investments are in securities of the type described herein.

Deposits made during 2011 included certificates of deposit and deposits in interest bearing money market accounts. Deposits as of December 31, 2011 are as follows:

	Deposit Amount	Carrying Amount
<u>Wells Fargo Bank</u>		
Checking accounts	\$ 225,152	\$ 168,538
Money market accounts	2,061,852	2,061,852
<u>Merchants Bank</u>		
Checking accounts	1,090,486	1,081,955
Money market accounts	223,156	223,156
Total deposits	3,600,646	3,535,501
Petty cash and change funds	-	100
	\$ 3,600,646	\$ 3,535,601

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2011, the fair value of the City's investments approximated original cost; therefore, no fair value adjustments were necessary.

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

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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, 2011, \$1,788,794 of the City's bank balance of \$3,600,646 is covered by FDIC coverage, and the remaining \$1,811,852 was collateralized. None of the City's deposits were exposed to custodial credit risk.

B. Receivables

Receivables at December 31, 2011 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	\$ 59,890	\$ -	\$ -	\$ 79,496	\$ 91,323	\$ 230,709
Taxes - delinquent	36,790	6,727	-	-	-	43,517
Special assessments						
Delinquent	-	9,209	-	-	-	9,209
Deferred	-	691,593	155,035	-	-	846,628
Total receivables	\$ 96,680	\$ 707,529	\$ 155,035	\$ 79,496	\$ 91,323	\$ 1,130,063

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 \$877,843.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 2 - Detailed Notes on all Funds – Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2011 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	1,453,726	6,918	-	(630,469)	830,175
Total capital assets not being depreciated	<u>2,360,125</u>	<u>6,918</u>	<u>-</u>	<u>(630,469)</u>	<u>1,736,574</u>
Capital assets being depreciated					
Buildings	1,277,426	-	-	-	1,277,426
Improvements	964,586	-	-	-	964,586
Machinery and equipment	1,780,285	110,965	54,440	-	1,836,810
Infrastructure	6,751,781	65,817	-	630,469	7,448,067
Total capital assets being depreciated	<u>10,774,078</u>	<u>176,782</u>	<u>54,440</u>	<u>630,469</u>	<u>11,526,889</u>
Less accumulated depreciation for:					
Buildings	509,783	34,118	-	-	543,901
Improvements	254,860	35,723	-	-	290,583
Machinery and equipment	895,329	127,398	50,685	-	972,042
Infrastructure	2,235,708	147,781	-	-	2,383,489
Total accumulated depreciation	<u>3,895,680</u>	<u>345,020</u>	<u>50,685</u>	<u>-</u>	<u>4,190,015</u>
Total capital assets being depreciated, net	<u>6,878,398</u>	<u>(168,238)</u>	<u>3,755</u>	<u>630,469</u>	<u>7,336,874</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 9,238,523</u>	<u>\$ (161,320)</u>	<u>\$ 3,755</u>	<u>\$ -</u>	<u>\$ 9,073,448</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>RECLASS</u>	<u>ENDING BALANCE</u>
BUSINESS-TYPE ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 62,689	\$ -	\$ -	\$ -	\$ 62,689
Construction work-in-progress	2,842,567	12,364	-	(998,375)	1,856,556
Total capital assets not being depreciated	<u>2,905,256</u>	<u>12,364</u>	<u>-</u>	<u>(998,375)</u>	<u>1,919,245</u>
Capital assets being depreciated					
Buildings	3,622,185	4,968	-	-	3,627,153
Machinery and equipment	1,670,685	-	13,500	-	1,657,185
Infrastructure	7,902,648	83,995	-	998,375	8,985,018
Total capital assets being depreciated	<u>13,195,518</u>	<u>88,963</u>	<u>13,500</u>	<u>998,375</u>	<u>14,269,356</u>
Less accumulated depreciation for:					
Buildings	389,759	72,287	-	-	462,046
Machinery and equipment	163,599	64,319	8,774	-	219,144
Infrastructure	1,668,331	121,116	-	-	1,789,447
Total accumulated depreciation	<u>2,221,689</u>	<u>257,722</u>	<u>8,774</u>	<u>-</u>	<u>2,470,637</u>
Total capital assets being depreciated, net	<u>10,973,829</u>	<u>(168,759)</u>	<u>4,726</u>	<u>998,375</u>	<u>11,798,719</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 13,879,085</u>	<u>\$ (156,395)</u>	<u>\$ 4,726</u>	<u>\$ -</u>	<u>\$ 13,717,964</u>

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

<u>GOVERNMENTAL ACTIVITIES</u>	
General government	\$ 20,352
Public safety	79,632
Public works	178,033
Culture and recreation	67,003
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	<u>\$ 345,020</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	
Sewer	\$ 72,728
Water	184,994
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	<u>\$ 257,722</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 2 - Detailed Notes on all Funds - Continued

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of December 31, 2011, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Water Fund	\$ 203
General Fund	Sewer Fund	173
Capital Projects	Water Fund	16,372
TOTAL		<u>\$ 16,748</u>

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 2011 are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Capital Projects	Water Fund	\$ 6,595
Capital Projects	Sewer Fund	5,769
TOTAL		<u>\$ 12,364</u>

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 2 - Detailed Notes on all Funds - Continued

E. Capital Leases - Continued

The lease purchase agreements at December 31, 2011 consisted of the following:

<u>Description</u>	<u>Dated</u>	<u>Original Cost Capital Assets</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
Police Vehicle	10-01-09	\$ 35,215	3.90 %	\$ 15,302
One-Ton Truck	04-14-08	49,028	3.90 %	3,287
Fire Pumper Truck	03-20-07	256,112	4.62 %	95,187
Police Building	09-11-06	165,000	5.35 %	93,327
Police Copier	01-29-10	5,381	8.99%	2,274
				<u>\$ 209,377</u>

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, 2011:

<u>Year Ending December 31,</u>	<u>Payment</u>
2012	\$ 55,223
2013	48,960
2014	41,317
2015	41,317
2016	41,317
2017-Thereafter	9,899
Total minimum lease payments	<u>238,033</u>
Less: amounts representing interest	<u>28,656</u>
Present value of future minimum lease payments	<u>\$ 209,377</u>

F. Long-Term Debt

General Obligation Bonds

The City issued \$4,277,500 of General Obligation Water Bonds in 2008 for the construction of two water filtration plants. This bond is recorded as a liability in the water fund. The bonds are payable from revenue derived from the operation of the water utility and are backed by the full faith, credit and taxing power of the City. The bonds have a stated interest rate of 2.627% and mature in 2028. The balance outstanding at December 31, 2011 was \$3,825,932.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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 <u>December 31,</u>	Business-Type Activities	
	Principal	Interest
2012	\$ 181,000	\$ 100,506
2013	186,000	95,752
2014	191,000	90,866
2015	196,000	85,849
2016	201,000	80,700
2017 - 2021	1,089,000	321,326
2022 - 2026	1,239,000	170,667
2027 - 2028	542,932	21,485
TOTAL	<u>\$ 3,825,932</u>	<u>\$ 967,151</u>

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, \$1,627,500 is considered debt of the City and \$1,082,500 is the special assessment portion.

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

Fiscal Year Ending <u>December 31,</u>	Governmental Activities	
	Principal	Interest
2012	\$ 280,000	\$ 93,973
2013	305,000	85,160
2014	315,000	75,321
2015	325,000	64,593
2016	320,000	53,468
2017 - 2021	935,000	124,250
2022 - 2023	230,000	10,321
TOTAL	<u>\$ 2,710,000</u>	<u>\$ 507,086</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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 2012	Interest Due in 2012
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	\$ 1,600,000	\$ 310,000	\$ 1,290,000	\$ 100,000	\$ 52,648
2009A Ref Bonds	2.50%	12-1-09	2-1-18	81%	<u>1,550,000</u>	<u>130,000</u>	<u>1,420,000</u>	<u>180,000</u>	<u>41,325</u>
Total Special Assessment Bonds					<u>\$ 3,150,000</u>	<u>\$ 440,000</u>	<u>\$ 2,710,000</u>	<u>\$ 280,000</u>	<u>\$ 93,973</u>

Other Debt Information

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

Cash and investments (deposits) available and restricted to retirement of these bonds, amounts to \$898,180. Of the \$7,744,599 statutory net debt limit, the City has \$3,918,667 remaining.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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, 2011, was as follows:

	BALANCE, JANUARY 1	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
Bonds payable					
Special assessment debt with government commitment	\$ 2,940,000	\$ -	\$(230,000)	\$ 2,710,000	\$ 280,000
Unamortized premium (discount)	19,465	-	(4,724)	14,741	-
Total bonds payable	2,959,465	-	(234,724)	2,724,741	280,000
Capital leases	263,445	-	(54,068)	209,377	45,669
Compensated absences	57,309	63,826	(57,309)	63,826	52,976
Other post employment benefits	15,640	8,578	-	24,218	-
TOTAL	3,295,859	72,404	(346,101)	3,022,162	378,645
<u>BUSINESS-TYPE ACTIVITIES</u>					
Bonds payable					
General Obligation	3,926,817	76,183	(177,068)	3,825,932	181,000
Compensated absences	24,296	26,378	(24,296)	26,378	21,894
Other post employment benefits	9,616	4,998	-	14,614	-
TOTAL	3,960,729	107,559	(201,364)	3,866,924	202,894
TOTAL	\$ 7,256,588	\$ 179,963	\$ (547,465)	\$ 6,889,086	\$ 581,539

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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, 2011. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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 6.25%, respectively, of their annual covered salary in 2011. PEPFF members were required to contribute 9.6% of their annual covered salary in 2011. In 2011, the City of Goodview was required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan members, 7.25% for Coordinated Plan members, and 14.4% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2011, 2010, and 2009 were \$36,849, \$34,881, and \$30,700, respectively. The City's contribution to the Public Employees Police & Fire Fund for the years ending December 31, 2011, 2010, and 2009 were \$42,127, \$39,046, and \$36,819, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

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

A. Plan Description

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

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2011

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 2011, a contribution of \$10,763 was required. No changes in the method used to calculate contribution requirements of the State Statute were made in 2011.

Fiscal Year Ending	Three-Year Trend Information		
	Statutory Contribution	Actual Contribution	Percentage Contributed
12/31/09	0	0	100%
12/31/10	\$27,848	\$27,848	100%
12/31/11	\$10,763	\$10,763	100%

D. Funded Status and Funding Progress

As of December 31, 2011, the most recent statutory valuation date, the plan was 87.55% funded. The statutory accrued liability for benefits was \$357,133, and the statutory value of plan assets was \$312,671, resulting in an unfunded statutory accrued liability (USAL) of \$44,462. The Association is comprised of volunteers; therefore, there are no payroll expenditures (i.e., there are no covered payroll percentage calculations).

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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%
2011 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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	\$	15,707
Interest on net OPEB obligation		379
Adjustment to annual required contribution		<u>(2,509)</u>
Annual OPEB cost		13,577
Contributions made		<u>-</u>
Increase in net OPEB obligation		13,577
Net OPEB obligation-beginning of year		<u>25,256</u>
Net OPEB obligation-end of year	\$	<u><u>38,833</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/11	\$ 13,577	0%	\$ 38,833
12/31/10	13,179	0%	25,256
12/31/09	12,077	0%	12,077

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

NOTE 3 - Other Information - Continued

D. Post Employment Benefits Other Than Pensions - Continued

D. Funded Status and Funding Progress

As of January 1, 2011, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$91,507, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$631,767, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 14.5 percent.

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

E. Methods and Assumptions

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

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2011

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, 2011, was eleven years.

E. Related Party Transactions

The City paid approximately \$2,200 for equipment rental, welding services and snow plowing to a company owned by the Director of Public Works for the City during 2011. At December 31, 2011, there was no balance due to this Company.

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CITY OF GOODVIEW, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2011

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH</u> <u>FINAL</u> <u>BUDGET</u>
REVENUE				
Taxes				
Property	\$ 1,149,854	\$1,149,854	\$1,072,361	\$ (77,493)
Franchise	176,400	176,400	182,027	5,627
Licenses and permits	29,575	29,575	43,642	14,067
Intergovernmental	95,387	95,387	134,244	38,857
Charges for services	13,300	13,300	18,794	5,494
Fines and forfeitures	23,580	23,580	20,859	(2,721)
Interest	700	700	559	(141)
Donations	2,500	2,500	55,416	52,916
Miscellaneous	18,360	18,360	64,254	45,894
TOTAL REVENUE	<u>1,509,656</u>	<u>1,509,656</u>	<u>1,592,156</u>	<u>82,500</u>
EXPENDITURES				
Current				
General government	414,765	414,765	397,609	17,156
Public safety	697,942	697,942	705,687	(7,745)
Public works	341,336	341,336	343,128	(1,792)
Health and human services	1,600	1,600	1,304	296
Culture and recreation	38,613	38,613	82,536	(43,923)
Capital outlay	15,400	15,400	12,000	3,400
TOTAL EXPENDITURES	<u>1,509,656</u>	<u>1,509,656</u>	<u>1,542,264</u>	<u>(32,608)</u>
NET CHANGE IN FUND BALANCES	-	-	49,892	49,892
FUND BALANCES AT BEGINNING OF YEAR	<u>854,825</u>	<u>854,825</u>	<u>854,825</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 854,825</u></u>	<u><u>\$ 854,825</u></u>	<u><u>\$ 904,717</u></u>	<u><u>\$ 49,892</u></u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
ON BUDGETARY ACCOUNTING AND CONTROL
DECEMBER 31, 2011

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, 2011, expenditures exceeded appropriations in the general fund in the amount of \$32,608. The over expenditure was funded by greater than anticipated revenue.

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*
12/31/2011	\$ 312,671	\$ 357,133	\$ 44,462	87.55%	N/A	N/A
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

*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%
2011 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
1/1/2011	\$ -	\$ 91,507	\$ 91,507	0.00%	\$ 631,767	14.5%
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%

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CITY OF GOODVIEW, MINNESOTA
OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2011

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2011

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL</u> <u>BUDGET</u>
REVENUE				
Taxes				
Property	\$ 234,121	\$ 234,121	\$ 220,441	\$ (13,680)
Intergovernmental	-	-	8,246	8,246
Special assessments	72,698	72,698	107,987	35,289
Interest	42,871	42,871	41,171	(1,700)
TOTAL REVENUE	<u>349,690</u>	<u>349,690</u>	<u>377,845</u>	<u>28,155</u>
EXPENDITURES				
Current				
General government	600	600	-	600
Public works	600	600	-	600
Debt Service				
Principal	230,000	230,000	230,000	-
Interest and fiscal charges	101,948	101,948	101,908	40
TOTAL EXPENDITURES	<u>333,148</u>	<u>333,148</u>	<u>331,908</u>	<u>1,240</u>
NET CHANGE IN FUND BALANCES	16,542	16,542	45,937	29,395
FUND BALANCES AT BEGINNING OF YEAR	<u>863,363</u>	<u>863,363</u>	<u>863,363</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u><u>\$ 879,905</u></u>	<u><u>\$ 879,905</u></u>	<u><u>\$ 909,300</u></u>	<u><u>\$ 29,395</u></u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	61-66
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	67-70
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	71-75
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	76-77
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	78-80

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 Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
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	\$ 6,243,221
Restricted	44,984	258,877	407,204	465,846	952,124	2,180,104	921,805	1,531,793
Unrestricted	2,102,779	1,633,046	1,508,918	2,600,837	2,239,425	785,471	1,995,566	1,237,989
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	\$ 9,013,003
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	\$ 9,892,032
Unrestricted	462,631	484,998	430,687	415,021	392,499	722,991	1,091,463	1,368,913
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	\$ 11,260,945
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	\$ 16,135,253
Restricted	44,984	258,877	407,204	465,846	952,124	2,180,104	921,805	1,531,793
Unrestricted	2,565,410	2,118,044	1,939,605	3,015,858	2,631,924	1,508,462	3,087,029	2,606,902
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	\$ 20,273,948

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 Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
EXPENSES								
GOVERNMENTAL ACTIVITIES								
General government	\$ 298,887	\$ 297,651	\$ 351,455	\$ 369,184	\$ 386,718	\$ 422,544	\$ 433,780	\$ 421,254
Public safety	465,398	507,089	561,843	767,116	694,283	628,129	662,033	786,448
Public works	325,683	345,696	362,931	399,820	498,266	475,234	487,595	517,402
Health and human services	-	1,981	1,193	838	1,003	1,888	1,892	1,304
Economic development	-	42,573	155,490	-	-	-	-	-
Culture and recreation	71,892	81,939	106,175	101,162	100,538	84,294	124,350	149,539
Interest on long-term debt	96,339	86,541	78,640	97,565	131,869	125,738	120,969	101,476
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	1,977,423
BUSINESS-TYPE ACTIVITIES								
Water	294,646	276,761	310,309	313,432	338,210	483,165	578,220	571,153
Sewer	383,076	375,890	402,135	447,918	519,413	507,106	514,261	526,290
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	1,097,443
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	\$ 3,074,866
PROGRAM REVENUE								
GOVERNMENTAL ACTIVITIES								
Charges for services:								
General government	\$ 7,095	\$ 6,594	\$ 10,152	\$ 7,578	\$ 7,411	\$ 8,507	\$ 9,700	\$ 9,671
Public safety	24,603	21,599	20,915	21,482	19,471	20,701	24,405	20,268
Public works	7,832	10,928	6,043	8,213	4,906	23,523	29,381	35,467
Culture and recreation	5,325	7,175	9,050	7,165	12,295	10,727	26,372	17,889
Operating grants and contributions	36,016	105,271	337,720	307,684	97,619	61,343	89,318	96,122
Capital grants and contributions	183,222	254,082	305,003	951,999	1,118,558	4,007,074	107,127	13,550
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	264,093	405,649	688,883	1,304,121	1,260,260	4,131,875	286,303	192,967
BUSINESS-TYPE ACTIVITIES								
Charges for services:								
Water	187,696	211,489	267,740	344,916	416,651	494,304	592,688	655,443
Sewer	325,546	359,297	404,814	453,053	523,546	590,521	636,281	627,632
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	1,283,075
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	\$ 790,835	\$ 988,435	\$ 1,361,437	\$ 2,102,090	\$ 2,200,457	\$ 5,216,700	\$ 1,515,272	\$ 1,476,042

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

	Fiscal Year							
	2004	2005	2006	2007	2008	2009	2010	2011
NET (EXPENSE) REVENUE								
Governmental activities	\$ (994,106)	\$ (957,821)	\$ (928,844)	\$ (431,564)	\$ (552,417)	\$2,394,048	\$ (1,544,316)	\$ (1,784,456)
Business-type activities	(177,354)	(87,374)	(39,890)	36,619	82,574	94,554	136,488	185,632
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (1,171,460)</u>	<u>\$ (1,045,195)</u>	<u>\$ (968,734)</u>	<u>\$ (394,945)</u>	<u>\$ (469,843)</u>	<u>\$2,488,602</u>	<u>\$ (1,407,828)</u>	<u>\$ (1,598,824)</u>
GENERAL REVENUE AND OTHER								
CHANGES IN NET ASSETS								
GOVERNMENTAL ACTIVITIES								
Taxes								
Property taxes	\$ 723,724	\$ 828,559	\$ 940,540	\$1,119,965	\$ 1,190,056	\$1,273,249	\$ 1,303,845	\$ 1,290,816
Franchise taxes	23,225	29,018	96,955	179,228	166,765	172,024	178,000	182,027
Unrestricted grants and contributions	180,564	174,549	196,517	243,540	206,920	202,599	88,856	88,235
Interest and investment income	69,330	66,371	71,354	76,266	107,334	69,233	64,322	51,583
Miscellaneous	2,200	3,172	14,374	26,097	7,260	4,982	68,741	60,499
Transfers	(523,106)	(68,135)	11,229	(823,005)	(933,199)	(1,890,798)	(45,190)	(12,364)
TOTAL GOVERNMENTAL ACTIVITIES	<u>475,937</u>	<u>1,033,534</u>	<u>1,330,969</u>	<u>822,091</u>	<u>745,136</u>	<u>(168,711)</u>	<u>1,658,574</u>	<u>1,660,796</u>
BUSINESS-TYPE ACTIVITIES								
Investment earnings	4,954	8,512	7,471	8,793	7,964	7,632	8,250	8,308
Miscellaneous	154	-	-	-	-	-	-	-
Transfers	523,106	68,135	(11,229)	823,005	933,199	1,890,798	45,190	12,364
TOTAL BUSINESS-TYPE ACTIVITIES	<u>528,214</u>	<u>76,647</u>	<u>(3,758)</u>	<u>831,798</u>	<u>941,163</u>	<u>1,898,430</u>	<u>53,440</u>	<u>20,672</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,004,151</u>	<u>\$ 1,110,181</u>	<u>\$ 1,327,211</u>	<u>\$1,653,889</u>	<u>\$ 1,686,299</u>	<u>\$1,729,719</u>	<u>\$ 1,712,014</u>	<u>\$ 1,681,468</u>
CHANGE IN NET ASSETS								
Governmental activities	\$ (518,169)	\$ 75,713	\$ 402,125	\$ 390,527	\$ 192,719	\$2,225,337	\$ 114,258	\$ (123,660)
Business-type activities	350,860	(10,727)	(43,648)	868,417	1,023,737	1,992,984	189,928	206,304
TOTAL PRIMARY GOVERNMENT	<u>\$ (167,309)</u>	<u>\$ 64,986</u>	<u>\$ 358,477</u>	<u>\$1,258,944</u>	<u>\$ 1,216,456</u>	<u>\$4,218,321</u>	<u>\$ 304,186</u>	<u>\$ 82,644</u>

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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund										
Nonspendable										\$ 16,933
Restricted										48,640
Assigned										-
Unassigned										839,144
Reserved	\$ 1,634	\$ 10,477	\$ 5,483	\$ 39,735	\$ 220,673	\$ 113,787	\$ 149,255	\$ 82,411	\$ 78,353	-
Unreserved	410,748	444,072	316,452	163,701	116,384	390,627	429,983	541,143	776,472	-
Total general fund	<u>\$ 412,382</u>	<u>\$ 454,549</u>	<u>\$ 321,935</u>	<u>\$ 203,436</u>	<u>\$ 337,057</u>	<u>\$ 504,414</u>	<u>\$ 579,238</u>	<u>\$ 623,554</u>	<u>\$ 854,825</u>	<u>\$ 904,717</u>
All Other Governmental Funds										
Restricted										\$1,013,191
Assigned										325,710
Reserved	\$ 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	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	<u>\$1,079,997</u>	<u>\$1,525,565</u>	<u>\$1,168,742</u>	<u>\$1,048,057</u>	<u>\$1,043,854</u>	<u>\$1,370,078</u>	<u>\$1,525,293</u>	<u>\$2,937,950</u>	<u>\$1,444,073</u>	<u>\$1,338,901</u>

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

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
REVENUE										
Taxes	\$ 915,997	\$ 853,995	\$ 746,949	\$ 857,577	\$ 1,037,495	\$ 1,299,193	\$ 1,324,906	\$ 1,439,235	\$ 1,486,101	\$ 1,475,324
Licenses and permits	7,183	11,361	14,139	16,159	15,569	15,737	11,709	30,706	37,378	43,642
Intergovernmental	492,182	292,826	245,949	256,211	519,725	468,591	1,374,849	4,239,642	240,588	142,490
Charges for services	481	796	6,633	8,983	10,227	7,710	13,856	12,152	27,472	18,794
Fines and forfeitures	30,982	24,674	24,083	21,154	20,364	20,991	18,518	20,599	25,007	20,859
Special assessments	80,851	157,475	180,095	187,377	127,919	288,670	227,674	184,731	122,248	136,440
Interest	43,806	78,334	69,330	66,371	71,354	76,266	107,334	69,232	64,321	51,584
Other revenue	293,263	437,371	187,187	110,153	163,724	143,334	87,564	35,433	118,677	119,670
TOTAL REVENUE	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	2,008,803
EXPENDITURES										
General government	254,178	258,675	287,882	287,266	335,440	329,675	367,078	403,072	422,929	397,609
Public safety	403,445	371,574	415,765	479,640	530,246	761,759	659,327	578,157	622,042	706,237
Economic development	-	-	-	42,573	155,490	-	-	-	-	-
Other public works	300,532	205,211	208,153	231,178	242,803	276,191	374,668	346,587	360,679	348,426
Health and human services	-	-	-	1,981	1,193	838	1,003	1,888	1,892	1,304
Culture and recreation	23,513	21,045	27,620	35,118	54,941	46,971	47,210	31,898	68,124	82,536
Capital Outlay	1,098,716	754,002	679,544	342,994	459,761	1,873,328	1,269,245	4,425,101	363,145	196,063
Debt service										
Principal	375,000	560,000	245,000	300,000	265,000	190,000	135,000	250,000	100,000	230,000
Interest	143,868	148,590	99,838	90,435	81,259	72,689	131,869	125,738	120,969	101,908
Bond issuance costs	-	-	-	-	-	25,420	-	27,775	-	-
TOTAL EXPENDITURES	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	2,064,083
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(734,507)	(462,265)	(489,437)	(287,200)	(159,756)	(1,256,379)	181,010	(158,486)	62,012	(55,280)

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

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 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	-	950,000	-	-	124,174	-	273,092	76,711	-	-
Transfers out	-	-	-	-	-	-	(273,092)	(76,711)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	950,000	-	48,016	289,174	1,749,960	49,028	1,615,459	(1,324,619)	-
NET CHANGE IN FUND BALANCES	\$ (734,507)	\$ 487,735	\$ (489,437)	\$ (239,184)	\$ 129,418	\$ 493,581	\$ 230,038	\$ 1,456,973	\$ (1,262,607)	\$ (55,280)

Debt service as a percentage of noncapital expenditures

	34.6%	45.3%	26.9%	26.6%	20.8%	15.4%	15.6%	21.3%	13.0%	17.8%
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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:		Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed as Percentage of Actual Taxable Value
					Tax-Exempt Property	Property				
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
2011	203,758,100	30,913,200	20,750,400	416,400	11,081,600		244,756,500	45.829	258,153,300	0.9481

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
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
2011	37.842	7.987	45.829	17.202	43.211	0.465

Source: Winona County Auditor

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

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

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

	2011			2002		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
<u>TAXPAYER</u>						
Lakeside Manor	\$ 7,581,200	1	2.94%	\$ 6,435,800	1	4.37%
Benchmark of Winona	7,108,600	2	2.75%	5,749,200	2	3.90%
Polymer Composites	3,428,800	3	1.33%	2,614,900	3	1.77%
Hillview Apartments	3,064,300	4	1.19%			
Winona Lighting	2,775,200	5	1.08%	1,454,000	6	0.99%
Lake Village Associates	2,474,600	6	0.96%	1,821,400	4	1.24%
Hiatt Manufacturing	2,145,900	7	0.83%	1,277,600	8	0.87%
Mississippi Welders	2,044,900	8	0.79%			
Fastenal	1,835,100	9	0.71%	1,329,300	7	0.90%
Knitcraft	1,597,900	10	0.62%	1,251,100	9	0.85%
Jacobson/Baker Apartments				1,103,600	10	0.75%
Xcel Energy				1,568,600	5	1.06%
Total	\$ 34,056,500		13.20%	\$ 24,605,500		16.70%

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
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%	22,306	853,893	100.0%
2006	995,304	971,374	97.6%	23,930	995,304	100.0%
2007	1,227,817	1,188,841	96.8%	38,906	1,227,747	100.0%
2008	1,289,207	1,270,541	98.6%	17,515	1,288,056	99.9%
2009	1,356,025	1,327,800	97.9%	21,938	1,349,738	99.5%
2010	1,392,000	1,317,996	94.7%	14,733	1,332,729	95.7%
2011	1,381,725	1,302,569	94.3%	-	1,302,569	94.3%

Source: City of Goodview Finance Department

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

Fiscal Year	Governmental Activities				Business-Type Activities	Total Primary Government	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Tax Increment Bonds	Special Assessment Bonds	Capital Leases	Total Governmental Activities Debt	General Obligation Water Bonds			
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	5.14%	1,767
2011	-	2,710,000	209,377	2,919,377	3,825,932	6,745,309	Not available	1,671

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.

Source: City of Goodview Finance Department

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

Fiscal Year	General Bonded Debt Outstanding			Total	Less: Available In Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
	General Obligation Bonds	Special Assessment Bonds	General Obligation Water Bonds					
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	2.29%	1,487
2011	-	2,710,000	3,825,932	6,535,932	909,300	5,626,632	2.18%	1,394

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

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	^a	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes				
School District #861	\$ 22,507,903	10.27%		\$ 2,311,562
County of Winona	7,927,210	7.38%		<u>585,028</u>
Subtotal, overlapping debt				2,896,590
City of Goodview direct debt				<u>2,919,377</u>
Total direct and overlapping debt				<u>\$ 5,815,967</u>

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

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

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

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

Legal Debt Margin Calculation for Fiscal Year 2011

Assessed value	\$258,153,300
Debt limit (3% of assessed value)	7,744,599
Debt applicable to limit:	
General obligation bonds	6,535,932
Less: Special Assessment Bonds	<u>(2,710,000)</u>
Total net debt applicable to limit	<u>3,825,932</u>
Legal debt margin	<u>\$ 3,918,667</u>

	Fiscal Year										2011
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2010	
Debt limit	\$ 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	\$ 7,744,599	\$ 7,744,599
Total net debt applicable to limit	-	-	-	-	-	-	2,071,937	3,916,158	3,926,817	3,825,932	3,825,932
Legal debt margin	\$ 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	\$ 3,926,622	\$ 3,918,667
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	0%	0%	0%	0%	29%	52%	50%	50%	49%

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

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

Fiscal Year	Special Assessment Bonds ^a				Tax Increment Bonds				General Obligation Water Revenue Bonds					
	Special Assessment Collections	Debt Service Principal	Debt Service Interest	Coverage	Collections	Debt Service Principal	Debt Service Interest	Coverage	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
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	-
2009	243,924	250,000	125,668	0.65	-	-	-	-	497,914	307,701	190,213	102,500	56,403	1.20
2010	144,828	100,000	120,909	0.66	-	-	-	-	596,561	295,539	301,022	172,000	104,047	1.09
2011	153,742	230,000	101,848	0.46	-	-	-	-	659,621	280,399	379,222	177,069	103,279	1.35

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	Per Capita Personal Income	Median Age	School Enrollment	Unemployment Rate
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	138,636,600	34,350	26.7	184	7.0%
2011	4,036	Not available	Not available	Not Available	195	5.5%

- 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

	2011			2002			
	<u>EMPLOYER</u>	<u>TYPE OF BUSINESS/PRODUCT</u>	<u>EMPLOYEES</u> ^a	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u> ^a	<u>EMPLOYEES</u>	<u>RANK</u>
Benchmark Electronics, Inc.	Electronics manufacturer	640	1	2.67%	**	**	**
Fastenal Company	Office and tool repair	272	2	1.14%	**	**	**
Winona Lighting, Inc.	Lighting specialists	140	3	0.59%	**	**	**
Knitcraft Corporation	Garment manufacturer	150	4	0.63%	**	**	**
Ticona Celstran, Inc.	Thermoplastic manufacturer	64	5	0.27%	**	**	**
I.S.D. No. 861 (Winona)	Elementary education	56	6	0.23%	**	**	**
Wincraft, Inc.	Novelty manufacturer	68	8	0.28%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	60	7	0.25%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	31	9	0.13%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	21	10	0.09%	**	**	**
Total		1,502		6.28%			

** Information not available

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

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

Sources: Information from each business human resources department.

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Legislative	5	5	5	5	5	5	5	5	5	5
Administration	4	4	4	4	4	4	4	4	4	4
Public safety										
Police										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	6	6	6	6	12	14	10	13
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	4	4	4	4	4	5	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	11	9	12	13	12	13	10	9	10	8
Water	8	8	8	8	8	9	9	9	9	9
Wastewater	8	8	8	8	8	9	9	9	9	9

** Information not available

Sources: Various City departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government										
Building permits issued	54	71	71	71	71	51	51	132	244	214
Police										
Physical arrests	159	202	150	128	140	122	109	160	140	99
Parking violations	64	34	82	136	66	128	84	43	60	68
Traffic violations	915	630	720	549	591	518	474	403	504	475
Fire										
Emergency responses	14	20	23	18	15	14	12	27	19	19
Fires extinguished	6	6	13	8	9	4	7	6	8	11
Inspections	2	2	2	2	2	2	2	2	2	2
Volunteers	25	27	30	29	29	29	29	32	31	31
First responder										
Runs	55	76	90	109	88	94	134	160	146	179
Patients	57	84	103	96	79	93	134	160	140	169
Volunteers	**	8	12	17	19	21	41	22	23	22
Water										
Customers	941	967	986	1,009	1,116	1,128	1,169	1,244	1,260	1,268
Water main breaks	0	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	308,190	369,350	313,001	335,975	337,248	330,850	328,330	335,136	296,931	302,830
Peak daily consumption (thousands of gallons)	551,003	561,039	374,232	545,077	509,639	486,765	447,813	565,754	343,388	367,386
Wastewater										
Customers	1,009	1,036	1,054	1,075	1,099	1,109	1,153	1,229	1,244	1,252
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	273,282

** Information not available

Sources: Various City departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Policemen										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	6	6	9	9	12	13	13	14	10	13
Patrol units	5	5	5	5	5	5	5	5	7	6
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	25	27	30	29	29	29	29	32	31	31
Other public works										
Streets (miles)										
Paved	16.8	16.8	16.8	16.8	17	17	17	19	19	19
Unpaved	1	1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Streetlights	165	181	173	174	176	189	189	189	189	196
Recreation and culture										
Acreage	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2	2	2	2	2
Biking/walking trail (2 miles)	0	0	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	18.8	18.8	19.2	19.2	19.4	20.4	20.4	24.6	24.6	24.6
Fire hydrants	139	140	158	162	167	179	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)	15.6	15.9	16.7	16.7	16.9	18.1	18.1	21.9	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	7.6

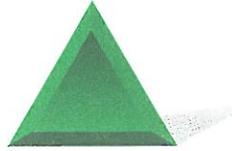
Sources: Various City departments

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CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2011



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 basic 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, 2011, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 25, 2012. 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 and Management Override

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* covers 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 except tax increment financing as the City did not have any tax increment financing.

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

Volunteer Fire Department Checking Account

It was discovered that the Volunteer Fire Department maintains a checking account that is not under the direct control of the City. The account does not have the appropriate City officials as signers on the account nor are the expenditures approved by the governing body.

We noted certain other matters that we reported to management of the City of Goodview, Minnesota, in a separate letter dated May 25, 2012.

The City of Goodview, Minnesota's responses to the findings identified in our audit is described above. We did not audit the City's response and, accordingly we express no opinion on it.

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
May 25, 2012