

**CITY OF GOODVIEW,
MINNESOTA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE
YEAR ENDED
DECEMBER 31, 2015**

**Prepared by:
Finance Administration Department**

**Dan Matejka
Administrator**

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
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CITY OF GOODVIEW, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2015

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4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

June 9, 2016

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, 2015.

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, 2015, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Goodview's financial statements for the fiscal year ended December 31, 2015 are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

The City is operated as a statutory city with a weak mayor-council form of government. Policy making and city legislative authority are vested with the City Council consisting of the mayor and four council members. The City is empowered to levy a property tax on both real and personal property. The City Council is responsible for adopting an annual budget and tax levy, adopting ordinances, appointing committees, hiring the City Administrator and City Attorney, among other tasks. Council members serve four year staggered terms with two council members elected every two years along with the mayor whose term is two years. Council members and the mayor are elected at large. The City Administrator is responsible for carrying out the policies of the City Council and the oversight of all services provided by the City for its residents and maintaining internal control.

The City of Goodview provides a full range of services, including police and fire protection; the construction and maintenance of streets and other infrastructure; water and sewer services; recreational activities; and parks.

The annual budget serves as the foundation for the City of Goodview's financial planning and control. All departments and agencies of the City of Goodview submit requests for appropriation to the City Administrator in July of each year. The City Administrator uses these requests as the starting point for developing a proposed budget. After review, the City Administrator presents a preliminary budget to the City Council before August 31st. After the City Council's review and additions or deletions, a preliminary property tax levy must be set prior to September 30th 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 2015 the City issued slightly more building permits in total than in 2014. However, the total dollar value was significantly lower than the \$5.6M issued in 2014, as it dropped to just over \$1.5M. In 2014 the category of New Apartments/Townhomes carried the load with a total of seven new permits at a cost of about \$3.8M being issued, but in 2015 no permits were issued in this category. The category of Industrial/Commercial Improvements saw more than 2.5 times more permits issued in 2015 (16 versus 7), but for less total dollar value (\$874,000) than the \$1.2M in 2014. The category which accounted for the most permits issued, 85% of the 115, was for Improvements to Residential property. The City's total taxable market value once again increased about 1.7% from the 2014 level, making it two consecutive years with that amount of increase. This back-to-back increase is being viewed by the City as a real sign that the entire property market value industry is well on its way to recovery. The retail economy in the adjacent urban area continued to stay stable over the past 12 months, and continues to provide a variety of available goods and services within easy access of all area residents.

The Winona County unemployment rate dropped again for the sixth straight year to 3.0% in 2015. This is down from the 3.9% rate in 2014. Thus the County is in better shape than the State rate of 3.7%, and a whole two-percentage points below the national rate of 5.0%.

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

Long-Term Financial Planning

City's Financial Policies:

General Fund Unassigned Fund Balance: The City's Unassigned Fund Balance saw a slight increase of approximately \$31,000 in 2015. This was accomplished through the City's conservative budgeting strategy and prudent spending habits. This Fund Balance continues to be very healthy when compared to the total General Fund Expenditures for the year. The result of this calculation shows the Fund Balance is approximately 58% of General Fund Expenditures. This is a vast improvement from where the City stood nine years ago when the Fund Balance as of December 31, 2006 was 9%. Having such a healthy Fund Balance allows the City to continue to provide the services its taxpayers have come to expect without raising property taxes drastically, or at all.

Capital Improvement Plan: Although the City did not have a formal Capital Improvement Plan for 2015, it still continued with the basic concepts of such a plan by exploring the needs of each individual department within the City. This analysis included discussing all aspects of Capital planning from the different types of assets needed, to researching the possible avenues of funding to obtain those assets. A few examples of this process involved the purchase of a newer used ladder truck for the Fire Department, and the planned remodeling of the City's oldest maintenance shop

building.

Projects: For the fifth straight year, the City continued with a multi-year project to reline all the City's sewer lines. In 2015 the City invested nearly \$89,000 to this project, bringing the five-year total to over \$460,000. The entire project is estimated to cost over \$1 million. The City continues to explore for potential funding sources (i.e.; grants, etc.), but to date all dollars spent on this project has been financed through the Sewer Fund budget. The City also expanded its utility services to an area outside of the City limits for a cost of just over \$100,000. Annexation of this property into the City was a pre-requisite in order to have services extended to it. Finally, the City received a \$750,000 Local Roads Improvement Grant from the Minnesota Department of Transportation to redo a number of different roadways within the City. The actual amount expended on this project was closer to \$950,000, with the difference being covered through a mixture of budgeted street repair dollars in the General Fund and funds available in the Capital Improvement Fund.

Awards and Acknowledgements

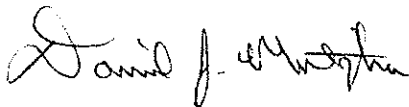
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goodview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This is the eighth straight year that the City has received this prestigious award.

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

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

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

Respectively submitted,



Daniel J. Matejka
City Administrator



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

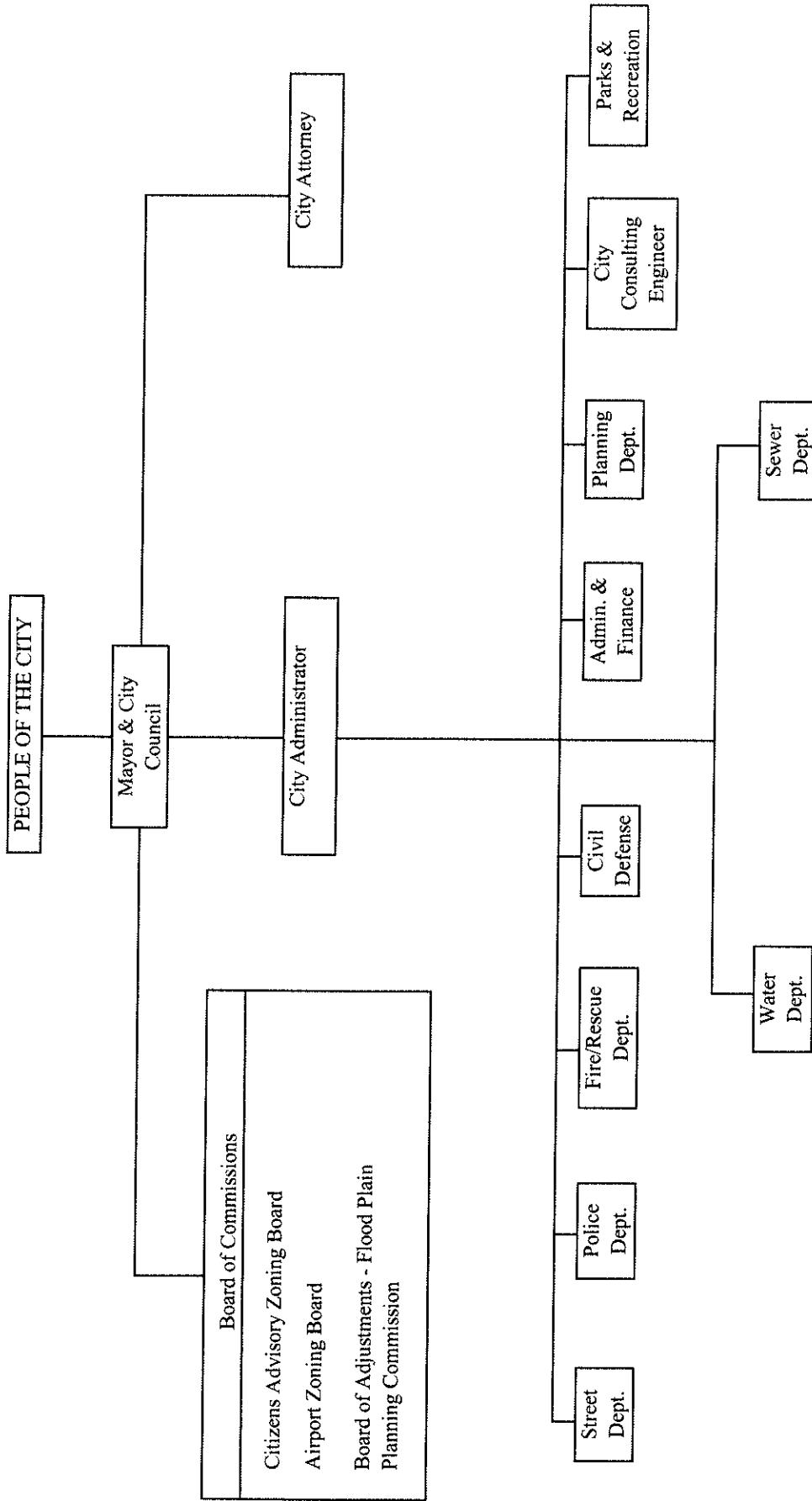
**City of Goodview
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



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

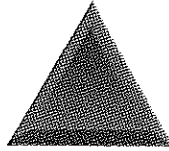
Steve Baumgart	Mayor
Michael Alexander	Council member
Richard Ledebuhr	Council member
Sandra Erdman	Council member
Charlie Andring	Council member
Dan Matejka	Administrator
Judy Gottschalk	Administrative Assistant
Denise Herber	General Services/Accounting Clerk
Lori Eschweiler	Clerk Typist/Accounting Tech

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CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2015



RUSSELL & ASSOCIATES LLC
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the City Council
City of Goodview, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Goodview, Minnesota, as of December 31, 2015, 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.

Emphasis of Matter

As discussed in Note 1, the City of Goodview adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

As discussed in Note 1, the City of Goodview adopted the provisions of GASB Statement No. 71, *Pension – Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective January 1, 2015. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, the schedules of proportionate share of net pension liability, schedules of pension contributions, and schedule of funding progress for other post-employment benefits, as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Goodview, Minnesota's basic financial statements. The supplemental information identified as "Budgetary Comparison Schedule – Debt Service Fund"; and introductory and statistical sections as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

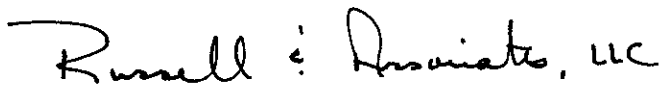
The "Budgetary Comparison Schedule – Debt Service Fund" is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other

additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the "Budgetary Comparison Schedule – Debt Service Fund" is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2016, on our consideration of the City of Goodview, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Goodview, Minnesota's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Russell & Associates, LLC". The signature is written in a cursive, flowing style.

Winona, Minnesota
June 9, 2016

Management's Discussion and Analysis

As management of the City of Goodview, Minnesota, we offer readers of the City of Goodview, Minnesota's financial statements this narrative overview and analysis of the financial activities of the City of Goodview, Minnesota for the fiscal year ended December 31, 2015. 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.

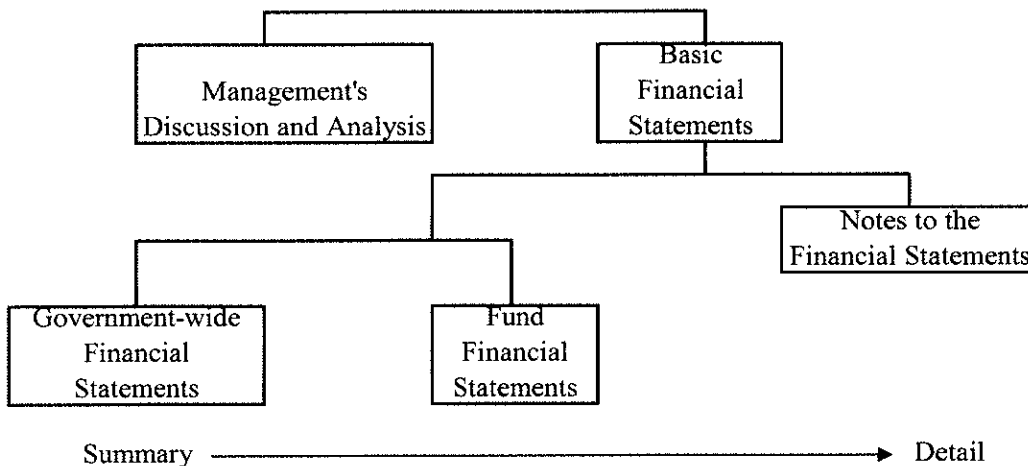
Financial Highlights

- The assets and deferred outflows of resources of the City of Goodview, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$21,724,481 (*net position*). Of this amount, \$1,841,392 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of the business-type activities increased by \$480,845 and total net position of the governmental activities increased by \$771,118. This resulted in a total increase in net position of \$1,251,963 for the City.
- The City recorded a change in accounting principle in the current year for reporting the City's participation in the Public Employees Retirement Association (PERA) and Statewide Volunteer Firefighter Retirement Plan (SVF) pension plans. This change reduced beginning net position in the government-wide statements by \$911,995.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of \$2,204,833, a decrease of \$1,368,352 in comparison with the prior year. The two major reasons for this decrease are first, the City completed refunding of the 2007 bonds. Secondly, the Capital Projects Fund decreased approximately \$500,000 mostly due to the City's portion of a road improvement project financed through a Local Roads Improvement Project grant, and expending funds for various other street and utility projects.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,054,175, or 58 percent of total General Fund expenditures for the fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Goodview, Minnesota, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$21,724,481 at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net position (87 percent) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Goodview, Minnesota used these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Goodview, Minnesota's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The City of Goodview, Minnesota's Net Position

Figure 2

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Current & other assets	\$ 3,202,589	\$ 4,558,437	\$ 1,316,319	\$ 1,013,353	\$ 4,518,908	\$ 5,571,790
Capital assets	10,175,089	9,212,294	14,433,492	14,340,542	24,608,581	23,552,836
Total assets	<u>13,377,678</u>	<u>13,770,731</u>	<u>15,749,811</u>	<u>15,353,895</u>	<u>29,127,489</u>	<u>29,124,626</u>
Deferred outflows of resources	162,070	-	32,318	-	194,388	-
Long-term liabilities outstanding	3,635,570	4,137,653	3,371,418	3,330,017	7,006,988	7,467,670
Other liabilities	263,177	174,818	196,728	97,625	459,905	272,443
Total liabilities	<u>3,898,747</u>	<u>4,312,471</u>	<u>3,568,146</u>	<u>3,427,642</u>	<u>7,466,893</u>	<u>7,740,113</u>
Deferred inflows of resources	107,125	-	23,378	-	130,503	-
Net position:						
Net investment in capital assets	7,521,294	6,218,118	11,361,560	11,072,610	18,882,854	17,290,728
Restricted	1,000,235	1,380,473	-	-	1,000,235	1,380,473
Unrestricted	<u>1,012,347</u>	<u>1,859,669</u>	<u>829,045</u>	<u>853,643</u>	<u>1,841,392</u>	<u>2,713,312</u>
Total net position	<u>\$ 9,533,876</u>	<u>\$ 9,458,260</u>	<u>\$ 12,190,605</u>	<u>\$ 11,926,253</u>	<u>\$ 21,724,481</u>	<u>\$ 21,384,513</u>

An additional portion of the City of Goodview, Minnesota's net position (5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,841,392) may be used to meet the government's ongoing obligations to citizens and creditors.

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

City of Goodview, Minnesota's Changes in Net Position

Figure 3

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
REVENUE						
Program revenue						
Charges for services	\$ 55,753	\$ 87,711	\$ 1,418,988	\$ 1,378,172	\$ 1,474,741	\$ 1,465,883
Operating grants & contributions	139,565	85,530	-	-	139,565	85,530
Capital grants & contributions	792,658	554,537	-	-	792,658	554,537
General revenue:						
Taxes	1,711,372	1,572,529	-	-	1,711,372	1,572,529
Intergovernmental revenue	267,866	252,795	-	-	267,866	252,795
Interest and investment income	62,625	33,172	9,020	15,693	71,645	48,865
Miscellaneous	33,626	34,779	-	-	33,626	34,779
TOTAL REVENUE	3,063,465	2,621,053	1,428,008	1,393,865	4,491,473	4,014,918
EXPENSES						
General government	482,425	485,228	-	-	482,425	485,228
Public safety	840,871	775,108	-	-	840,871	775,108
Public works	537,485	543,417	-	-	537,485	543,417
Health and human services	1,187	2,534	-	-	1,187	2,534
Culture and recreation	101,354	100,589	-	-	101,354	100,589
Interest and fiscal charges	70,828	121,085	-	-	70,828	121,085
Water	-	-	632,142	633,872	632,142	633,872
Sewer	-	-	573,218	567,168	573,218	567,168
TOTAL EXPENSES	2,034,150	2,027,961	1,205,360	1,201,040	3,239,510	3,229,001
INCREASE IN NET POSITION BEFORE TRANSFERS	1,029,315	593,092	222,648	192,825	1,251,963	785,917
TRANSFERS	(258,197)	(409,727)	258,197	409,727	-	-
CHANGE IN NET POSITION	771,118	183,365	480,845	602,552	1,251,963	785,917
NET POSITION – BEGINNING	9,458,260	9,274,895	11,926,253	11,323,701	21,384,513	20,598,596
CUMMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(695,502)	-	(216,493)	-	(911,995)	-
NET POSITION – BEGINNING, as restated	8,762,758	9,274,895	11,709,760	11,323,7001	20,472,518	20,598,596
NET POSITION - ENDING	\$ 9,533,876	\$ 9,458,260	\$ 12,190,605	\$ 11,926,253	\$21,724,481	\$21,384,513

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

Governmental activities: Governmental activities increased the City's net position by \$771,118. Total revenue increased 17% over the prior year, with the largest increase (89%) in Interest and Investment Income due to the first year of collections of special assessments for the 2014 street and utility project. Capital grants and contributions also increased significantly (43%) as a result of the City receiving a \$750,000 Local Road Improvement Project grant through the Minnesota Department of Transportation. Total expenses were basically the same as they were in 2014, with Public Safety increasing approximately 9% due to an addition to police staff (wages & benefits increased \$45,400 over 2014) and increased pension expense for the police and fire departments due to the change in accounting for pensions plans.

Business-type activities: Business-type activities net position increased \$480,845 partially as a result of the City's conservative budgeting practice and conscience effort of prudent spending, but mostly (54%) as a result of a transfer from the Capital Improvements Fund to the respective Enterprise funds to cover their portion of a street and utility improvement project.

Financial Analysis of the City's Funds

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

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

The General Fund is the primary operating fund of the City of Goodview, Minnesota. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$1,054,175, while total fund balance was \$1,126,227. 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 58 percent of total General Fund expenditures, while total fund balance represents 62 percent of that same amount. The General Fund's fund balance increased \$30,854 during 2015. The increase is partially attributable to the City's conservative budgeting practice and conscience effort of prudent spending which helps create an atmosphere of no deficit spending.

At December 31, 2015, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of \$691,531, a decrease of \$896,871 from last year. The decrease is due to mainly two issues, the first is the completion of the transaction of the issuance of refunding bonds in 2013 to pay off the 2007 bonds. Secondly, was the City's contribution to an extension project from 2014. The Capital Projects Fund reported a fund balance of \$387,075, a decrease of \$502,335 from 2014. The decrease is primarily due to the costs-to-date of a street and utility improvement project being netted against the issuance of a new bond issuance, and the City's portion of a road improvement project partially funded by a Local Road Improvement Project grant of \$750,000.

General Fund Budget. The General Fund budget was amended to reflect changes during the 2015 year. There were a few significant budget-to-actual variances for the year ended December 31, 2015. The areas on the revenue side that had variances were basically the same areas that we usually see variances every year, with one addition. They were; (1) Building permits and inspection fees, (2) Other State Aid under the Intergovernmental category, (3) Donations under the Miscellaneous category, and (4) Cable Franchise Fees under the Taxes heading. In the case for the first item it always comes due to the unknown of the actual number of building permits that will be issued in a given year. Item two is the case of the City receiving more state aid than expected for both the Police and Fire Departments. However in 2015 this area was also inflated due to a new aid appropriated by the State legislature in 2015 called Small Cities Assistance Aid. The City received nearly \$47,000 of unbudgeted revenue for this new aid in 2015. For item #3, part of this evolves from a City policy of not typically budgeting for donations on either the revenue or expenditure sides of the ledger. Finally item #4 is a variance of just over \$24,000 in revenue for Cable Franchise Fees. This is a result of a settlement with one of two local cable providers for past due franchise fees. As for the variances between actual and budget figures for expenditures, there were a few categories that closed with significant variances. These included the Other General Government area where the City had a favorable variance mainly due to positive balances in the general utilities area, and the City's portion of a Mass Transit subsidy being less than expected. The Law Enforcement category saw a positive variance with the majority of it being attributable to less part-time hours being used than were budgeted and lower gas prices than expected. However, the department's vehicles did require some major unexpected maintenance thus creating a negative variance in this category for the department. Utilities were another area the overall City had a variance to-the-good as those prices were better than expected. The Fire Department finished with a positive variance mostly attributable to coming in under budget in areas such as uniforms and miscellaneous charges, but they had a significant negative variance in the Capital Outlay – Building area as the City elected to use unbudgeted dollars from the Unassigned Fund Balance to pay for an addition onto the Fire Hall. The Street Department finished the year with an overall positive variance,

attributable to street and building maintenance costs coming in under budget, and less than expected Capital Outlay costs for improvements. Finally, as stated earlier in this paragraph, the City doesn't budget any amount in either the revenue or expenditure budgets for donations so negative variances are the norm in this category. This occurred in basically all of the areas of operation within the City; including Police, Fire, Civil Defense, and Parks.

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

	Unrestricted Net Position	Change in Net Position
Water	\$ 471,051	\$ 211,796
Sewer	357,994	269,049

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

Capital Asset and Debt Administration

Capital assets. The City's net investment in capital assets, for its governmental and business-type activities as of December 31, 2015, totals \$18,882,854 (net of accumulated depreciation and related debt). 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):

- Expansion of the fire hall
- Utility extension projects
- Improvements to the shop building
- Street project
- Sanitary sewer relining project
- Purchase a fire ladder truck
- Reseal water tanks
- Upgrades to the SCADA system

City of Goodview, Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Land	\$ 947,399	\$ 947,399	\$ 62,689	\$ 62,689	\$ 1,010,088	\$ 1,010,088
Construction in progress	1,873,008	608,212	1,203,438	935,473	3,076,446	1,543,685
Buildings	1,585,946	1,544,928	3,627,153	3,627,153	5,213,099	5,172,081
Improvements	964,586	964,586	-	-	964,586	964,586
Machinery and equipment	2,107,492	2,069,820	1,829,508	1,807,927	3,937,000	3,877,747
Infrastructure	8,304,166	8,304,166	11,339,258	11,229,291	19,643,424	19,533,457
Less: Accumulated depreciation	(5,607,508)	(5,226,817)	(3,628,554)	(3,321,991)	(9,236,062)	(8,548,808)
TOTAL	\$ 10,175,089	\$ 9,212,294	\$ 14,433,492	\$ 14,340,542	\$ 24,608,581	\$ 23,552,836

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 44-45.

Long-Term Obligations. As of December 31, 2015, the City of Goodview, Minnesota had total long-term obligations outstanding of \$7,006,988. Of this, \$5,643,095 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases, contract for deed, net pension liabilities, compensated absences, and other post-employment benefits.

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

Figure 5

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2015	2014	2015	2014	2015	2014
Special Assessment Bonds	\$ 2,571,163	\$ 3,774,752	\$ -	\$ -	\$ 2,571,163	\$ 3,774,752
General Obligation Water Bond	-	-	3,071,932	3,267,932	3,071,932	3,267,932
Contract for deed	62,326	91,256	-	-	62,326	91,256
Net pension liability*	781,753	-	232,602	-	1,014,355	-
Other long-term obligations	220,328	271,645	66,884	62,085	287,212	333,730
TOTAL	\$ 3,635,570	\$ 4,137,653	\$ 3,371,418	\$ 3,330,017	\$ 7,006,988	\$ 7,467,670

*Reflects current year change in accounting principle; prior year balances were not restated.

The City's total debt decreased by \$460,682 (6.2 %) during the past fiscal year primarily due to the scheduled annual principal and interest payments, and scheduled refunding of the 2007 bond issuance.

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 \$7,222,782.

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 47-50.

Economic Factors and Next Year's Budgets and Rates

The 2016 General Fund expenditure budget is \$1,803,349, which is \$33,201, or 1.9%, more than the 2015 budget. This nominal increase was a conscience effort by the City to keep spending relatively flat, especially after the large increase of 4.5% in 2015. The increase also allowed the City, for the second straight year, to not have to use any of the Unassigned Fund Balance dollars to balance the budget. The property tax rate for 2016 decreased about .4% from 50.299% in 2015 to 49.892% in 2016. Once again, this was done by design as the City hopes to continue to decrease the impact of taxes on its taxpayers.

Requests for Information

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

CITY OF GOODVIEW, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2015

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CITY OF GOODVIEW, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2015

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2015

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and temporary investments	\$ 2,432,143	\$ 781,182	\$ 3,213,325
Receivables			
Accounts	53,385	201,811	255,196
Taxes	41,472	-	41,472
Special assessments	750,519	-	750,519
Internal balances	(322,075)	322,075	-
Due from other governments	228,209	-	228,209
Inventories	-	2,087	2,087
Prepaid items	18,936	9,164	28,100
Capital assets not being depreciated			
Land and construction in progress	2,820,407	1,266,127	4,086,534
Capital assets, net of accumulated depreciation			
Buildings	871,248	2,877,259	3,748,507
Improvements other than buildings	533,278	-	533,278
Machinery and equipment	680,265	1,330,540	2,010,805
Infrastructure	5,269,891	8,959,566	14,229,457
	<u>13,377,678</u>	<u>15,749,811</u>	<u>29,127,489</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	160,321	32,318	192,639
Deferred charge on refunding	1,749	-	1,749
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>162,070</u>	<u>32,318</u>	<u>194,388</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 13,539,748</u>	<u>\$ 15,782,129</u>	<u>\$ 29,321,877</u>

(Continued on page 22)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2015

<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
LIABILITIES			
Accounts payable	\$ 234,841	\$ 156,899	\$ 391,740
Customer deposits	3,000	-	3,000
Accrued interest	25,336	29,406	54,742
Due to other governments	-	423	423
Unearned revenues	-	10,000	10,000
Noncurrent liabilities			
Due within one year	527,171	226,118	753,289
Due in more than one year	3,108,399	3,145,300	6,253,699
TOTAL LIABILITIES	<u>3,898,747</u>	<u>3,568,146</u>	<u>7,466,893</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	107,125	23,378	130,503
NET POSITION			
Net investment in capital assets	7,521,294	11,361,560	18,882,854
Restricted for			
Debt service	947,119	-	947,119
First responders	3,905	-	3,905
Equipment - fire	4,010	-	4,010
Equipment - police	14,777	-	14,777
Police K-9	3,336	-	3,336
Parks	22,828	-	22,828
Recreation programs	4,260	-	4,260
Unrestricted	1,012,347	829,045	1,841,392
TOTAL NET POSITION	<u>9,533,876</u>	<u>12,190,605</u>	<u>21,724,481</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 13,539,748</u>	<u>\$ 15,782,129</u>	<u>\$ 29,321,877</u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2015

<u>FUNCTIONS/PROGRAMS</u>	<u>EXPENSES</u>	<u>PROGRAM REVENUE</u>		
		<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 482,425	\$ 9,386	\$ -	\$ -
Public safety	840,871	13,373	90,215	3,705
Public works	537,485	18,268	46,768	775,953
Health and human services	1,187	-	-	-
Culture and recreation	101,354	14,726	2,582	13,000
Interest and fiscal charges	70,828	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>2,034,150</u>	<u>55,753</u>	<u>139,565</u>	<u>792,658</u>
BUSINESS-TYPE ACTIVITIES				
Water	632,142	746,391	-	-
Sewer	573,218	672,597	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>1,205,360</u>	<u>1,418,988</u>	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 3,239,510</u>	<u>\$ 1,474,741</u>	<u>\$ 139,565</u>	<u>\$ 792,658</u>

GENERAL REVENUE

Taxes

Property taxes

Franchise taxes

Intergovernmental revenue not restricted to specific programs

Unrestricted investment earnings

Miscellaneous

TRANSFERS

TOTAL GENERAL REVENUE AND TRANSFERS

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR, as previously reported

Change in accounting principle - pension plans

NET POSITION AT BEGINNING OF YEAR, as restated

NET POSITION AT END OF YEAR

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

NET (EXPENSES) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (473,039)		\$ (473,039)
(733,578)		(733,578)
303,504		303,504
(1,187)		(1,187)
(71,046)		(71,046)
(70,828)		(70,828)
<u>(1,046,174)</u>		<u>(1,046,174)</u>
	\$ 114,249	114,249
	99,379	99,379
	<u>213,628</u>	<u>213,628</u>
<u>(1,046,174)</u>	<u>213,628</u>	<u>(832,546)</u>
1,485,142	-	1,485,142
226,230	-	226,230
267,866	-	267,866
62,625	9,020	71,645
33,626	-	33,626
(258,197)	258,197	-
<u>1,817,292</u>	<u>267,217</u>	<u>2,084,509</u>
771,118	480,845	1,251,963
9,458,260	11,926,253	21,384,513
(695,502)	(216,493)	(911,995)
<u>8,762,758</u>	<u>11,709,760</u>	<u>20,472,518</u>
<u>\$ 9,533,876</u>	<u>\$ 12,190,605</u>	<u>\$ 21,724,481</u>

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CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2015

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2015

ASSETS	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 956,338	\$ 689,262	\$ 786,543	\$ 2,432,143
Receivables				
Accounts	53,385	-	-	53,385
Taxes	32,362	8,052	1,058	41,472
Special assessments	-	274,405	476,114	750,519
Due from other governments	210,659	-	17,550	228,209
Due from other funds	-	-	9,769	9,769
Prepaid items	18,936	-	-	18,936
TOTAL ASSETS	<u>\$ 1,271,680</u>	<u>\$ 971,719</u>	<u>\$ 1,291,034</u>	<u>\$ 3,534,433</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 113,592	\$ -	\$ 121,249	\$ 234,841
Customer deposits	3,000	-	-	3,000
Due to other funds	235	-	331,609	331,844
TOTAL LIABILITIES	<u>116,827</u>	<u>-</u>	<u>452,858</u>	<u>569,685</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	28,626	6,510	-	35,136
Unavailable revenue - special assessments	-	273,678	451,101	724,779
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>28,626</u>	<u>280,188</u>	<u>451,101</u>	<u>759,915</u>
FUND BALANCES				
Nonspendable:				
Prepays	18,936	-	-	18,936
Restricted:				
Debt service	-	691,531	51,668	743,199
First responders	3,905	-	-	3,905
Equipment - fire	4,010	-	-	4,010
Equipment - police	14,777	-	-	14,777
Police K-9	3,336	-	-	3,336
Parks	22,828	-	-	22,828
Recreation programs	4,260	-	-	4,260
Assigned	-	-	335,407	335,407
Unassigned	1,054,175	-	-	1,054,175
TOTAL FUND BALANCES	<u>1,126,227</u>	<u>691,531</u>	<u>387,075</u>	<u>2,204,833</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 1,271,680</u>	<u>\$ 971,719</u>	<u>\$ 1,291,034</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	10,175,089
Other long-term assets are not available to pay for current expenditures and, therefore, are unavailable revenue in the governmental funds	759,915
Deferred inflows and outflows of resources related to pensions are not reported in the governmental funds but will be recognized in pension expense on a long term basis and therefore are reported in the statement of net position	53,196
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	(2,571,164)
Contract for deed	(62,326)
Capital leases payable	(73,723)
Accrued interest	(25,336)
Compensated absences	(71,417)
Other post employment benefits	(63,752)
Net pension liability	(781,753)
Other long-term liability	(11,435)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 9,532,127</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, 2015

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL GOVERNMENTAL FUNDS
REVENUE				
Taxes				
Property	\$ 1,143,299	\$ 268,114	\$ 65,247	\$ 1,476,660
Franchise	226,230	-	-	226,230
Licenses and permits	26,174	-	-	26,174
Intergovernmental	365,011	30	730,057	1,095,098
Charges for services	16,173	-	-	16,173
Fines and forfeitures	13,407	-	-	13,407
Special assessments	-	65,779	76,716	142,495
Interest	2,792	29,089	30,744	62,625
Donations	34,327	-	-	34,327
Miscellaneous	33,757	-	-	33,757
TOTAL REVENUE	1,861,170	363,012	902,764	3,126,946
EXPENDITURES				
Current				
General government	453,163	1,950	1,836	456,949
Public safety	745,135	-	-	745,135
Public works	294,527	33	19,940	314,500
Health and human services	1,187	-	-	1,187
Culture and recreation	36,143	-	-	36,143
Capital outlay	300,161	-	1,324,785	1,624,946
Debt service				
Principal	-	1,205,000	28,929	1,233,929
Interest and fiscal charges	-	52,900	29,609	82,509
TOTAL EXPENDITURES	1,830,316	1,259,883	1,405,099	4,495,298
NET CHANGE IN FUND BALANCES	30,854	(896,871)	(502,335)	(1,368,352)
FUND BALANCES AT BEGINNING OF YEAR	1,095,373	1,588,402	889,410	3,573,185
FUND BALANCES AT END OF YEAR	\$ 1,126,227	\$ 691,531	\$ 387,075	\$ 2,204,833

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, 2015

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

Net change in fund balances - Total Governmental Funds		\$ (1,368,352)
<p>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.</p>		
Capital outlay	\$ 1,624,946	
Less: long-term payable for capital outlay	(11,435)	
Less: proprietary fund capital contribution	(258,197)	
Less: Depreciation expense	<u>(392,387)</u>	962,927
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets.</p>		
		(131)
<p>Other long-term assets are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.</p>		
Change in unavailable revenue - delinquent taxes	8,830	
Change in unavailable revenue - special assessments	<u>(96,949)</u>	(88,119)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Lease principal payments	46,857	
Bond principal payments	<u>1,233,929</u>	1,280,786
<p>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.</p>		
Change in accrued interest	12,262	
Amortization of bond discount or premium	(1,412)	
Change in compensated absences	3,912	
Change in long-term claims payable	11,435	
Change in other post employment benefits	(10,885)	
Pension liability	<u>(49,549)</u>	(34,237)
<p>Governmental funds do not report long-term amounts related to pensions.</p>		
Deferred outflows of pension resources	123,620	
Deferred inflows of pension resources	<u>(107,125)</u>	<u>16,495</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u>\$ 769,369</u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2015

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>
CURRENT ASSETS			
Cash and cash equivalents	\$ 564,158	\$ 217,024	\$ 781,182
Receivables			
Accounts	50,592	49,593	100,185
Unbilled	53,659	47,967	101,626
Due from other funds	235	331,609	331,844
Inventories	2,087	-	2,087
Prepaid items	4,934	4,230	9,164
TOTAL CURRENT ASSETS	675,665	650,423	1,326,088
NONCURRENT ASSETS			
CAPITAL ASSETS			
Land	50,534	12,155	62,689
Buildings, plants, and stations	3,465,550	161,603	3,627,153
Storage, distribution, and collection system	5,822,450	5,516,808	11,339,258
Machinery and equipment	1,566,009	263,499	1,829,508
Construction in progress	362,663	840,775	1,203,438
TOTAL CAPITAL ASSETS	11,267,206	6,794,840	18,062,046
Less accumulated depreciation	2,191,599	1,436,955	3,628,554
NET CAPITAL ASSETS	9,075,607	5,357,885	14,433,492
TOTAL ASSETS	9,751,272	6,008,308	15,759,580
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	16,159	16,159	32,318
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 9,767,431	\$ 6,024,467	\$ 15,791,898
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
CURRENT LIABILITIES			
Accounts payable	\$ 13,773	\$ 143,126	\$ 156,899
Accrued interest	29,406	-	29,406
Due to other governments	423	-	423
Due to other funds	5,739	4,030	9,769
Unearned revenue	10,000	-	10,000
Current portion of long-term debt	201,000	-	201,000
Current portion of compensated absences	12,559	12,559	25,118
TOTAL CURRENT LIABILITIES	272,900	159,715	432,615
NONCURRENT LIABILITIES			
Long-term debt	2,870,932	-	2,870,932
Compensated absences	2,572	2,572	5,144
Net pension liability	116,301	116,301	232,602
Other post employment benefits	18,311	18,311	36,622
TOTAL NONCURRENT LIABILITIES	3,008,116	137,184	3,145,300
TOTAL LIABILITIES	3,281,016	296,899	3,577,915
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	11,689	11,689	23,378
NET POSITION			
Net investment in capital assets	6,003,675	5,357,885	11,361,560
Unrestricted	471,051	357,994	829,045
TOTAL NET POSITION	6,474,726	5,715,879	12,190,605
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 9,767,431	\$ 6,024,467	\$ 15,791,898

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
OPERATING REVENUE			
Sales	\$ 607,087	\$ 661,450	\$ 1,268,537
Charges for services	113,989	7,622	121,611
Miscellaneous	<u>25,315</u>	<u>3,525</u>	<u>28,840</u>
TOTAL OPERATING REVENUE	746,391	672,597	1,418,988
 OPERATING EXPENSES			
Cost of sales and services	270,374	439,272	709,646
Administration	72,287	32,892	105,179
Depreciation	<u>205,509</u>	<u>101,054</u>	<u>306,563</u>
TOTAL OPERATING EXPENSES	<u>548,170</u>	<u>573,218</u>	<u>1,121,388</u>
 OPERATING INCOME	198,221	99,379	297,600
 NONOPERATING REVENUE (EXPENSE)			
Interest income	4,592	4,428	9,020
Interest expense	<u>(83,972)</u>	<u>-</u>	<u>(83,972)</u>
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(79,380)</u>	<u>4,428</u>	<u>(74,952)</u>
 INCOME BEFORE CAPITAL CONTRIBUTIONS	118,841	103,807	222,648
 CAPITAL CONTRIBUTIONS	<u>92,955</u>	<u>165,242</u>	<u>258,197</u>
 CHANGE IN NET POSITION	211,796	269,049	480,845
 NET POSITION AT BEGINNING OF YEAR			
as previously reported	6,371,176	5,555,077	11,926,253
Change in accounting principle - pension plans	<u>(108,246)</u>	<u>(108,247)</u>	<u>(216,493)</u>
NET POSITION AT BEGINNING OF YEAR, as restated	<u>6,262,930</u>	<u>5,446,830</u>	<u>11,709,760</u>
 NET POSITION AT END OF YEAR	<u>\$ 6,474,726</u>	<u>\$ 5,715,879</u>	<u>\$ 12,190,605</u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2015

	WATER UTILITY	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 737,759	\$ 672,194	\$ 1,409,953
Receipts for (payments from) interfund services	(98,890)	(782,045)	(880,935)
Payments to suppliers for goods and services	(194,466)	(243,190)	(437,656)
Payments to employees for services	(131,104)	(131,103)	(262,207)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	313,299	(484,144)	(170,845)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(41,614)	(99,702)	(141,316)
Principal paid on capital debt	(196,000)	-	(196,000)
Interest paid on capital debt	(85,848)	-	(85,848)
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	(323,462)	(99,702)	(423,164)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	4,592	4,428	9,020
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,571)	(579,418)	(584,989)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	569,729	796,442	1,366,171
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 564,158	\$ 217,024	\$ 781,182
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating income	\$ 198,221	\$ 99,379	\$ 297,600
Adjustments to reconcile operating income to net cash provided (used) by operating activities			
Depreciation	205,509	101,054	306,563
Changes in assets and liabilities			
(Increase) decrease in assets/deferred outflows			
Accounts receivable	(8,632)	(403)	(9,035)
Due from other funds	(235)	(331,609)	(331,844)
Inventories	2,062	-	2,062
Prepaid items	(109)	61	(48)
Deferred pension outflows	(11,222)	(11,222)	(22,444)
Increase (decrease) in liabilities/deferred inflows			
Accounts payable	9,196	91,827	101,023
Due to other governments	(41)	-	(41)
Due to other funds	(98,655)	(450,436)	(549,091)
Compensated absences	(443)	(443)	(886)
Other post employment benefits	2,842	2,842	5,684
Net pension liability	3,117	3,117	6,234
Deferred pension inflows	11,689	11,689	23,378
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 313,299	\$ (484,144)	\$ (170,845)

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2015

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, 2015, there were no entities that met the requirements to be considered a component unit of the City.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report the overall financial activity of the City. They include all funds of the reporting entity. Governmental activities, which normally are supported by taxes, intergovernmental revenue, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

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

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

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if it is collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on general long-term debt, claims and judgments, and compensated absences are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under capital leases are reported as other financing sources.

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

The City reports the following major governmental funds:

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

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

The City reports the following major proprietary funds:

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

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

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

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

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

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

1. Deposits and Investments

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

1. Deposits and Investments - Continued

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

Investments for the City are reported at fair value.

2. Receivables and Payables

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

2. Receivables and Payables - Continued

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

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

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

3. Inventories

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

4. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2015 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, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

5. Capital Assets and Intangible 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 2015 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.

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 position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the period incurred.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

7. Long-Term Obligations - Continued

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has only one type of item in this reporting category relating to pensions. The deferred outflows of resources related to pensions is reported in the government-wide and proprietary fund Statements of Net Position. This deferred outflow results from differences between expected and actual experience, changes of assumptions, differences between actual and projected earnings on pension plan investments, and from contributions to the plan subsequent to the measurement date and before the end of the reporting period. These amounts are deferred and amortized as required under pension standards.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two items in this reporting category. The first item is for unavailable revenue from property taxes and special assessments and arises under the modified accrual basis of accounting. Accordingly, the item, *unavailable revenue*, is reported in the governmental funds balance sheet. These amounts are recognized as an inflow of resources in the period that the amounts become available. The second item, deferred inflows of resources related to pensions, is reported in the government-wide and proprietary fund Statements of Net Position. This deferred inflow results from differences between expected and actual experience, changes of assumptions, and differences between actual and projected earnings on pension plan investments. These amounts are deferred and amortized as required under pension standards.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

9. Net Position

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

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

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

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

10. Fund Equity

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

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

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

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

10. Fund Equity - Continued

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

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

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

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

11. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA’s fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 1 - Summary of Significant Accounting Policies – Continued

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

12. 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.

13. Change in Accounting Principles

During the year ended December 31, 2015, the City implemented GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No. 27*. This Statement replaces the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers* and GASB Statement No. 50, *Pension Disclosures*. This statement requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as an asset/liability and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement also enhances accountability and transparency through revised and new note disclosures and RSI. The City also implemented GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*. The objective of this statement is to address an issue regarding the application of the transition provisions of Statement N. 68. The issue relates to contributions to a defined benefit plan after the measurement date of the government's beginning net pension liability. This Statement eliminated the source of potential significant understatement of restated net position and expense in the first year on implementation of Statement No. 68.

The result of implementation of these standards was to decrease the net position of governmental activities in the government-wide statements as of December 31, 2014 by \$695,502 and decrease the business-type activities net position in the government-wide statements by \$216,493. This change reflects the City's share of the net pension liabilities (\$958,571) and related deferred outflows of resources (\$46,576) for the Public Employees Retirement Association of Minnesota (PERA) plans, which consist of the General Employees Retirement Fund, the Public Employees Police and Fire Fund, and the Statewide Volunteer Firefighter Retirement Plan. The net position in the fund statements, as of December 31, 2014, was decreased by \$108,246 for the Water Fund and \$108,247 for the Sewer Fund.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in several 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 \$3,213,224 and the bank balances totaled \$3,884,840. 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	Other Banks
Deposits - Cash	\$ 1,067,549	\$ 1,824,413	\$ 992,878
Less: Federal Deposit Insurance	(500,000)	(280,661)	(992,878)
Deposits in excess of insured amounts	\$ 567,549	\$ 1,543,752	\$ -
Security collateral required	\$ 624,304	\$ 1,698,127	
Security collateral provided Federal/Gov. National Mort. Assoc. and general/revenue obligations of local governments-market value	2,948,271	1,112,597	
Excess (deficiency) of security collateral	\$ 2,323,967	\$ (585,530)	

Deposits as of December 31, 2015 are as follows:

	Deposit Amount	Carrying Amount
<u>Wells Fargo Bank</u>		
Checking accounts	\$ 1,793,752	\$ 1,694,790
Money market accounts	30,661	30,661
<u>Merchants Bank</u>		
Checking accounts	607,323	34,669
Money market accounts	460,226	460,226
<u>Other Banks</u>		
Money market accounts	496,878	496,878
Certificates of deposit	496,000	496,000
Total deposits	3,884,840	3,213,224
Petty cash and change funds		100
Total cash and change fund	\$ 3,884,840	\$ 3,213,324

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

Fair (Market) Value of Investments - Investments are reported at fair value. At December 31, 2015, the fair value of the City's investments approximated original cost; therefore, no fair value adjustments were necessary.

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

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

Interest Rate Risk - State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds that mature or may be tendered for purchase at the option of the holder within not more than seven years of the date acquired. The City's investment policy requires the investment portfolio to be structured so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

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

Custodial Credit Risk - Deposits - Custodial credit is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City's policy for custodial credit risk requires the City to maintain a list of public depositories, financial institutions and City brokers/dealers authorized to provide deposit and investment services. The authorized depositories, financial institutions and broker/dealers must provide an appropriate audited financial statements demonstrating compliance with state and federal capital adequacy guidelines. As of December 31, 2015, \$1,773,539 of the City's bank balance of \$3,884,840 is covered by FDIC coverage, \$1,680,146 was collateralized. \$431,155 of the City's deposits were exposed to custodial credit risk.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds - Continued

B. Receivables

Receivables at December 31, 2015 for the City's individual major funds consist of the following:

	General Fund	Debt Service	Capital Projects	Water Fund	Sewer Fund	Total
Receivables:						
Accounts	\$ 53,385	\$ -	\$ -	\$ 104,251	\$ 97,560	\$ 255,196
Taxes - delinquent	32,362	8,052	1,058	-	-	41,472
Special assessments						
Current	-	-	16,480	-	-	16,480
Delinquent	-	1,385	9,393	-	-	10,778
Deferred	-	273,020	450,241	-	-	723,261
Total receivables	<u>\$ 85,747</u>	<u>\$ 282,457</u>	<u>\$ 477,172</u>	<u>\$ 104,251</u>	<u>\$ 97,560</u>	<u>\$ 1,047,187</u>

Governmental funds report deferred inflows of resources in connection with receivables that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, unavailable revenue reported in the governmental funds was for special assessments and delinquent taxes not yet available for the amount of \$759,915.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2015 was as follows:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 947,399	\$ -	\$ -	\$ 947,399
Construction in progress	608,212	1,264,796	-	1,873,008
Total capital assets not being depreciated	<u>1,555,611</u>	<u>1,264,796</u>	<u>-</u>	<u>2,820,407</u>
Capital assets being depreciated				
Buildings	1,544,928	41,017	-	1,585,945
Improvements	964,586	-	-	964,586
Machinery and equipment	2,069,820	49,500	11,826	2,107,494
Infrastructure	8,304,166	-	-	8,304,166
Total capital assets being depreciated	<u>12,883,500</u>	<u>90,517</u>	<u>11,826</u>	<u>12,962,191</u>
Less accumulated depreciation for:				
Buildings	669,534	45,164	-	714,698
Improvements	396,455	34,853	-	431,308
Machinery and equipment	1,293,544	145,379	11,695	1,427,228
Infrastructure	2,867,284	166,991	-	3,034,275
Total accumulated depreciation	<u>5,226,817</u>	<u>392,387</u>	<u>11,695</u>	<u>5,607,509</u>
Total capital assets being depreciated, net	<u>7,656,683</u>	<u>(301,870)</u>	<u>131</u>	<u>7,354,682</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 9,212,294</u>	<u>\$ 962,926</u>	<u>\$ 131</u>	<u>\$ 10,175,089</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 62,689	\$ -	\$ -	\$ 62,689
Construction in progress	935,473	267,965		1,203,438
Total capital assets not being depreciated	<u>998,162</u>	<u>267,965</u>	<u>-</u>	<u>1,266,127</u>
Capital assets being depreciated				
Buildings	3,627,153	-	-	3,627,153
Machinery and equipment	1,807,927	21,581	-	1,829,508
Infrastructure	11,229,291	109,967	-	11,339,258
Total capital assets being depreciated	<u>16,664,371</u>	<u>131,548</u>	<u>-</u>	<u>16,795,919</u>
Less accumulated depreciation for:				
Buildings	678,171	71,722	-	749,893
Machinery and equipment	424,173	74,795	-	498,968
Infrastructure	2,219,647	160,046	-	2,379,693
Total accumulated depreciation	<u>3,321,991</u>	<u>306,563</u>	<u>-</u>	<u>3,628,554</u>
Total capital assets being depreciated, net	<u>13,342,380</u>	<u>(175,015)</u>	<u>-</u>	<u>13,167,365</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 14,340,542</u>	<u>\$ 92,950</u>	<u>\$ -</u>	<u>\$ 14,433,492</u>

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

<u>GOVERNMENTAL ACTIVITIES</u>	
General government	\$ 20,111
Public safety	89,839
Public works	217,226
Culture and recreation	65,211
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	<u>\$ 392,387</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	
Sewer	\$ 101,054
Water	205,509
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	<u>\$ 306,563</u>

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds – Continued

D. Interfund Receivables and Payables

The composition of interfund balances as of December 31, 2015, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Capital Projects	Water fund	\$ 5,739
Capital Projects	Sewer fund	4,030
Water Fund	General Fund	235
Sewer Fund	Capital Projects	331,609
TOTAL		<u>\$ 341,613</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.

E. Capital Leases

The City entered into a lease purchase agreement in 2014 to acquire a police vehicle. The City has also financed the acquisition of a fire truck and the police building by means of leases. The lease agreements qualify as capital leases (title transfers at the end of the lease terms) and have been recorded at the present value of the future minimum lease payments as of the date of the inception. The property and equipment were recorded as capital assets while the liability created is recorded as a long-term obligation in the statement of net position. Annual payments of the lease amount are made from unrestricted revenue of the General Fund. The City is committed to the payment of the lease amount on an annual basis only. Each item financed by a lease purchase is secured only by itself, the City's full faith and credit authority is not pledged.

The lease purchase agreements at December 31, 2015 consisted of the following:

<u>Description</u>	<u>Dated</u>	<u>Original Cost</u> <u>Capital Assets</u>	<u>Interest</u> <u>Rate</u>	<u>Amount</u> <u>Outstanding</u>
Fire Pumper Truck	03-20-07	\$ 256,112	4.62 %	\$ 28,374
Police Vehicle	08-01-14	38,711	2.93%	24,663
Police Building	09-11-06	165,000	5.35 %	20,686
				<u>\$ 73,723</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds – Continued

E. Capital Leases - Continued

The following is a schedule of the future minimum lease payments under the capital leases and the present value of the net minimum lease payments at December 31, 2015:

<u>Year Ending December 31,</u>	<u>Payment</u>
2016	\$ 50,705
2017	20,142
2018	<u>5,976</u>
Total minimum lease payments	76,823
Less: amounts representing interest	<u>3,100</u>
Present value of future minimum lease payments	<u>\$ 73,723</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, 2015 was \$3,071,932.

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

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2016	\$ 201,000	\$ 80,700
2017	207,000	75,419
2018	212,000	69,981
2019	218,000	64,412
2020	223,000	58,685
2021 - 2025	1,207,000	202,375
2026 - 2028	803,932	42,606
TOTAL	<u>\$ 3,071,932</u>	<u>\$ 594,178</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Special Assessment Debt

The City is obligated on all special assessment debt, since each issue carries the backing of the City's full faith and credit taxing authority. The City is obligated for all or any portion of debt for which the collection of special assessments and interest thereon is insufficient to meet all principal and interest requirements to maturity. Such amounts were determined by the City Council to be public benefit portions of the projects so financed. Such amounts are included in the special assessment bonds payable with government commitment reported as long-term obligations in the statement of net position. Of the total amount of outstanding special assessment debt, \$1,516,300 is considered debt of the City and \$1,063,700 is the special assessment portion.

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

Fiscal Year Ending December 31,	Governmental Activities	
	Principal	Interest
2016	\$ 380,000	\$ 52,498
2017	395,000	43,935
2018	335,000	35,453
2019	165,000	30,634
2020	165,000	28,556
2021 - 2025	655,000	103,690
2026 - 2030	485,000	36,825
TOTAL	\$ 2,580,000	\$ 331,591

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 2016	Interest Due in 2016
2007 Imp. Bonds	4.00% - 4.50%	8-8-07	2-1-23	37%	\$ 1,600,000	\$ 1,600,000	\$ -	\$ -	\$ -
2009A Ref Bonds	2.50%	12-1-09	2-1-18	81%	\$ 1,550,000	\$ 945,000	\$ 605,000	\$ 215,000	\$ 17,556
2013A Ref Bonds	0.65% - 1.7%	5-16-13	5-1-23	45%	600,000	-	600,000	85,000	6,521
2014A GO Imp Bonds	0.7% - 3.0%	9-18-14	2-1-30	55%	1,375,000	-	1,375,000	80,000	28,420
Total Special Assessment Bonds					\$ 5,125,000	\$ 2,545,000	\$ 2,580,000	\$ 380,000	\$ 52,497

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Contract for Deed

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

Fiscal Year Ending	Governmental Activities	
<u>December 31,</u>	Principal	Interest
2016	\$ 30,394	\$ 2,741
2017	31,932	1,202
TOTAL	\$ 62,326	\$ 3,943

Other Debt Information

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

Of the \$7,222,782 statutory net debt limit, the City has \$4,150,850 remaining.

Crossover Refunding

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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, 2015, was as follows:

	BALANCE, JANUARY 1	CHANGE ACCOUNTING PRINCIPLE	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>						
Bonds payable						
Special assessment debt with government commitment	\$ 3,785,000	\$ -	\$ -	\$ (1,205,000)	\$ 2,580,000	\$ 380,000
Unamortized premium (discount)	(10,248)	-	-	1,411	(8,837)	-
Total bonds payable	3,774,752	-	-	(1,203,589)	2,571,163	380,000
Contract for deed	91,256	-	-	(28,930)	62,326	30,394
Capital leases	120,580	-	-	(46,857)	73,723	46,066
Compensated absences	75,328	-	71,417	(75,328)	71,417	59,276
Claims	22,870	-	-	(11,435)	11,435	11,435
Net pension liability	-	695,502	86,251	-	781,753	-
Other post-employment benefits	52,867	-	10,886	-	63,753	-
TOTAL	4,137,653	695,502	168,554	(1,366,139)	3,635,570	527,171
<u>BUSINESS-TYPE ACTIVITIES</u>						
Bonds payable						
General Obligation	3,267,932	-	-	(196,000)	3,071,932	201,000
Compensated absences	31,147	-	30,262	(31,147)	30,262	25,118
Net pension liability	-	216,493	16,109	-	232,602	-
Other post-employment benefits	30,938	-	5,684	-	36,622	-
TOTAL	3,330,017	216,493	52,055	(227,147)	3,371,418	226,118
TOTAL	\$ 7,467,670	\$ 911,995	\$ 220,609	\$ (1,593,286)	\$ 7,006,988	\$ 753,289

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

G. Assigned Net Position – Business-Type Activities

A portion of the Water Fund net position has been assigned for future repair costs related to its waterline insurance program. The amount assigned at December 31, 2015 was \$34,972.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

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, 2015. There have been no significant reductions in insurance coverage.

B. Contingent Liabilities

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

C. Employee Retirement Systems and Pension Plans

1. Defined benefit pension plans - statewide employees' plans

A. Plan Description

The City of Goodview participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined benefit pension plans are tax qualified plans under Section 401 (a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City of Goodview are covered by the General Employees Retirement Fund (GERF). 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. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90% funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

The benefit provisions stated in the following 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.

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

B. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City of Goodview was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City of Goodview's contributions to the GERF for the year ended December 31, 2015, were \$42,522. The City of Goodview's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City of Goodview was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City of Goodview's contributions to the PEPFF for the year ended December 31, 2015, were \$57,322. The City of Goodview's contributions were equal to the required contributions as set by state statute.

C. Pension Costs

1. GERF Pension Costs

At December 31, 2015, the City of Goodview reported a liability of \$492,339 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Goodview's proportion of the net pension liability was based on the City of Goodview's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City of Goodview's proportion share was .0095 % which was a decrease of .0007 % from its proportion measured as of June 30, 2014.

There were no provision changes during the measurement period.

For the year ended December 31, 2015, the City of Goodview recognized pension expense of \$57,241 for its proportionate share of the GERF's pension expense.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

At December 31, 2015, the City of Goodview reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$24,822
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	46,607	-
Changes in proportion	-	24,662
Contributions paid to PERA subsequent to the measurement date	21,789	-
Total	\$68,396	\$49,484

\$21,789 reported as deferred outflows of resources related to pensions resulting from City of Goodview contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2016	\$(3,050)
2017	(3,050)
2018	(3,050)
2019	(3,050)
2020	9,321
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2015, the City of Goodview reported a liability of \$420,407 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City of Goodview's proportion of the net pension liability was based on the City of Goodview's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City of Goodview's proportion was .037 % which was the same percentage from its proportion measured as of June 30, 2014.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

There were no provision changes during the measurement period.

For the year ended December 31, 2015, the City of Goodview recognized pension expense of \$72,438 for its proportionate share of the PEPFF's pension expense. The City of Goodview also recognized \$3,330 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

At December 31, 2015, the City of Goodview reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$68,176
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	73,249	-
Changes in proportion	-	-
Contributions paid to PERA subsequent to the measurement date	30,072	-
Total	<u>\$103,321</u>	<u>\$68,176</u>

\$30,072 reported as deferred outflows of resources related to pensions resulting from City of Goodview contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2016	\$3,287
2017	3,287
2018	3,287
2019	3,287
2020	3,287
Thereafter	(11,362)

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

D. Actuarial Assumptions

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be: 1% effective every January 1st until 2034, then 2.5% for GERP and PEPFF.

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. The experience study for PEPFF was for the period July 1, 2004, through June 30, 2009.

There were no changes in actuarial assumptions in 2015.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	45%	5.50%
International Stocks	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

E. Discount Rate

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Pension Liability Sensitivity

The following presents the City of Goodview's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City of Goodview's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

	<u>1% Decrease in Discount Rate (6.9%)</u>	<u>Discount Rate (7.9%)</u>	<u>1% Increase in Discount Rate (8.9%)</u>
City of Goodview's proportionate share of the GERF net pension liability	\$774,132	\$492,339	\$259,622
City of Goodview's proportionate share of the PEPFF net pension liability	\$819,377	\$420,407	\$90,788

G. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

2. Defined benefit pension plan – statewide volunteer firefighters retirement plan

A. Plan Description

The Goodview Volunteer Fire Department participates in the Statewide Volunteer Firefighter Retirement Plan (SVF), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The SVF plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2015, the plan covered 35 active firefighters and 2 vested terminated fire fighters whose pension benefits are deferred. The plan is established and administered in accordance with Minnesota Statutes, Chapter 353 G.

Benefits Provided

The SVF provides retirement, death, and supplemental benefits to covered firefighters and survivors. Benefits are paid based on the number of years of service multiplied by a benefit level per year of service approved by the City. The current benefit level is \$2,000 per year of service. Members are eligible for a lump-sum retirement benefit at 50 years of age with five years of service. Plan provisions include a pro-rated vesting schedule that increases from 5 years at 40% through 20 years at 100%.

B. Contributions

The SVF is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*. The State of Minnesota contributed \$19,698 in fire state aid to the plan for the year ended December 31, 2015. Required employer contributions are calculated annually based on statutory provisions. The City's did not have a statutorily-required contributions to the SVF plan for the year ended December 31, 2015.

C. Pension Costs

At December 31, 2015, the City reported a net pension liability of \$101,607 for the SVF plan. The net pension liability was measured as of December 31, 2015. The total pension liability used to calculate the net pension liability in accordance with GASB 68 was determined by PERA applying an actuarial formula to specific census data certified by the fire department. The following table presents the changes in net pension liability during the year.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/14	\$528,576	\$448,765	\$79,811
Changes for the Year			
Service Cost	22,613	-	22,613
Interest on Pension Liability	33,072	-	33,072
Actuarial Experience (Gains)/Losses	(16,054)	-	(16,054)
Projected Investment Earnings	-	26,926	(26,926)
Contributions (Employer)	-	-	-
Contributions (State)	-	21,439	(21,439)
Adj. to Initial Asset Transfer	-	87	(87)
Asset (Gain)/Loss	-	(26,153)	26,153
Benefit Payouts	-	-	-
Administrative Costs	-	(4,464)	4,464
Net Changes	39,631	17,835	21,796
Balance End of Year 12/31/15	\$568,207	\$466,600	\$101,607

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2015, the City recognized pension expense of \$35,243.

At December 31, 2015, the City reported deferred inflows of resources and deferred outflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	\$ -	\$12,843
Asset (gain)/loss	20,922	-
Total	\$20,922	\$12,843

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended December 31:</u>	<u>Pension Expense Amount</u>
2016	\$2,020
2017	\$2,020
2018	\$2,020
2019	\$2,019

D. Actuarial Assumptions

The total pension liability at December 31, 2015, was determined using the entry age normal actuarial cost method and the following actuarial assumptions:

- Retirement eligibility at the later of age 50 or 20 years of service
- Investment rate of return of 6.0%
- Inflation rate of 3.0%

There were no changes in actuarial assumptions in 2015.

E. Discount Rate

The discount rate used to measure the total pension liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that contributions to the SVF plan will be made as specified in statute. Based on that assumption and considering the funding ratio of the plan, the fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

F. Pension Liability Sensitivity

The following presents the City’s net pension liability for the SVF plan, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City’s net pension liability would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Liability	\$115,962	\$101,607	\$87,853

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

G. Plan Investments

Investment Policy:

The assets of the Statewide Volunteer Firefighter Plan are invested by the Minnesota State Board of Investment (SBI). The SBI is established by Article XI of the Minnesota Constitution to invest all state funds. Its membership as specified in the Constitution is comprised of the Governor (who is designated as chair of the Board), State Auditor, Secretary of State and State Attorney General.

All investments undertaken by the SBI are governed by the prudent person rule and other standards codified in *Minnesota Statutes*, Chapter 11A and Chapter 356A.

Within the requirements defined by state law, the SBI, with assistance of the SBI staff and the Investment Advisory Council, establishes investment policy for all funds under its control. These investment policies are tailored to the particular needs of each fund and specify investment objectives, risk tolerance, asset allocation, investment management structure and specific performance standards. Studies guide the on-going management of the funds and are updated periodically.

Asset Allocation:

To match the long-term nature of the pension obligations, the SBI maintains a strategic asset allocation for the Statewide Volunteer Firefighter Retirement Plan that includes allocations to domestic equity, international equity, bonds and cash equivalents. The long-term target asset allocation and long-term expected real rate of return is the following:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Stocks	35%	5.50%
International Stocks	15%	6.00%
Bonds	45%	1.45%
Cash	5%	0.50%

The 6% long-term expected rate of return on pension plan investments was determined using a building-block method. Best estimates for expected future real rates of return (expected returns, net of inflation) were developed for each asset class using both long-term historical returns and long-term capital market expectations. The asset class estimates and the target allocations were then combined to produce a geometric, long-term expected real rate of return for the portfolio. Inflation expectations were applied to derive the nominal rate of return for the portfolio.

Description of significant investment policy changes during the year: the SBI made no significant changes to their investment policy during 2015 for the Statewide Volunteer Firefighter Retirement Plan.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

H. Pension Plan Fiduciary Net Position

Detailed information about the SVF plan's fiduciary net position as of June 30, 2015, is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org.

D. Post-Employment Benefits Other Than Pensions

A. Plan Description

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

B. Funding Policy

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

C. Annual OPEB Cost and Net OPEB Obligation

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

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

D. Post-Employment Benefits Other Than Pensions - Continued

Annual required contribution	\$	26,505
Interest on net OPEB obligation		1,257
Adjustment to annual required contribution		<u>(11,195)</u>
Annual OPEB cost		16,567
Contributions made		<u>-</u>
Increase in net OPEB obligation		16,567
Net OPEB obligation-beginning of year		<u>83,807</u>
Net OPEB obligation-end of year	\$	<u>100,374</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2015 and the preceding year were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/15	\$ 16,567	0%	\$ 100,374
12/31/14	16,196	0%	83,807
12/31/13	14,665	0%	67,611

D. Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$137,401, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$763,109, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 18.0 percent.

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

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2015

NOTE 3 - Other Information – Continued

D. Post-Employment Benefits Other Than Pensions - Continued

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.

Based on the historical and expected returns of the City’s short-term investment portfolio, a discount rate of 1.5 percent was used. In addition, a simplified version of the projected unit credit actuarial cost method was used. The unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at December 31, 2015, was eight years.

E. Related Party Transactions

The City paid \$1,181 for equipment rental and repair services to a company owned by the Director of Public Works for the City during 2015. At December 31, 2015, \$459 was due to this Company.

The City Administrator is related to a local bank President of which the City does business. At December 31, 2015, the City had cash on deposit in this bank of \$1,067,549.

F. Construction Commitments

The City has an active construction project as of December 31, 2015. The project is for street and utility improvements. At year end the City’s commitment with the contractor is as follows:

<u>Spent-to-Date</u>	<u>Remaining Commitment</u>
\$ 2,739,309	\$ 153,294

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CITY OF GOODVIEW, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2015

	<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	\$ 1,159,849	\$1,159,849	\$ 1,143,299	\$ (16,550)
Franchise	201,960	201,960	226,230	24,270
Licenses and permits	30,240	30,240	26,174	(4,066)
Intergovernmental	311,279	311,279	365,011	53,732
Charges for services	13,492	13,492	16,173	2,681
Fines and forfeitures	17,300	17,300	13,407	(3,893)
Interest	4,200	4,200	2,792	(1,408)
Donations	-	-	34,327	34,327
Miscellaneous	31,828	31,828	33,757	1,929
TOTAL REVENUE	<u>1,770,148</u>	<u>1,770,148</u>	<u>1,861,170</u>	<u>91,022</u>
EXPENDITURES				
Current				
General government	467,057	467,057	453,163	13,894
Public safety	783,678	783,678	745,135	38,543
Public works	425,704	315,704	294,527	21,177
Health and human services	3,025	3,025	1,187	1,838
Culture and recreation	32,619	32,619	36,143	(3,524)
Capital outlay	58,065	168,065	300,161	(132,096)
TOTAL EXPENDITURES	<u>1,770,148</u>	<u>1,770,148</u>	<u>1,830,316</u>	<u>(60,168)</u>
NET CHANGE IN FUND BALANCES	-	-	30,854	30,854
FUND BALANCES AT BEGINNING OF YEAR	<u>1,095,373</u>	<u>1,095,373</u>	<u>1,095,373</u>	-
FUND BALANCES AT END OF YEAR	<u>\$ 1,095,373</u>	<u>\$1,095,373</u>	<u>\$ 1,126,227</u>	<u>\$ 30,854</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
GENERAL EMPLOYEES RETIREMENT FUND

<u>Fiscal Year Ending</u>	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0095%	\$492,339	\$558,334	88.18%	78.2%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
GENERAL EMPLOYEES RETIREMENT FUND

<u>Fiscal Year Ending</u>	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a- b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
December 31, 2015	\$42,522	\$42,522	\$0	\$566,966	7.50%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC EMPLOYEES POLICE AND FIRE FUND

Fiscal Year Ending	Employer's Proportion (Percentage) of the Net Pension Liability (Asset)	Employer's Proportionate Share (Amount) of the Net Pension Liability (Asset) (a)	Employer's Covered- Employee Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2015	0.0370%	\$420,407	\$339,839	123.71%	86.6%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
PUBLIC EMPLOYEES POLICE AND FIRE FUND

<u>Fiscal Year Ending</u>	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered- Employee Payroll (d)	Contributions as a Percentage of Covered- Employee Payroll (b/d)
December 31, 2015	\$57,322	\$57,322	\$0	\$353,840	16.20%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY
STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN

	December 31, 2015
Total pension liability	
Service cost	\$ 22,613
Interest on the pension liability	33,072
Actuarial experience (gains)/losses	(16,054)
Benefit payments	-
Net change in total pension liability	39,631
Total pension liability - beginning	528,576
Total pension liability - ending	\$ 568,207
Plan fiduciary net position	
Fire state aid	\$ 15,826
Fire supplemental aid	3,872
Supplemental benefit reimbursement	1,741
Voluntary municipal contribution	-
Required municipal contribution	-
Adjustment to initial asset transfer	87
Net investment income	773
PERA administrative fee	(1,080)
Auditor/accounting fee	(3,369)
SBI Investment fee	(15)
Benefit payments	-
Net change in the plan fiduciary net position	17,835
Plan fiduciary net position - beginning	448,765
Plan fiduciary net position - ending	\$ 466,600
Net pension liability - ending	\$ 101,607
Plan fiduciary net position as a percentage of total pension liability	82.1%
Covered-employee payroll	N/A
Net pension liability as a percentage of covered-employee payroll	N/A

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
OTHER POST-EMPLOYMENT BENEFITS

SCHEDULE OF FUNDING PROGRESS
(Unaudited)

Actuarial Valuation Date	Actuarial Value of Assets	(AAL) Simplified Unit Credit Cost Method	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2015	\$ -	\$ 137,401	\$ 137,401	0.00%	\$ 763,109	18.0%
12/31/2014	-	125,001	125,001	0.00%	714,673	17.5%
1/1/2013	-	107,805	107,805	0.00%	682,252	15.8%

The notes to the required supplementary information are an integral part of this schedule.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

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 30, the proposed budget is presented to the City Council for review and approval. By September 30, 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, 2015, expenditures exceeded appropriations in the general fund in the amount of \$60,168. The over expenditure was funded by greater than anticipated revenue.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

C. Pension Information

The City is required to present the last ten fiscal years data; however, the standards allow the City to present as many years as are available until ten fiscal years are presented.

Public Employees Retirement Association of Minnesota Pension – General Employees Retirement Fund – There are no factors that affect trends in the amounts reported. There were no changes of benefit terms for any participating employer in PERA. There were no changes in the assumptions.

Public Employees Retirement Association of Minnesota Pension – Public Employees Police and Fire Fund – There are no factors that affect trends in the amounts reported. There were no changes of benefit terms for any participating employer in PERA. There were no changes in the assumptions.

Statewide Volunteer Firefighter Retirement Plan – There are no factors that affect trends in the amounts reported, such as change of benefit terms or assumptions. The Goodview Fire Relief Association is comprised of volunteers, therefore, there are no payroll expenditures. The City did not have a statutorily required contribution and did not make a contribution for the year ended December 31, 2015.

D. Other Postemployment Benefits Funding Status – The City has not set aside funds for postemployment benefits. They are paid as they arise.

CITY OF GOODVIEW, MINNESOTA
OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2015

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		
REVENUE				
Taxes				
Property	\$ 302,020	\$ 302,020	\$ 268,114	\$ (33,906)
Intergovernmental	-	-	30	30
Special assessments	22,131	22,131	65,779	43,648
Interest	19,130	19,130	29,089	9,959
TOTAL REVENUE	343,281	343,281	363,012	19,731
EXPENDITURES				
Current				
General government	666	666	1,950	(1,284)
Public works	-	-	33	(33)
Debt Service				
Principal	300,000	300,000	1,205,000	(905,000)
Interest and fiscal charges	24,477	24,477	52,900	(28,423)
TOTAL EXPENDITURES	325,143	325,143	1,259,883	(934,740)
NET CHANGE IN FUND BALANCES	18,138	18,138	(896,871)	(915,009)
FUND BALANCES AT BEGINNING OF YEAR	1,588,402	1,588,402	1,588,402	-
FUND BALANCES AT END OF YEAR	\$ 1,606,540	\$ 1,606,540	\$ 691,531	\$ (915,009)

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>	75-80
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	81-84
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>	85-89
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>	90-91
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>	92-94

Sources: *Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.*

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 4,297,699	\$ 3,537,666	\$ 3,605,519	\$ 6,056,830	\$ 6,219,292	\$ 6,243,221	\$ 6,392,151	\$ 6,443,259	\$ 6,218,118	\$ 7,521,294
Restricted	407,204	465,846	952,124	2,180,104	921,805	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235
Unrestricted	1,508,918	2,600,837	2,239,425	785,471	1,995,566	1,237,989	1,586,414	1,462,575	1,859,669	1,012,347
Total governmental activities net position	\$ 6,213,821	\$ 6,604,349	\$ 6,797,068	\$ 9,022,405	\$ 9,136,663	\$ 9,013,003	\$ 9,448,256	\$ 9,274,895	\$ 9,458,260	\$ 9,533,876
Business-type activities										
Net investment in capital assets	\$ 6,548,890	\$ 7,432,972	\$ 8,479,231	\$ 10,141,722	\$ 9,963,178	\$ 9,892,032	\$ 9,932,857	\$ 10,065,768	\$ 11,072,610	\$ 11,361,560
Unrestricted	430,687	415,021	392,499	722,991	1,091,463	1,368,913	1,162,312	1,257,933	853,643	829,045
Total business-type activities net position	\$ 6,979,577	\$ 7,847,993	\$ 8,871,730	\$ 10,864,713	\$ 11,054,641	\$ 11,260,945	\$ 11,095,169	\$ 11,323,701	\$ 11,926,253	\$ 12,190,605
Primary government										
Net investment in capital assets	\$ 10,846,589	\$ 10,970,638	\$ 12,084,750	\$ 16,198,552	\$ 16,182,470	\$ 16,135,253	\$ 16,325,008	\$ 16,509,027	\$ 17,290,728	\$ 18,882,854
Restricted	407,204	465,846	952,124	2,180,104	921,805	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235
Unrestricted	1,939,605	3,015,858	2,631,924	1,508,462	3,087,029	2,606,902	2,748,726	2,720,508	2,713,312	1,841,392
Total primary government net position	\$ 13,193,398	\$ 14,452,342	\$ 15,668,798	\$ 19,897,118	\$ 20,191,304	\$ 20,273,948	\$ 20,543,425	\$ 20,598,596	\$ 21,384,513	\$ 21,724,481

Note: The City implemented GASB Statement No. 65 in 2012 and GASB No. 68 & 71 in 2015. Prior years have not been retroactively restated for the changes required by implementation of these standards.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
EXPENSES										
GOVERNMENTAL ACTIVITIES										
General government	\$ 351,455	\$ 369,184	\$ 386,718	\$ 422,544	\$ 433,780	\$ 421,254	\$ 426,421	\$ 426,016	\$ 485,228	\$ 482,425
Public safety	561,843	767,116	694,283	628,129	662,033	786,448	743,131	783,022	775,108	840,871
Public works	362,931	399,820	498,266	475,234	487,595	517,402	473,693	706,804	543,417	537,485
Health and human services	1,193	838	1,003	1,888	1,892	1,304	1,001	1,540	2,534	1,187
Economic development	155,490	-	-	-	-	-	-	-	-	-
Culture and recreation	106,175	101,162	100,538	84,294	124,350	149,539	110,826	107,198	100,589	101,354
Interest on long-term debt	78,640	97,565	131,869	125,738	120,969	101,476	87,038	120,246	121,085	70,828
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	1,617,727	1,735,685	1,812,677	1,737,827	1,830,619	1,977,423	1,842,110	2,144,826	2,027,961	2,034,150
BUSINESS-TYPE ACTIVITIES										
Water	310,309	313,432	338,210	483,165	578,220	571,153	590,857	628,277	633,872	632,142
Sewer	402,135	447,918	519,413	507,106	514,261	526,290	519,565	528,247	567,168	573,218
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	712,444	761,350	857,623	990,271	1,092,481	1,097,443	1,110,422	1,156,524	1,201,040	1,205,360
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 2,330,171	\$ 2,497,035	\$ 2,670,300	\$ 2,728,098	\$ 2,923,100	\$ 3,074,866	\$ 2,952,532	\$ 3,301,350	\$ 3,229,001	\$ 3,239,510
PROGRAM REVENUE										
GOVERNMENTAL ACTIVITIES										
Charges for services:										
General government	\$ 10,152	\$ 7,578	\$ 7,411	\$ 8,507	\$ 9,700	\$ 9,671	\$ 9,757	\$ 10,223	\$ 9,927	\$ 9,386
Public safety	20,915	21,482	19,471	20,701	24,405	20,268	22,305	16,310	17,331	13,373
Public works	6,043	8,213	4,906	23,523	29,381	35,467	50,702	25,743	45,842	18,268
Culture and recreation	9,050	7,165	12,295	10,727	26,372	17,889	12,127	11,634	14,611	14,726
Operating grants and contributions	337,720	307,684	97,619	61,343	89,318	96,122	78,724	96,699	85,530	139,565
Capital grants and contributions	305,003	951,999	1,118,558	4,007,074	107,127	13,550	33,550	42,168	554,537	792,658
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	688,883	1,304,121	1,260,260	4,131,875	286,303	192,967	207,165	202,777	727,778	987,976
BUSINESS-TYPE ACTIVITIES										
Charges for services:										
Water	267,740	344,916	416,651	494,304	592,688	655,443	711,828	706,111	716,471	746,391
Sewer	404,814	453,053	523,546	590,521	636,281	627,632	662,000	666,307	661,701	672,597
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	672,554	797,969	940,197	1,084,825	1,228,969	1,283,075	1,373,828	1,372,418	1,378,172	1,418,988
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	\$ 1,361,437	\$ 2,102,090	\$ 2,200,457	\$ 5,216,700	\$ 1,515,272	\$ 1,476,042	\$ 1,580,993	\$ 1,575,195	\$ 2,105,950	\$ 2,406,964

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2015
NET (EXPENSE) REVENUE										
Governmental activities	\$ (928,844)	\$ (431,564)	\$ (552,417)	\$ 2,394,048	\$ (1,544,316)	\$ (1,784,456)	\$ (1,634,945)	\$ (1,942,049)	\$ (1,300,183)	\$ (1,046,174)
Business-type activities	(39,890)	36,619	82,574	94,554	136,488	185,632	263,406	215,894	177,132	213,628
TOTAL PRIMARY GOVERNMENT NET EXPENSE	\$ (968,734)	\$ (394,945)	\$ (469,843)	\$ 2,488,602	\$ (1,407,828)	\$ (1,598,824)	\$ (1,371,539)	\$ (1,726,155)	\$ (1,123,051)	\$ (832,546)
GENERAL REVENUE AND OTHER CHANGES IN NET POSITION										
GOVERNMENTAL ACTIVITIES										
Taxes										
Property taxes	\$ 940,540	\$ 1,119,965	\$ 1,190,056	\$ 1,273,249	\$ 1,303,845	\$ 1,290,816	\$ 1,372,544	\$ 1,363,744	\$ 1,369,733	\$ 1,485,142
Franchise taxes	96,955	179,228	166,765	172,024	178,000	182,027	186,884	196,130	202,796	226,230
Unrestricted grants and contributions	196,517	243,540	206,920	202,599	88,856	88,235	40,217	140,061	252,795	267,866
Interest and investment income	71,354	76,266	107,334	69,233	64,322	51,583	42,471	34,395	33,172	62,625
Miscellaneous	14,374	26,097	7,260	4,982	68,741	60,499	28,197	34,359	34,779	33,626
Transfers	11,229	(823,005)	(933,199)	(1,890,798)	(45,190)	(12,364)	430,767	-	(409,727)	(258,197)
TOTAL GOVERNMENTAL ACTIVITIES	<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>	<u>2,101,080</u>	<u>1,708,689</u>	<u>1,483,548</u>	<u>1,817,292</u>
BUSINESS-TYPE ACTIVITIES										
Investment earnings	7,471	8,793	7,964	7,632	8,250	8,308	11,413	12,638	15,693	9,020
Transfers	(11,229)	823,005	933,199	1,890,798	45,190	12,364	(430,767)	-	409,727	258,197
TOTAL BUSINESS-TYPE ACTIVITIES	<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>	<u>(419,354)</u>	<u>12,638</u>	<u>425,420</u>	<u>267,217</u>
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 1,681,726</u>	<u>\$ 1,781,327</u>	<u>\$ 1,908,968</u>	<u>\$ 2,084,509</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 402,125	\$ 390,527	\$ 192,719	\$ 2,225,337	\$ 114,258	\$ (123,660)	\$ 466,135	\$ (173,360)	\$ 183,365	\$ 771,118
Business-type activities	(43,648)	868,417	1,023,737	1,992,984	189,928	206,304	(155,948)	228,532	602,552	480,845
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 310,187</u>	<u>\$ 55,172</u>	<u>\$ 785,917</u>	<u>\$ 1,251,963</u>

Note: The City implemented GASB Statement No. 65 in 2012 and GASB No. 68 & 71 in 2015. Prior years have not been retroactively restated for the changes required by implementation of these standards.

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund										
Nonspendable						\$ 16,933	\$ 19,755	\$ 14,389	\$ 16,067	\$ 18,936
Restricted						48,640	52,513	57,935	77,496	53,116
Assigned						-	-	-	7,922	-
Unassigned						839,144	935,744	903,221	993,888	1,054,175
Reserved	\$ 220,673	\$ 113,787	\$ 149,255	\$ 82,411	\$ 78,353	-	-	-	-	-
Unreserved	116,384	390,627	429,983	541,143	776,472	-	-	-	-	-
Total general fund	<u>\$ 337,057</u>	<u>\$ 504,414</u>	<u>\$ 579,238</u>	<u>\$ 623,554</u>	<u>\$ 854,825</u>	<u>\$ 904,717</u>	<u>\$ 1,008,012</u>	<u>\$ 975,545</u>	<u>\$ 1,095,373</u>	<u>\$ 1,126,227</u>
All Other Governmental Funds										
Restricted						\$ 1,013,191	\$ 963,458	\$ 1,561,920	\$ 1,983,895	\$ 743,199
Assigned						325,710	612,724	538,128	493,917	335,407
Reserved	\$ 347,250	\$ 367,378	\$ 818,032	\$ 2,116,674	\$ 863,363	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	696,604	1,002,700	707,261	821,276	580,710	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 1,576,182</u>	<u>\$ 2,100,048</u>	<u>\$ 2,477,812</u>	<u>\$ 1,078,606</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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
REVENUE										
Taxes	\$1,037,495	\$ 1,299,193	\$1,324,906	\$ 1,439,235	\$ 1,486,101	\$1,475,324	\$1,566,810	\$1,561,769	\$ 1,568,160	\$ 1,702,890
Licenses and permits	15,569	15,737	11,709	30,706	37,378	43,642	59,088	34,766	54,821	26,174
Intergovernmental	519,725	468,591	1,374,849	4,239,642	240,588	142,490	111,870	209,068	322,010	1,095,098
Charges for services	10,227	7,710	13,856	12,152	27,472	18,794	13,564	12,798	15,428	16,173
Fines and forfeitures	20,364	20,991	18,518	20,599	25,007	20,859	22,239	16,345	17,462	13,407
Special assessments	127,919	288,670	227,674	184,731	122,248	136,440	132,623	146,284	141,288	142,495
Interest	71,354	76,266	107,334	69,232	64,321	51,584	42,471	34,395	33,172	62,625
Other revenue	163,724	143,334	87,564	35,433	118,677	119,670	77,871	84,801	76,244	68,084
TOTAL REVENUE	1,966,377	2,320,492	3,166,410	6,031,730	2,121,792	2,008,803	2,026,536	2,100,226	2,228,585	3,126,946
EXPENDITURES										
General government	335,440	329,675	367,078	403,072	422,929	397,609	406,725	403,730	461,394	456,949
Public safety	530,246	761,759	659,327	578,157	622,042	706,237	718,883	752,407	710,767	745,135
Economic development	155,490	-	-	-	-	-	-	-	-	-
Other public works	242,803	276,191	374,668	346,587	360,679	348,426	288,664	488,201	320,848	314,500
Health and human services	1,193	838	1,003	1,888	1,892	1,304	1,001	1,540	2,534	1,187
Culture and recreation	54,941	46,971	47,210	31,898	68,124	82,536	44,814	42,107	34,913	36,143
Capital Outlay	459,761	1,873,328	1,269,245	4,425,101	363,145	196,063	427,577	61,957	1,135,448	1,624,946
Debt service										
Principal	265,000	190,000	135,000	250,000	100,000	230,000	280,000	331,209	342,535	1,233,929
Interest	81,259	72,689	131,869	125,738	120,969	101,908	94,063	92,176	89,675	82,509
Bond issuance costs	-	25,420	-	27,775	-	-	-	31,450	35,415	-
TOTAL EXPENDITURES	2,126,133	3,576,871	2,985,400	6,190,216	2,059,780	2,064,083	2,261,727	2,204,777	3,133,529	4,495,298
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	(159,756)	(1,256,379)	181,010	(158,486)	62,012	(55,280)	(235,191)	(104,551)	(904,944)	(1,368,352)

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	\$ -	\$ 1,600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,375,000	\$ -
Discount on bonds	-	(7,152)	-	-	-	-	-	-	(11,175)	-
Proceeds from capital leases	165,000	157,112	49,028	35,215	5,381	-	-	-	38,711	-
Proceeds from contract for deed	-	-	-	-	-	-	145,000	-	-	-
Refunding bonds issued	-	-	-	1,550,000	-	-	-	600,000	-	-
Premium (discount) on refunding bonds	-	-	-	30,244	-	-	-	(4,050)	-	-
Payment of refunded debt	-	-	-	-	(1,330,000)	-	-	-	-	-
Transfers in	124,174	-	273,092	76,711	-	-	-	-	-	-
Transfers out	-	-	(273,092)	(76,711)	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	289,174	1,749,960	49,028	1,615,459	(1,324,619)	-	145,000	595,950	1,402,536	-
NET CHANGE IN FUND BALANCES	\$ 129,418	\$ 493,581	\$ 230,038	\$ 1,456,973	\$ (1,262,607)	\$ (55,280)	\$ (90,191)	\$ 491,399	\$ 497,592	\$ (1,368,352)
Debt service as a percentage of noncapital expenditures	20.8%	15.4%	15.6%	21.3%	13.0%	17.8%	20.4%	19.8%	21.6%	45.9%

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value		Taxable Assessed as Percentage of Actual Taxable Value
								Value	Value	
2006	\$ 159,212,700	\$ 25,243,300	\$ 18,368,200	\$ 493,600	\$ 8,917,100	\$ 194,400,700	40.340	\$ 207,583,400	0.9365	
2007	173,829,100	27,258,500	19,371,500	518,200	9,635,500	211,341,800	44.994	222,738,400	0.9488	
2008	165,231,800	28,939,100	20,309,900	392,800	10,449,800	204,423,800	45.025	235,732,600	0.8672	
2009	199,503,300	28,817,900	21,446,100	421,500	10,533,600	239,655,200	46.194	252,404,800	0.9495	
2010	206,375,800	28,950,100	21,470,200	419,800	11,402,300	245,813,600	45.829	261,781,300	0.9390	
2011	203,758,100	30,913,200	20,750,400	416,400	11,081,600	244,756,500	45.829	258,153,300	0.9481	
2012	210,271,900	32,953,900	20,208,500	508,900	11,328,600	252,614,600	47.766	234,282,500	1.0782	
2013	180,189,600	32,906,800	20,285,400	199,400	11,211,600	222,369,600	47.906	232,803,800	0.9552	
2014	185,128,300	36,028,800	20,902,200	197,700	11,440,300	230,816,700	47.044	236,846,200	0.9745	
2015	186,554,100	36,417,600	20,681,300	198,300	11,410,600	232,440,700	50.299	240,759,400	0.9654	

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
2006	32.065	8.275	40.340	13.078	45.996	0.585
2007	39.694	5.300	44.994	16.103	44.860	0.531
2008	37.931	7.094	45.025	16.418	44.284	0.937
2009	38.093	8.101	46.194	17.473	44.980	0.469
2010	40.756	5.073	45.829	16.537	43.107	0.496
2011	37.842	7.987	45.829	17.202	43.211	0.465
2012	38.139	9.627	47.766	18.990	44.684	0.508
2013	36.463	11.443	47.906	17.223	42.221	0.470
2014	35.807	11.237	47.044	15.970	39.444	0.422
2015	38.982	11.317	50.299	18.317	37.924	0.400

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

TAXPAYER	2015			2006		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Lakeside Manor	\$ 10,055,100	1	4.33%	\$ 7,951,400	1	2.04%
Benchmark of Winona	7,695,500	2	3.31%	7,514,600	2	3.87%
Xcel Energy	4,105,500	3	1.77%			
Hillview Apartments	4,010,500	4	1.73%			
Polymer Composites	3,441,300	5	1.48%	3,712,000	3	1.61%
Jacobson/Baker/Pringle Apts.	3,377,800	6	1.45%			
Lake Village	3,114,500	7	1.34%	2,167,100	6	1.11%
ISD #861	3,052,100	8	1.31%			
Ellefson Properties	2,837,400	9	1.22%			
Mississippi Welders	2,678,300	10	1.15%	2,133,900	7	1.10%
Corcoran & Herold Inc.				1,534,900	10	0.79%
Knitcraft Corporation				1,872,700	9	0.96%
Winona Lighting				2,535,600	4	1.30%
Hiatt Manufacturing				2,335,500	5	1.20%
Fastenal Company				1,915,300	8	0.99%
Total	\$ 44,368,000		19.09%	\$ 33,673,000		14.97%

Source: Winona County Auditor

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

Fiscal Year Ended <u>December 31,</u>	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
2006	\$ 995,304	\$ 971,374	97.6%	\$ 23,930	\$ 995,304	100.0%
2007	1,227,817	1,188,841	96.8%	38,906	1,227,747	100.0%
2008	1,289,207	1,270,541	98.6%	18,158	1,288,699	100.0%
2009	1,356,025	1,327,800	97.9%	27,844	1,355,644	100.0%
2010	1,392,000	1,317,996	94.7%	20,125	1,338,121	96.1%
2011	1,381,725	1,302,569	94.3%	20,396	1,322,965	95.7%
2012	1,361,739	1,341,586	98.5%	15,757	1,357,343	99.7%
2013	1,361,739	1,339,251	98.3%	16,876	1,356,127	99.6%
2014	1,361,739	1,336,495	98.1%	20,616	1,357,111	99.7%
2015	1,478,495	1,456,864	98.5%	-	1,456,864	98.5%

Source: City of Goodview Finance Department

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

Fiscal Year	Governmental Activities				Total Governmental Activities Debt	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Tax Increment Bonds	Contract for Deed	Special Assessment Bonds	Capital Leases		General Obligation Water Bonds			
2006	\$ 55,000	\$ -	\$ 1,740,000	\$ 199,268	\$ 1,994,268	\$ -	\$ 1,994,268	2.08%	591
2007	-	-	3,198,173	318,205	3,516,378	-	3,516,378	3.16%	1,043
2008	-	-	3,063,982	319,345	3,383,327	2,071,937	5,455,264	4.69%	1,617
2009	-	-	4,394,586	309,389	4,703,975	3,916,158	8,620,133	7.44%	2,556
2010	-	-	2,959,465	263,445	3,222,910	3,926,817	7,149,727	5.16%	1,771
2011	-	-	2,724,741	209,377	2,934,118	3,825,932	6,760,050	4.78%	1,675
2012	-	145,000	2,440,508	162,772	2,748,280	3,644,932	6,393,212	4.17%	1,584
2013	-	118,791	2,728,173	122,227	2,969,191	3,458,932	6,428,123	4.05%	1,593
2014	-	91,256	3,774,752	120,580	3,986,588	3,267,932	7,254,520	4.31%	1,797
2015	-	62,326	2,571,163	73,723	2,707,212	3,071,932	5,779,144	Not available	1,432

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

^a Presented net of original issuance discounts and premiums.

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

Source: City of Goodview Finance Department

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

Fiscal Year	General Bonded Debt Outstanding				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	Total				
2006	\$ 55,000	\$ 1,740,000	\$ -	\$ 1,795,000	\$ 347,250	\$ 1,447,750	0.70%	429
2007	-	3,198,173	-	3,198,173	367,378	2,830,795	1.27%	839
2008	-	3,063,982	2,071,937	5,135,919	818,032	4,317,887	1.83%	1,280
2009	-	4,394,586	3,916,158	8,310,744	2,116,674	6,194,070	2.45%	1,836
2010	-	2,959,465	3,926,817	6,886,282	863,363	6,022,919	2.30%	1,492
2011	-	2,724,741	3,825,932	6,550,673	909,300	5,641,373	2.19%	1,398
2012	-	2,440,508	3,644,932	6,085,440	963,458	5,121,982	1.98%	1,269
2013	-	2,728,173	3,458,932	6,187,105	1,561,920	4,625,185	1.97%	1,146
2014	-	3,774,752	3,267,932	7,042,684	1,588,402	5,454,282	2.34%	1,351
2015	-	2,571,163	3,071,932	5,643,095	691,531	4,951,564	2.09%	1,227

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

^a Presented net of original issuance premiums

^b See Schedule 5 for property value data.

^c Population data can be found in Schedule 14

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
School District #861	\$ 20,847,903	10.37%	\$ 2,161,928
County of Winona	4,966,444	7.03%	349,141
Subtotal, overlapping debt			2,511,069
City of Goodview direct debt			2,707,212
Total direct and overlapping debt			\$ 5,218,281

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 2015

Assessed value	
Debt limit (3% of assessed value)	\$ 240,759,400
Debt applicable to limit:	7,222,782
General obligation bonds & notes	5,714,258
Less: Special Assessment Bonds & Contract for Deed	(2,642,326)
	<u>3,071,932</u>
Legal debt margin	\$ 4,150,850

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 4,117,406	\$ 4,497,860	\$ 7,071,978	\$ 7,572,144	\$ 7,853,439	\$ 7,744,599	\$ 7,028,475	\$ 6,984,114	\$ 7,105,386	\$ 7,222,782
Total net debt applicable to limit	"	-	2,071,937	3,916,158	3,926,817	3,825,932	3,644,932	3,458,932	3,267,932	3,071,932
Legal debt margin	\$ 4,117,406	\$ 4,497,860	\$ 5,000,041	\$ 3,655,986	\$ 3,926,622	\$ 3,918,667	\$ 3,383,543	\$ 3,525,182	\$ 3,837,454	\$ 4,150,850
Total net debt applicable to the limit as a percentage of debt limit	0%	0%	29%	52%	50%	49%	52%	50%	46%	43%

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	Collections	Debt Service Principal	Debt Service Interest	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service Principal	Debt Service Interest	Coverage
2006	\$ 136,790	\$ 215,000	\$ 75,991	\$ 32,303	\$ 50,000	\$ 5,268	\$ -	\$ -	\$ -	\$ -	\$ -	-
2007	292,002	135,000	70,873	-	55,000	1,815	-	-	-	-	-	-
2008	252,650	135,000	131,791	-	-	-	420,417	255,991	164,426	-	-	-
2009	243,924	250,000	125,668	-	-	-	497,914	307,701	190,213	102,500	56,403	1.20
2010	144,828	100,000	120,909	-	-	-	596,561	295,539	301,022	172,000	104,047	1.09
2011	153,742	230,000	101,848	-	-	-	659,621	280,399	379,222	177,069	103,279	1.35
2012	170,364	280,000	93,973	-	-	-	717,654	306,400	411,254	181,000	100,507	1.46
2013	191,269	305,000	85,160	-	-	-	712,576	334,990	377,586	186,000	95,752	1.34
2014	162,327	315,000	83,535	-	-	-	724,661	342,081	382,580	191,000	90,866	1.36
2015	142,495	1,205,000	77,298	-	-	-	750,983	342,661	408,322	196,000	85,848	1.45

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
2006	3,373	\$ 96,056,294	\$ 28,478	36.2	208	3.7%
2007	3,373	111,187,572	32,964	36.2	194	4.2%
2008	3,373	116,365,127	34,499	32.8	178	5.5%
2009	3,373	115,784,971	34,327	28.8	172	7.5%
2010	4,036	138,636,600	34,350	26.7	184	7.0%
2011	4,036	141,457,764	35,049	26.7	195	5.5%
2012	4,036	153,295,352	37,982	26.7	190	4.7%
2013	4,036	158,723,772	39,327	26.7	201	4.7%
2014	4,036	168,204,336	41,676	28.8	186	3.9%
2015	4,036	Not available	Not available	Not Available	177	3.0%

- Sources:**
- ^a US Bureau of Economic Analysis (by County)
The per capita personal income used is for that of Winona County, in which the City resides, the smallest region applicable to the City that this information is available for.
 - ^b Minnesota Dept. of Employment & Economic
 - ^c City-Data.com (by County)
 - ^d This estimated personal income is calculated by taking per capita personal income of Winona County and multiplying it by the City population.

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

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

<u>EMPLOYER</u>	<u>TYPE OF BUSINESS/PRODUCT</u>	<u>2015</u>			<u>2006</u>		
		<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT*</u>	<u>EMPLOYEES</u>	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u>
Benchmark Electronics, Inc.	Electronics manufacturer	546	1	2.20%	**	**	**
Fastenal Company	Office and tool repair	462	2	1.86%	**	**	**
Winona Lighting, Inc.	Lighting specialists	185	3	0.74%	**	**	**
Mississippi Welder's Supply Co.	Welding services and supplies	149	4	0.60%	**	**	**
Knitcraft Corporation	Garment manufacturer	110	5	0.44%	**	**	**
Ticonia Celstran, Inc.	Thermoplastic manufacturer	68	6	0.27%	**	**	**
Wincraft, Inc.	Novelty manufacturer	62	7	0.25%	**	**	**
I.S.D. No. 861 (Winona)	Elementary education	59	8	0.24%	**	**	**
DCM Tech, Inc.	Machinery design and manufacturing	33	9	0.13%	**	**	**
Hiatt Manufacturing	Wire foam and metal fabrication	23	10	0.09%	**	**	**
Total		1,697		6.82%			

** Information not available

* 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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	12	14	10	13	14	14	12	12
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	4	5	5	5	5	5	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	12	13	10	9	10	8	9	9	11	11
Water	8	9	9	9	9	9	9	9	9	9
Wastewater	8	9	9	9	9	9	9	9	9	9

** Information not available

Sources: Various City departments

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Building permits issued	71	51	51	132	244	214	214	142	100	115
Police										
Physical arrests	140	122	109	160	140	99	92	155	91	95
Parking violations	66	128	84	43	60	68	27	67	57	19
Traffic violations	591	518	474	403	504	475	408	266	358	208
Fire										
Emergency responses	15	14	12	27	19	19	27	13	26	21
Fires extinguished	9	4	7	6	8	11	8	14	13	13
Inspections	2	2	2	2	2	2	2	2	2	2
Volunteers	29	29	29	32	31	31	28	28	31	34
First responder										
Runs	88	94	134	160	146	179	171	156	164	139
Patients	79	93	134	160	140	169	179	164	174	144
Volunteers	19	21	41	22	23	22	24	26	19	18
Water										
Customers	1,116	1,128	1,169	1,244	1,260	1,268	1,272	1,281	1,281	1309
Water main breaks	0	0	0	0	0	0	0	0	0	0
Average daily consumption (thousands of gallons)	337,248	330,850	328,330	335,136	296,931	302,830	298,462	305,446	315,597	326,887
Peak daily consumption (thousands of gallons)	509,639	486,765	447,813	565,754	343,388	367,386	415,695	388,173	380,383	390,112
Wastewater										
Customers	1,099	1,109	1,153	1,229	1,244	1,252	1,256	1,265	1,265	1,293
Average daily sewage treatment (thousands of gallons)	259,658	307,195	305,766	296,380	301,789	273,282	249,404	269,355	288,082	256,030

** Information not available

Sources: Various City departments

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

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
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	12	13	13	14	10	13	14	14	12	12
Patrol units	5	5	5	5	7	6	6	6	6	7
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	29	29	29	32	31	31	28	28	31	34
Other public works										
Streets (miles)										
Paved	17	17	17	19	19	19	19	19	19	19
Unpaved	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1	1.1
Streetlights	176	189	189	189	189	196	196	196	196	196
Recreation and culture										
Acreage	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2	36.2
Parks/playgrounds	5	5	5	5	5	5	5	5	5	5
Baseball/softball diamonds	4	4	4	4	4	4	4	4	4	4
Soccer/football fields	3	3	3	3	3	3	3	3	3	3
Basketball courts	2	2	2	2	2	2	2	2	2	2
Tennis courts	2	2	2	2	2	2	2	2	2	2
Biking/walking trail (2 miles)	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	19.4	20.4	20.4	24.6	24.6	24.6	24.6	24.7	25.4	25.4
Fire hydrants	167	179	179	179	179	179	179	181	188	188
Storage capacity (millions of	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	16.9	18.1	18.1	21.9	21.9	21.9	21.9	22.0	22.8	22.8
Storm sewers (miles)	6.7	6.7	6.8	6.8	7.5	7.6	7.6	7.6	8.1	8.1

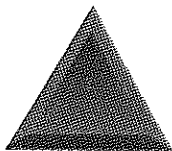
Sources: Various City departments

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CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2015



RUSSELL & ASSOCIATES LLC
Certified Public Accountants

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

To the City Council
City of Goodview, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the of the governmental activities, business-type activities, and each major fund of the City of Goodview, Minnesota ("City"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 9, 2016.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Segregation of Duties and Management Override of Controls

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

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

Management's Responsibility for Preparation of Financial Statements

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Minnesota Legal Compliance

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

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

Insufficient Collateral

The City had deposits in one financial institution that exceeded FDIC and collateral coverage. Minnesota Statutes require that security collateral be provided for 110% of the deposit balance in excess of FDIC coverage. At December 31, 2015, collateral was deficient by \$585,530, leaving deposits of \$431,155 unsecured.

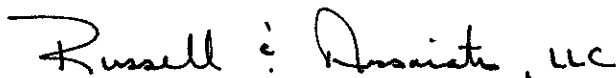
Management's Response - The City will secure more collateral or move deposits to another financial institution so deposits are all secured and that collateral meets state statute requirements.

City of Goodview's Response to Findings

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

Purpose of this Report

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



Winona, Minnesota
June 9, 2016