

**CITY OF GOODVIEW,
MINNESOTA**

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE
YEAR ENDED
DECEMBER 31, 2019**

**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, 2019

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4140 FIFTH STREET
GOODVIEW, MN 55987

507/452-1630 • FAX 507/452-2174

July 7, 2020

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, 2019.

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, 2019, 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, 2019 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 2019, the City basically issued the same number of building permits in total (107) as it had in 2018 which was 110. However, those 107 permits totaled almost \$5.8M, a nearly 30% increase over the amount in 2018 of \$4.5M. This year the category that saw the largest increase from 2018 was the New Home Construction area where it went from three permits for \$1,175,000 in 2018 to 11 permits and just over \$2.3M in 2019. The City did see a fairly significant decrease in Residential Improvements permit values as it went from about \$667,000 in 2018 to \$491,000 in 2019. Also, the category of Industrial/Commercial Improvements only issued 15 permits in 2019, nine less than the previous year, but the value total was \$300,000 more in 2019 when compared to 2018. The City's total taxable market value increased just slightly in 2019 with a 1.4% jump from 2018. This is the sixth straight year this value has increased at an average annual clip of 3.2% over that six year period. In total, the total market value for the City has risen from the approximate \$233M in 2013 to just over \$280M in 2019. This is definitely viewed by the City as a positive indicator that property market values are at least staying steady, which is only helping enhance the City's economic growth. 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 once again saw a very slight increase in 2019, up .2% to 2.9% in 2019. However, the County still has a lower rate than both the entire State and the nation as a whole, which finished 2019 with rates of 3.5%, and 3.4%, respectively.

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 significant decrease of approximately \$553,000 in 2019. This decrease, although rather large, was planned for by the City in two ways. The first was a planned reallocation of Unreserved Fund Balance funds to the "Assigned" category, as indicated in the significant increase in the Assigned Fund Balance amount going from \$19,545 in 2018 to \$425,950 in 2019. The second way was a budgeted spend down of the Unassigned Fund Balance of approximately \$221,000. Both of these planned occurrences were done to bring the City's Unassigned Fund Balance into line with the City's Fund Balance policy, which states the Unassigned Fund Balance dollar amount should not be greater than 55% of the total General Fund expenditures. The plan did accomplish what it was put in place to do as the 2019 Unassigned Fund Balance equates to 55% - spot on with the Fund Balance policy. Even with this reallocation of Fund Balance dollars, the result is that the current balance is about 6.5 months of General Fund Expenditures. Because of that past healthy balance, the City was able to

purchase certain pieces of equipment and/or vehicles, or do a project without increasing the levy or the need to find outside financing. This figure continues to allow the City to provide the services its taxpayers have come to expect without raising property taxes drastically.

Capital Improvement Plan: Although the City did not have a formal Capital Improvement Plan for 2019, 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 replacement of a number of air packs for the Fire Department, the replacement of a pickup truck with a plow attachment for the Street Department, and the allocation of funds to eventually resurface a number of streets in a certain part of the City.

Projects: In 2019, the City continued to reline all of the City's sewer lines. This is a project that has run for nine straight years. Over the course of that time the City has invested over \$817,000 in this project with almost \$100,000 in 2019 alone. The entire project is estimated to be completed in two more years, at a total cost of approximately \$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 completed in 2019 a major street and utility improvement project in one of its newest subdivisions at a cost of \$215,000. Also in 2019, the City resurfaced about a one-mile stretch of a major roadway through the City, and purchased and equipped a new plow truck for the Street Department at a cost of approximately \$197,000. These two projects along with five other projects of varying sizes were funded through a 2018 bond issuance of just over \$1.6M.

Awards and Acknowledgements

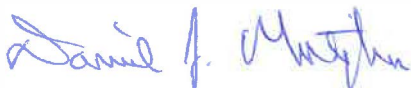
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Goodview for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018. This is the twelfth straight year that the City has received 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**

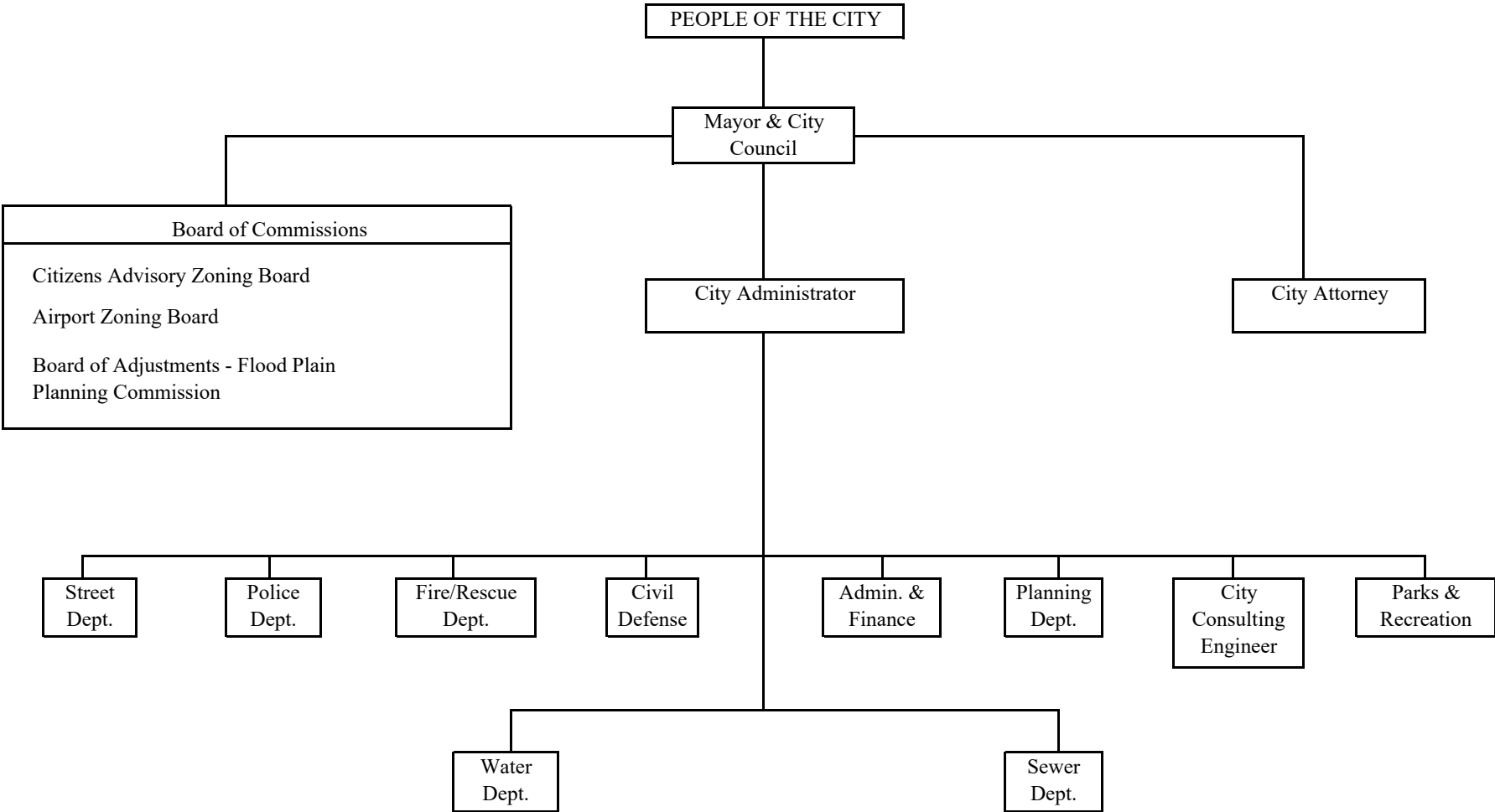
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2018

Christopher P. Morill

Executive Director/CEO

ORGANIZATIONAL CHART - CITY OF GOODVIEW, MINNESOTA



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

Steve Baumgart	Mayor
Ben Klinger	Council member
Richard Ledebuhr	Council member
Jack Looman	Council member
Charlie Andring	Council member
Dan Matejka	Administrator
Denise Herber	Senior Accountant
Shannon Randall	Accounting Clerk
Julie Haedtke	General Services Clerk

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CITY OF GOODVIEW, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2019



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, each major fund, and the aggregate remaining fund information of the City of Goodview, Minnesota, as of and for the year ended December 31, 2019, 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, each major fund, and the aggregate remaining fund information of the City of Goodview, Minnesota, as of December 31, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund, 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 introductory section, combining nonmajor fund financial statements, the budgetary comparison schedule for the debt service fund, and the statistical section 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 combining nonmajor fund financial statements and the budgetary comparison schedule for the debt service fund are the responsibility of management and were derived from and relate 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 combining nonmajor fund financial statements and the budgetary comparison schedule for the debt service fund are 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 July 7, 2020, on our consideration of the City of Goodview, Minnesota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Goodview, Minnesota's internal control over financial reporting and compliance.

Russell & Associate, LLC

Winona, Minnesota
July 7, 2020

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, 2019. 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

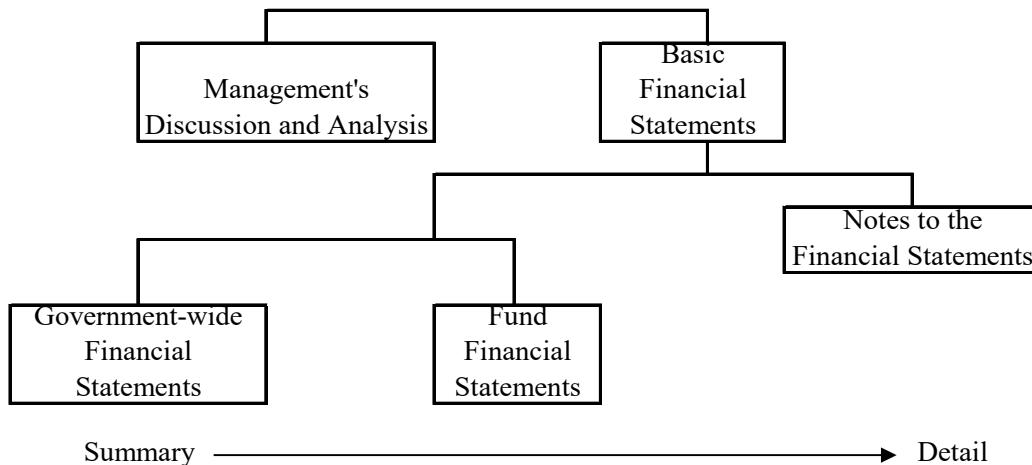
- The assets and deferred outflows of resources of the City of Goodview, Minnesota exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$22,928,891 (*net position*). Of this amount, \$1,972,440 (*unrestricted net position*) may be used to meet the City's ongoing obligations to citizens and creditors.
- The total net position of the business-type activities increased by \$106,655 and total net position of the governmental activities increased by \$116,976. This resulted in a total increase in net position of \$223,631 for the City.
- As of the close of the current fiscal year, the City of Goodview, Minnesota's governmental funds reported combined ending fund balances of \$3,446,065, a decrease of \$258,881 in comparison with the prior year. The major area of decrease is in the restricted category for Debt Service where that particular figure decreased almost \$330,000. This was due to the continued expenditures for various projects in the Capital Projects Fund related to the new Bond issuance in 2018.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,039,112 or 55 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 that will enhance the reader's understanding of the financial condition of the City of Goodview, Minnesota.

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 combining statements for the City's nonmajor governmental funds and 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.

The government-wide financial statements include not only the City of Goodview itself (known as the primary government), but also the Economic Development Authority of the City of Goodview. The Economic Development Authority of the City of Goodview is a legally separate entity but functions for all practical purposes as a department of the City of Goodview, and therefore has been included as an integral part of the primary government.

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. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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. The combining statements in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

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 \$22,928,891 at the close of the most recent fiscal year.

By far the largest portion of the City of Goodview, Minnesota's net position (86 percent) reflects its investment in capital assets (e.g., land, infrastructure, 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	
	2019	2018	2019	2018	2019	2018
Current & other assets	\$ 4,004,547	\$ 4,267,881	\$ 1,600,932	\$ 1,462,246	\$ 5,605,479	\$ 5,730,127
Capital assets	10,129,502	10,025,796	13,956,542	14,193,941	24,086,044	24,219,737
Total assets	<u>14,134,049</u>	<u>14,293,677</u>	<u>15,557,474</u>	<u>15,656,187</u>	<u>29,691,523</u>	<u>29,949,864</u>
Deferred outflows of resources	<u>96,008</u>	<u>120,492</u>	<u>21,063</u>	<u>13,992</u>	<u>117,071</u>	<u>134,484</u>
Long-term liabilities outstanding	3,725,264	4,007,083	2,563,356	2,771,086	6,288,620	6,778,169
Other liabilities	<u>98,890</u>	<u>94,659</u>	<u>116,057</u>	<u>115,009</u>	<u>214,947</u>	<u>209,668</u>
Total liabilities	<u>3,824,154</u>	<u>4,101,742</u>	<u>2,679,413</u>	<u>2,886,095</u>	<u>6,503,567</u>	<u>6,987,837</u>
Deferred inflows of resources	<u>331,873</u>	<u>355,373</u>	<u>44,263</u>	<u>35,878</u>	<u>376,136</u>	<u>391,251</u>
Net position:						
Net investment in capital assets	7,930,558	7,971,071	11,722,611	11,742,009	19,653,169	19,713,080
Restricted	1,303,282	1,158,671	-	-	1,303,282	1,158,671
Unrestricted	<u>840,190</u>	<u>827,312</u>	<u>1,132,250</u>	<u>1,006,197</u>	<u>1,972,440</u>	<u>1,833,509</u>
Total net position	<u>\$10,074,030</u>	<u>\$ 9,957,054</u>	<u>\$ 12,854,861</u>	<u>\$ 12,748,206</u>	<u>\$ 22,928,891</u>	<u>\$22,705,260</u>

An additional portion of the City of Goodview, Minnesota's net position (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$1,972,440) 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	
	2019	2018	2019	2018	2019	2018
REVENUE						
Program revenue						
Charges for services	\$ 86,676	\$ 75,206	\$ 1,496,647	\$ 1,454,002	\$ 1,583,323	\$ 1,529,208
Operating grants & contributions	150,874	137,659	-	-	150,874	137,659
Capital grants & contributions	38,496	-	-	-	38,496	-
General revenue:						
Taxes	1,791,229	1,787,812	-	-	1,791,229	1,787,812
Intergovernmental revenue	316,990	316,291	-	-	316,990	316,291
Interest and investment income	57,398	64,444	18,471	8,506	75,869	72,950
Miscellaneous	42,892	29,919	-	-	42,892	29,919
TOTAL REVENUE	2,484,555	2,411,331	1,515,118	1,462,508	3,999,673	3,873,839
EXPENSES						
General government	523,689	549,167	-	-	523,689	549,167
Public safety	1,013,528	925,062	-	-	1,013,528	925,062
Public works	675,914	627,073	-	-	675,914	627,073
Health and human services	1,551	1,165	-	-	1,551	1,165
Economic development	6,678	2,791	-	-	6,678	2,791
Culture and recreation	74,774	88,053	-	-	74,774	88,053
Interest and fiscal charges	71,445	102,291	-	-	71,445	102,291
Water	-	-	637,154	633,670	637,154	633,670
Sewer	-	-	771,309	649,676	771,309	649,676
TOTAL EXPENSES	2,367,579	2,295,602	1,408,463	1,283,346	3,776,042	3,578,948
INCREASE IN NET POSITION BEFORE TRANSFERS	116,976	115,729	106,655	179,162	223,631	294,891
TRANSFERS	-	(2,405)	-	2,405	-	-
CHANGE IN NET POSITION	116,976	113,324	106,655	181,567	223,631	294,891
NET POSITION – BEGINNING	9,957,054	9,860,408	12,748,206	12,568,087	22,705,260	22,428,495
Change in accounting principle	-	(16,678)	-	(1,448)	-	(18,126)
NET POSITION – BEGINNING	9,957,054	9,843,730	12,748,206	12,566,639	22,705,260	22,410,369
NET POSITION - ENDING	\$ 10,074,030	\$ 9,957,054	\$ 12,854,861	\$ 12,748,206	\$22,928,891	\$22,705,260

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 \$116,976. This increase for the most part matches the increase the City saw in 2018 of \$96,646. Although both total revenues and total expenditures increased by approximately \$72,000 each when compared to the prior year of 2018, the revenues still exceeded the total expenses by the \$116,976 figure. The largest increase (\$51,711) on the revenue side was in a combination of both the Operating and Capital Grants category. The other larger increase was in the Charges for Services (\$11,470) area due to an increase in building permit fees. On the expense side of things, there were two areas that saw significant increases; Public Safety (\$88,466) and Public Works (\$48,841). The first was mainly due to an increase in Wages & Benefits for the Police Department of about \$52,000. While the Public Works increase was due to an increase in depreciation of approximately \$31,000 with the completion of infrastructure projects in 2018 and 2019, and also an increase in wage related costs of

about \$23,000. The expense side also saw significant decreases in Interest and Fiscal Charges of about \$30,900, and General Government of \$25,500 due to lesser insurance costs than budgeted and planned Marketing initiatives that never took place.

Business-type activities: Business-type activities net position increased \$106,655, which is about \$73,000 less than the \$180,119 increase from 2017 to 2018. The City's conservative budgeting practice and prudent spending efforts once again allowed the City to increase its net position for Business-type activities. However, the increase could have been more but the City's cost of Water Treatment Charges was significantly more in 2019 than in 2018 by slightly more than \$85,000 - a much higher jump than expected.

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 \$1,039,112, while total fund balance was \$1,516,436. 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 55 percent of total General Fund expenditures, while total fund balance represents 80 percent of that same amount. The General Fund's fund balance decreased \$131,306 during 2019. The main reason for the decrease was the result of a planned drawdown of the City's Unreserved Fund Balance to get that figure more in-line with the City's Fund Balance Policy. For that reason the City budgeted using about \$140,000 of those funds to balance its 2019 Revenue and Expenditure budgets.

At December 31, 2019, the Debt Service Fund of the City of Goodview, Minnesota reported a fund balance of \$731,759, an increase of \$151,669 from last year. The main reason for the increase is the maturity of a bond issuance from 2009 in 2018 leaving the City with only two outstanding bond issuances in the Debt Service Fund. The Capital Projects Fund reported a fund balance of \$1,020,304, a decrease of \$328,651 from 2018. This decrease is a result of continued expenditures for various projects related to the new bond issuance in 2018. In 2016, the City started collecting tax revenue through a designated property tax levy for their Economic Development Authority (EDA), which was created in 2015. The City Council chose to continue this practice going forward, so in 2019 the City collected about \$50,000 in revenue earmarked for its EDA. Also in 2017, the City created a second Non-Major Fund for the City's Farmers Market. Of the \$177,506 December 31, 2019 Assigned Fund Balance for the Non-Major Funds, the EDA accounts for \$168,830 or 95.1%.

General Fund Budget. There were a few significant budget-to-actual variances for the year ended December 31, 2019. The revenue side of the ledger saw six areas that had notable variances. Two of them were under the Intergovernmental category; the first being that of Police Aid where the City received about \$8,500 more than budgeted. The second area in this category was that of Other State Aid where the positive variance of \$13,955 was attributable to both the Police and Fire training reimbursements being more than originally estimated during the budget process. The third major variance was under the Licenses and Permits section. This positive variance of \$26,521 was for more building permits than expected. The next two major variances were under the Miscellaneous category where both Interest (\$5,075) and Donations (\$43,607) exceeded expected budget figures. The Interest variance was a clear result of the City's desire to maximize the return on its investments. The actual variance in the Donations area resulted in the City's practice not to budget for any donations unless that donation has already been pledged at budget time. The final variance on the revenue side was under Special Assessments where the City received \$5,322 for a deferred assessment from a very old street improvement project. As for the variances between actual and budget figures for expenditures, there were several categories that closed with significant positive variances. These included positive variances in the Other General Government category where expected costs for

insurances and marketing came in below budget. The Fire Protection and First Responder areas of the Public Safety category also saw positive variances due to lesser amounts being spent on small tools, uniforms, and supplies. The Highway and Streets area of the Public Works category had a positive variance of \$64,659 due to some street repairs that were budgeted for but never materialized. The Parks and Recreation area also had a positive variance of \$11,000 due to various things such as wages and building maintenance coming in under budget. Under the Capital Outlay category there was a positive variance in Fire Protection because a planned purchase to replace some air packs was delayed until 2020. However, the category also had a negative variance of \$5,486 in the Highway and Streets category where the costs to replace a pickup truck was more than expected. Finally, there was one negative variance in the Other Financing Sources section where a Transfer Out of the General Fund went to both the Debt Service Fund account (\$136,210) and the Capital Projects Fund account (\$120,790) to correct an ACH that went into the General Fund but should have went into each of those funds to cover bond payments that became due.

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:

	<u>Unrestricted Net Position</u>	<u>Change in Net Position</u>
Water	\$ 751,418	\$ 112,459
Sewer	380,832	(5,804)

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, 2019, totals \$19,653,169 (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):

- Utility extension project
- Sanitary sewer relining project
- Purchase plow truck
- Road improvement project
- Purchase police radios
- Purchase fire spreader and cutter

City of Goodview, Minnesota's Capital Assets

Figure 4

	GOVERNMENTAL ACTIVITIES		BUSINESS-TYPE ACTIVITIES		TOTAL	
	2019	2018	2019	2018	2019	2018
Land	\$ 947,399	\$ 947,399	\$ 62,689	\$ 62,689	\$ 1,010,088	\$ 1,010,088
Construction in progress	197,838	158,676	-	202,148	197,838	360,824
Buildings	1,904,888	1,904,888	3,627,153	3,627,153	5,532,041	5,532,041
Improvements	964,586	964,586	-	-	964,586	964,586
Machinery and equipment	2,317,296	2,143,901	1,874,201	1,858,458	4,191,497	4,002,359
Infrastructure	10,709,206	10,432,525	13,323,336	13,021,118	24,032,542	23,453,643
Less: Accumulated depreciation	(6,911,711)	(6,526,179)	(4,930,837)	(4,577,625)	(11,842,548)	(11,103,804)
TOTAL	\$ 10,129,502	\$ 10,025,796	\$ 13,956,542	\$ 14,193,941	\$ 24,086,044	\$ 24,219,737

Additional information on the City's capital assets can be found in the Note 2C to the Comprehensive Annual Financial Statements on pages 45-46.

Long-Term Obligations. As of December 31, 2019, the City of Goodview, Minnesota had total long-term obligations outstanding of \$6,288,620. Of this, \$5,021,998 is debt backed by the full faith and credit of the City. The remainder of the City's debt represents capital leases, 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	
	2019	2018	2019	2018	2019	2018
General Obligation Bonds	\$ 1,489,356	\$ 1,645,083	\$ -	\$ -	\$ 1,489,356	\$ 1,645,083
Special Assessment Bonds	1,298,710	1,462,359	-	-	1,298,710	1,462,359
General Obligation Water Bond	-	-	2,233,932	2,451,932	2,233,932	2,451,932
Net pension liability	698,665	681,147	237,542	235,750	936,207	916,897
Other long-term obligations	238,533	218,494	91,882	83,404	330,415	301,898
TOTAL	\$ 3,725,264	\$ 4,007,083	\$ 2,563,356	\$ 2,771,086	\$ 6,288,620	\$ 6,778,169

The City's total debt decreased by \$489,549 (7.2%) during the past fiscal year primarily due to the scheduled annual principal and interest payments on the existing debt.

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 \$8,407,548.

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 48-50.

Economic Factors and Next Year's Budgets and Rates

The 2020 General Fund expenditure budget is \$2,182,525, which is a \$56,787, or a 2.7% increase from the 2019 budget. This slight increase was done even with the City decreasing its total tax levy from the previous year by about \$10,500. This increase in the budget was accomplished on the revenue side by an increase of \$58,046 in Local Government Aid, and on the expenditure side by deciding to use approximately \$254,000 of the Unassigned Fund Balance for various projects ranging from replacing aging Police and Street vehicles, to purchasing new equipment for the Fire, Police, and Street departments. This was able to be done because the City had built a very healthy Unassigned Fund Balance over the years to allow them to make such purchases and to not put the burden on its taxpayers. This is the third straight year the City has used its Unassigned Fund Balance to balance the budget, but even with using this tactic the Unassigned Fund Balance still falls within the parameters of the City's Fund Balance Policy. The property tax rate for 2020 decreased about 1.7% to 44.174% from 45.876% in 2019. 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.

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CITY OF GOODVIEW, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2019

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CITY OF GOODVIEW, MINNESOTA
GOVERNMENT-WIDE FINANCIAL STATEMENTS
DECEMBER 31, 2019

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
DECEMBER 31, 2019

<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
ASSETS			
Cash and investments	\$ 3,406,795	\$ 1,372,130	\$ 4,778,925
Receivables			
Accounts	53,164	222,018	275,182
Taxes	60,211	-	60,211
Special assessments	392,242	-	392,242
Internal balances	88	(88)	-
Due from other governments	982	-	982
Prepaid items	26,758	6,872	33,630
Restricted assets			
Net pension assets	64,307	-	64,307
Capital assets not being depreciated			
Land and construction in progress	1,145,237	62,689	1,207,926
Capital assets, net of accumulated depreciation			
Buildings	993,879	2,590,368	3,584,247
Improvements other than buildings	394,130	-	394,130
Machinery and equipment	680,773	1,075,173	1,755,946
Infrastructure	6,915,483	10,228,312	17,143,795
	14,134,049	15,557,474	29,691,523
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	95,577	21,063	116,640
Deferred charge on refunding	431	-	431
TOTAL DEFERRED OUTFLOWS OF RESOURCES	96,008	21,063	117,071
 TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	 \$ 14,230,057	 \$ 15,578,537	 \$ 29,808,594

(Continued on page 23)

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION - Continued
DECEMBER 31, 2019

<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	\$ 65,037	\$ 87,451	\$ 152,488
Customer deposits	3,000	-	3,000
Accrued interest	30,765	21,384	52,149
Due to other governments	88	497	585
Unearned revenues	-	6,725	6,725
Noncurrent liabilities			
Due within one year	405,361	252,384	657,745
Due in more than one year	3,319,903	2,310,972	5,630,875
TOTAL LIABILITIES	<u>3,824,154</u>	<u>2,679,413</u>	<u>6,503,567</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	331,873	44,263	376,136
NET POSITION			
Net investment in capital assets	7,930,558	11,722,611	19,653,169
Restricted for			
Debt service	1,214,299	-	1,214,299
First responders	5,769	-	5,769
Equipment - fire	5,970	-	5,970
Equipment - police	2,596	-	2,596
Police K-9	741	-	741
Parks	9,600	-	9,600
Net pension	64,307	-	64,307
Unrestricted	840,190	1,132,250	1,972,440
TOTAL NET POSITION	<u>10,074,030</u>	<u>12,854,861</u>	<u>22,928,891</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 14,230,057</u>	<u>\$ 15,578,537</u>	<u>\$ 29,808,594</u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

<u>FUNCTIONS/PROGRAMS</u>	<u>PROGRAM REVENUE</u>			
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	<u>CAPITAL GRANTS AND CONTRIBUTIONS</u>
GOVERNMENTAL ACTIVITIES				
General government	\$ 523,689	\$ 13,483	\$ 25,298	\$ -
Public safety	1,013,528	17,734	114,009	15,415
Public works	675,914	46,784	-	20,081
Health and human services	1,551	-	-	-
Economic development	6,678	-	-	-
Culture and recreation	74,774	8,675	11,567	3,000
Interest and fiscal charges	71,445	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	2,367,579	86,676	150,874	38,496
BUSINESS-TYPE ACTIVITIES				
Water	637,154	744,841	-	-
Sewer	771,309	751,806	-	-
TOTAL BUSINESS-TYPE ACTIVITIES	1,408,463	1,496,647	-	-
TOTAL	\$ 3,776,042	\$ 1,583,323	\$ 150,874	\$ 38,496

GENERAL REVENUE

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

CHANGE IN NET POSITION

NET POSITION AT BEGINNING OF YEAR

NET POSITION AT END OF YEAR

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

NET (EXPENSES) REVENUE AND
CHANGES IN NET POSITION

GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
\$ (484,908)		\$ (484,908)
(866,370)		(866,370)
(609,049)		(609,049)
(1,551)		(1,551)
(6,678)		(6,678)
(51,532)		(51,532)
(71,445)		(71,445)
<u>(2,091,533)</u>		<u>(2,091,533)</u>
	\$ 107,687	107,687
	<u>(19,503)</u>	<u>(19,503)</u>
	88,184	88,184
<u>(2,091,533)</u>	<u>88,184</u>	<u>(2,003,349)</u>
1,579,807	-	1,579,807
211,422	-	211,422
316,990	-	316,990
57,398	18,471	75,869
42,892	-	42,892
<u>2,208,509</u>	<u>18,471</u>	<u>2,226,980</u>
116,976	106,655	223,631
<u>9,957,054</u>	<u>12,748,206</u>	<u>22,705,260</u>
<u>\$ 10,074,030</u>	<u>\$ 12,854,861</u>	<u>\$ 22,928,891</u>

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CITY OF GOODVIEW, MINNESOTA

FUND FINANCIAL STATEMENTS

DECEMBER 31, 2019

CITY OF GOODVIEW, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

<u>ASSETS</u>	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
Cash and investments	\$ 1,466,202	\$ 723,100	\$ 1,040,474	\$ 177,019	\$ 3,406,795
Receivables					
Accounts	53,164	-	-	-	53,164
Taxes	45,652	8,133	5,008	1,418	60,211
Special assessments	-	315,107	77,135	-	392,242
Due from other governments	982	-	-	-	982
Due from other funds	106	-	-	-	106
Prepaid items	26,698	-	-	60	26,758
TOTAL ASSETS	<u>\$ 1,592,804</u>	<u>\$ 1,046,340</u>	<u>\$ 1,122,617</u>	<u>\$ 178,497</u>	<u>\$ 3,940,258</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
LIABILITIES					
Accounts payable	\$ 39,848	\$ -	\$ 25,169	\$ 20	\$ 65,037
Customer deposits	3,000	-	-	-	3,000
Due to other governments	88	-	-	-	88
Due to other funds	18	-	-	-	18
TOTAL LIABILITIES	<u>42,954</u>	<u>-</u>	<u>25,169</u>	<u>20</u>	<u>68,143</u>
 DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	33,414	6,690	2,945	911	43,960
Unavailable revenue - special assessments	-	307,891	74,199	-	382,090
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>33,414</u>	<u>314,581</u>	<u>77,144</u>	<u>911</u>	<u>426,050</u>
 FUND BALANCES					
Nonspendable:					
Prepays	26,698	-	-	60	26,758
Restricted:					
Debt service	-	731,759	802,878	-	1,534,637
First responders	5,769	-	-	-	5,769
Equipment - fire	5,970	-	-	-	5,970
Equipment - police	2,596	-	-	-	2,596
Police K-9	741	-	-	-	741
Parks	9,600	-	-	-	9,600
Assigned	425,950	-	217,426	177,506	820,882
Unassigned	1,039,112	-	-	-	1,039,112
TOTAL FUND BALANCES	<u>1,516,436</u>	<u>731,759</u>	<u>1,020,304</u>	<u>177,566</u>	<u>3,446,065</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 1,592,804</u>	 <u>\$ 1,046,340</u>	 <u>\$ 1,122,617</u>	 <u>\$ 178,497</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	10,129,502
Other long-term assets are not available to pay for current expenditures and, therefore, are unavailable revenue in the governmental funds	426,050
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds	64,307
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	(236,296)
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	(2,788,065)
Capital leases payable	(18,452)
Deferred charge on refunding	431
Accrued interest	(30,765)
Compensated absences	(102,347)
Other post employment benefits	(117,735)
Net pension liability	(698,665)
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 10,074,030</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, 2019

	GENERAL FUND	DEBT SERVICE	CAPITAL PROJECTS	TOTAL NONMAJOR FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUE					
Taxes					
Property	\$ 1,194,358	\$ 144,102	\$ 198,582	\$ 50,423	\$ 1,587,465
Franchise	211,422	-	-	-	211,422
Licenses and permits	56,411	-	-	-	56,411
Intergovernmental	399,469	-	-	7,114	406,583
Charges for services	9,000	-	-	3,536	12,536
Fines and forfeitures	17,729	-	-	-	17,729
Special assessments	5,322	54,471	10,085	-	69,878
Interest	20,075	15,386	21,937	-	57,398
Donations	45,807	-	-	5,084	50,891
Miscellaneous	55,934	-	-	368	56,302
TOTAL REVENUE	<u>2,015,527</u>	<u>213,959</u>	<u>230,604</u>	<u>66,525</u>	<u>2,526,615</u>
EXPENDITURES					
Current					
General government	493,337	1,916	3,140	10,440	508,833
Public safety	901,709	-	-	-	901,709
Public works	393,262	-	-	-	393,262
Health and human services	1,551	-	-	-	1,551
Economic development	-	-	-	6,678	6,678
Culture and recreation	24,018	-	-	-	24,018
Capital outlay	75,956	-	470,271	-	546,227
Debt service					
Principal	-	165,000	150,000	-	315,000
Interest and fiscal charges	-	31,584	56,634	-	88,218
TOTAL EXPENDITURES	<u>1,889,833</u>	<u>198,500</u>	<u>680,045</u>	<u>17,118</u>	<u>2,785,496</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	125,694	15,459	(449,441)	49,407	(258,881)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	136,210	120,790	1,000	258,000
Transfers out	<u>(257,000)</u>	<u>-</u>	<u>-</u>	<u>(1,000)</u>	<u>(258,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(257,000)</u>	<u>136,210</u>	<u>120,790</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(131,306)	151,669	(328,651)	49,407	(258,881)
FUND BALANCES AT BEGINNING OF YEAR	<u>1,647,742</u>	<u>580,090</u>	<u>1,348,955</u>	<u>128,159</u>	<u>3,704,946</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,516,436</u>	<u>\$ 731,759</u>	<u>\$1,020,304</u>	<u>\$ 177,566</u>	<u>\$ 3,446,065</u>

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

CITY OF GOODVIEW, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2019

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

Net change in fund balances - Total Governmental Funds		\$ (258,881)
<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	\$ 546,227	
Less: Depreciation expense	<u>(431,668)</u>	114,559
<p>The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and contributions) is to decrease net assets.</p>		
		(13,410)
<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	(7,657)	
Change in unavailable revenue - special assessments	<u>(49,798)</u>	(57,455)
<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	10,080	
Bond principal payments	<u>315,000</u>	325,080
<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 payable and deferred amount on refunding	12,419	
Amortization of bond discount or premium	4,377	
Change in compensated absences	(11,682)	
Change in other post employment benefits	(18,438)	
Change in pension asset/liability	<u>21,126</u>	7,802
<p>Governmental funds do not report long-term amounts related to pensions.</p>		
Change in deferred outflows of pension resources	(704,671)	
Change in deferred inflows of pension resources	<u>703,952</u>	(719)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 116,976</u></u>

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

CITY OF GOODVIEW, MINNESOTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2019

<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	\$ 739,317	\$ 250,813	\$ 990,130
Investments	125,000	257,000	382,000
Receivables			
Accounts	51,589	66,977	118,566
Unbilled	50,446	53,006	103,452
Due from other funds	18	-	18
Prepaid items	4,091	2,781	6,872
TOTAL CURRENT ASSETS	<u>970,461</u>	<u>630,577</u>	<u>1,601,038</u>
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	6,320,979	7,002,357	13,323,336
Machinery and equipment	1,623,225	250,976	1,874,201
TOTAL CAPITAL ASSETS	<u>11,460,288</u>	<u>7,427,091</u>	<u>18,887,379</u>
Less accumulated depreciation	3,046,705	1,884,132	4,930,837
NET CAPITAL ASSETS	<u>8,413,583</u>	<u>5,542,959</u>	<u>13,956,542</u>
TOTAL ASSETS	<u>9,384,044</u>	<u>6,173,536</u>	<u>15,557,580</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension outflows	<u>10,530</u>	<u>10,533</u>	<u>21,063</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,394,574</u>	<u>\$ 6,184,069</u>	<u>\$ 15,578,643</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>			
CURRENT LIABILITIES			
Accounts payable	\$ 14,144	\$ 73,307	\$ 87,451
Accrued interest	21,384	-	21,384
Due to other governments	477	20	497
Due to other funds	-	106	106
Unearned revenue	6,725	-	6,725
Current portion of long-term debt	223,000	-	223,000
Current portion of compensated absences	14,692	14,692	29,384
TOTAL CURRENT LIABILITIES	<u>280,422</u>	<u>88,125</u>	<u>368,547</u>
NONCURRENT LIABILITIES			
Long-term debt	2,010,932	-	2,010,932
Compensated absences	3,009	3,009	6,018
Net pension liability	118,770	118,772	237,542
Other post employment benefits	28,240	28,240	56,480
TOTAL NONCURRENT LIABILITIES	<u>2,160,951</u>	<u>150,021</u>	<u>2,310,972</u>
TOTAL LIABILITIES	<u>2,441,373</u>	<u>238,146</u>	<u>2,679,519</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension inflows	22,131	22,132	44,263
NET POSITION			
Net investment in capital assets	6,179,652	5,542,959	11,722,611
Unrestricted	751,418	380,832	1,132,250
TOTAL NET POSITION	<u>6,931,070</u>	<u>5,923,791</u>	<u>12,854,861</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 9,394,574</u>	<u>\$ 6,184,069</u>	<u>\$ 15,578,643</u>

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, 2019

	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTALS</u>
OPERATING REVENUE			
Sales	\$ 616,532	\$ 746,441	\$ 1,362,973
Charges for services	113,048	4,684	117,732
Miscellaneous	15,261	681	15,942
TOTAL OPERATING REVENUE	<u>744,841</u>	<u>751,806</u>	<u>1,496,647</u>
OPERATING EXPENSES			
Cost of sales and services	272,584	592,669	865,253
Administration	80,069	47,604	127,673
Depreciation	222,176	131,036	353,212
TOTAL OPERATING EXPENSES	<u>574,829</u>	<u>771,309</u>	<u>1,346,138</u>
OPERATING INCOME (LOSS)	170,012	(19,503)	150,509
NONOPERATING REVENUE (EXPENSE)			
Investment earnings	4,772	13,699	18,471
Interest expense	(62,325)	-	(62,325)
TOTAL NONOPERATING REVENUE (EXPENSE)	<u>(57,553)</u>	<u>13,699</u>	<u>(43,854)</u>
CHANGE IN NET POSITION	112,459	(5,804)	106,655
NET POSITION AT BEGINNING OF YEAR	<u>6,818,611</u>	<u>5,929,595</u>	<u>12,748,206</u>
NET POSITION AT END OF YEAR	<u><u>\$ 6,931,070</u></u>	<u><u>\$ 5,923,791</u></u>	<u><u>\$ 12,854,861</u></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, 2019

	WATER FUND	SEWER FUND	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 749,169	\$ 765,047	\$ 1,514,216
Receipts for (payments from) interfund services	(614)	(281)	(895)
Payments to suppliers for goods and services	(204,496)	(494,983)	(699,479)
Payments to employees for services	(139,808)	(139,807)	(279,615)
NET CASH PROVIDED			
BY OPERATING ACTIVITIES	404,251	129,976	534,227
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING			
ACTIVITIES			
Acquisition and construction of capital assets	(15,742)	(100,070)	(115,812)
Principal paid on capital debt	(218,000)	-	(218,000)
Interest paid on capital debt	(64,412)	-	(64,412)
NET CASH USED BY CAPITAL			
AND RELATED FINANCING ACTIVITIES	(298,154)	(100,070)	(398,224)
 CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments	-	(13,000)	(13,000)
Investment income received	4,772	13,699	18,471
NET PROVIDED BY			
INVESTING ACTIVITIES	4,772	699	5,471
 NET INCREASE IN CASH			
AND CASH EQUIVALENTS	110,869	30,605	141,474
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	628,448	220,208	848,656
 CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 739,317	\$ 250,813	\$ 990,130
 RECONCILIATION OF OPERATING INCOME TO NET			
CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ 170,012	\$ (19,503)	\$ 150,509
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	222,176	131,036	353,212
Changes in assets and liabilities			
(Increase) decrease in assets/deferred outflows			
Accounts receivable	4,328	13,241	17,569
Due from other funds	(18)	-	(18)
Prepaid items	(584)	(303)	(887)
Deferred pension outflows	26,009	26,008	52,017
Increase (decrease) in liabilities/deferred inflows			
Accounts payable	3,286	(5)	3,281
Due to other governments	(145)	(1)	(146)
Due to other funds	(596)	(281)	(877)
Compensated absences	832	832	1,664
Other post employment benefits	3,407	3,407	6,814
Net pension liability	896	896	1,792
Deferred pension inflows	(25,352)	(25,351)	(50,703)
NET CASH PROVIDED			
BY OPERATING ACTIVITIES	\$ 404,251	\$ 129,976	\$ 534,227

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

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CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2019

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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. The accompanying financial statements present the government and its component units, entities for which the primary government is financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented in the funds of the primary government.

Blended Component Unit. The Economic Development Authority of the City of Goodview, Minnesota (the Authority) was created by the City to coordinate and administer the City's economic development and redevelopment plans and programs. The Authority is governed by a five-member board of commissioners comprised of two members of the City Council and three additional members appointed by the Mayor with the approval of the City Council. The City has operational responsibility of the Authority. The Authority's budget and tax levy are approved by the City Council. The Authority's financial activity is reported as a special revenue fund. The Authority does not issue separate financial statements.

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 information on all of the non-fiduciary activities of the primary government and its component unit. All fiduciary activities are reported only in the fund financial statements. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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.

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

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

The City reports the following major proprietary funds:

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

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

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, 2019

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, based on quoted market prices.

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, 2019

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. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2019 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.

4. 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition value at the time of acquisition plus ancillary charges, if any.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

4. 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 2019 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

5. 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.

6. 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, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

6. 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.

7. 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, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

8. 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".

9. Fund Equity

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

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, 2019

NOTE 1 - Summary of Significant Accounting Policies - Continued

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

9. 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.

10. 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, 2019

NOTE 1 - Summary of Significant Accounting Policies – Continued

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

11. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - Detailed Notes on all Funds

A. Deposits and Investments

All deposits of funds are pooled in multiple 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. 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. At year-end, the carrying amount of the City's deposits was \$4,393,811 and the bank balances totaled \$4,448,435. The bank balance was fully covered by federal depository insurance.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

Deposits as of December 31, 2019 are as follows:

	Deposit Amount	Carrying Amount
<u>Wells Fargo Bank</u>		
Checking accounts	\$ 40,033	\$ (8,610)
<u>Merchants Bank</u>		
Checking accounts	14,888	14,417
Money market accounts	200,129	200,129
Insured cash sweep (ICS) demand account*	856,472	850,962
Insured cash sweep (ICS) savings account*	1,976,525	1,976,525
<u>Other Banks</u>		
Money market accounts	383,142	383,142
Certificates of deposit	977,246	977,246
Total deposits	\$ 4,448,435	4,393,811
<u>Reconciliation to the basic financial statements:</u>		
Petty cash and change funds		100
Broker cash		(124,986)
U.S. Treasury Securities		510,000
Total cash and investments		\$4,778,925

*These funds are redeposited to other banks throughout the United States.

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

Information about the sensitivity of the fair values of the City’s Investments to market interest rate fluctuations is provided by the following table that shows the distribution of the City’s investments by maturity:

<u>Investment Type</u>	<u>Amount</u>	<u>Remaining Maturity</u> <u>(In Months)</u>	
		<u>12 Months or less</u>	<u>13 to 24 Months</u>
U.S. Treasury Securities	\$510,000	\$510,000	-
Certificates of deposit	\$977,246	\$977,246	-

Credit Risk – State statutes limit investments in commercial paper, corporate bonds, and mutual bond funds to the top two ratings issued by nationally recognized statistical rating organizations. The City’s investment policy limits investments to the type of securities permitted by state statutes and requires the portfolio to be diversified so that the impact of potential losses from any one type of security or any one individual issuer will be minimized. The policy requires the City Council to approve public depositories by resolution. The City’s investments in U.S. Treasury Securities and the Federal Home Loan Mortgage Corporation Note were rated AA+ by Standard & Poor’s.

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 statement demonstrating compliance with state and federal capital adequacy guidelines. As of December 31, 2019, the bank balance was fully covered by federal depository insurance. The use of sweep accounts provides some custodial risk on a daily basis for funds exceeding FDIC limits that have not yet been swept out to other banks until the end of the day.

Fair Value Measurements – The City categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value asset. Level 1 inputs are quoted market prices in active markets for identical assets; Level 2 inputs are significant other observable inputs, The City investments were valued using quoted prices for similar securities; Level 3 inputs are significant unobservable inputs.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds - Continued

A. Deposits and Investments – Continued

The City has the following recurring fair value measurements as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
U.S. Treasury Securities	\$ -	\$ 510,000	\$ -	\$ 510,000
Brokered certificates of deposit	-	977,246	-	977,246
TOTAL	\$ -	\$ 1,487,246	\$ -	\$ 1,487,246

B. Receivables

Receivables at December 31, 2019 for the City's individual major funds consist of the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
Receivables:							
Accounts	\$53,164	\$ -	\$ -	\$ -	\$102,035	\$119,983	\$ 275,182
Taxes - delinquent	45,652	8,133	5,008	1,418	-	-	60,211
Special assessments							
Delinquent	-	7,216	2,936	-	-	-	10,152
Deferred	-	307,891	74,199	-	-	-	382,090
Total receivables	<u>\$98,816</u>	<u>\$ 323,240</u>	<u>\$ 82,143</u>	<u>\$ 1,418</u>	<u>\$102,035</u>	<u>\$119,983</u>	<u>\$ 727,635</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 \$426,050.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets

Capital asset activity for the year ended December 31, 2019 was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASE</u>	<u>RECLASS</u>	<u>ENDING BALANCE</u>
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 947,399	\$ -	\$ -	\$ -	\$ 947,399
Construction in progress	158,676	512,815	-	(473,653)	197,838
Total capital assets not being depreciated	<u>1,106,075</u>	<u>512,815</u>	<u>-</u>	<u>(473,653)</u>	<u>1,145,237</u>
Capital assets being depreciated					
Buildings	1,904,888	-	-	-	1,904,888
Improvements	964,586	-	-	-	964,586
Machinery and equipment	2,143,901	76,337	99,914	196,972	2,317,296
Infrastructure	10,432,525	-	-	276,681	10,709,206
Total capital assets being depreciated	<u>15,445,900</u>	<u>76,337</u>	<u>99,914</u>	<u>473,653</u>	<u>15,895,976</u>
Less accumulated depreciation for:					
Buildings	860,343	50,667	-	-	911,009
Improvements	535,744	34,713	-	-	570,457
Machinery and equipment	1,547,619	135,039	46,136	-	1,636,523
Infrastructure	3,582,473	211,249	-	-	3,793,722
Total accumulated depreciation	<u>6,526,179</u>	<u>431,668</u>	<u>46,136</u>	<u>-</u>	<u>6,911,711</u>
Total capital assets being depreciated, net	<u>8,919,721</u>	<u>(355,331)</u>	<u>53,778</u>	<u>473,653</u>	<u>8,984,265</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 10,025,796</u>	<u>\$ 157,484</u>	<u>\$ 53,778</u>	<u>\$ -</u>	<u>\$ 10,129,502</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds - Continued

C. Capital Assets - Continued

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>RECLASS</u>	<u>ENDING BALANCE</u>
BUSINESS-TYPE ACTIVITIES				
Capital assets not being depreciated				
Land	\$ 62,689	\$ -	\$ -	\$ 62,689
Construction in progress	202,148	437	(202,585)	-
Total capital assets not being depreciated	<u>264,837</u>	<u>437</u>	<u>(202,585)</u>	<u>62,689</u>
Capital assets being depreciated				
Buildings	3,627,153	-	-	3,627,153
Machinery and equipment	1,858,458	15,743	-	1,874,201
Infrastructure	13,021,118	99,633	202,585	13,323,336
Total capital assets being depreciated	<u>18,506,729</u>	<u>115,376</u>	<u>202,585</u>	<u>18,824,690</u>
Less accumulated depreciation for:				
Buildings	965,060	71,722	-	1,036,782
Machinery and equipment	720,150	78,881	-	799,031
Infrastructure	2,892,415	202,609	-	3,095,024
Total accumulated depreciation	<u>4,577,625</u>	<u>353,212</u>	<u>-</u>	<u>4,930,837</u>
Total capital assets being depreciated, net	<u>13,929,104</u>	<u>(237,836)</u>	<u>202,585</u>	<u>13,893,853</u>
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	<u>\$ 14,193,941</u>	<u>\$ (237,399)</u>	<u>\$ -</u>	<u>\$ 13,956,542</u>

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

<u>GOVERNMENTAL ACTIVITIES</u>	
General government	\$ 12,354
Public safety	95,572
Public works	272,986
Culture and recreation	50,756
TOTAL DEPRECIATION EXPENSE-GOVERNMENTAL ACTIVITIES	<u>\$ 431,668</u>
<u>BUSINESS-TYPE ACTIVITIES</u>	
Sewer	\$ 131,036
Water	222,176
TOTAL DEPRECIATION EXPENSE-BUSINESS-TYPE ACTIVITIES	<u>\$ 353,212</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds – Continued

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances as of December 31, 2019, is as follows:

Due to/from other funds:

<u>Receivable fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water Fund	General Fund	\$ 18
General Fund	Sewer Fund	106
TOTAL		<u>\$ 124</u>

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

Individual fund transfers during 2019 are as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amount</u>
Economic Development Authority	Farmers Market	\$ 1,000
General Fund	Debt Service	136,210
General Fund	Capital Projects	120,790
TOTAL		<u>\$ 258,000</u>

Transfers are used to move revenues from the fund statute or budget requires collection from to the fund that statute or budget requires to expend them.

E. Capital Leases

The City entered into a lease purchase agreement in 2017 to acquire a police vehicle. The lease agreement qualifies as a capital lease (title transfers at the end of the lease term) and has been recorded at the present value of the future minimum lease payments as of the date of the inception. The vehicle was recorded as a capital asset 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 agreement at December 31, 2019 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>
Police Vehicle	10-05-17	\$ 40,788	3.27%	<u>\$ 18,452</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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 lease and the present value of the net minimum lease payments at December 31, 2019:

<u>Year Ending December 31,</u>	<u>Payment</u>
2020	\$ 10,863
2021	8,147
Total minimum lease payments	19,010
Less: amounts representing interest	558
Present value of future minimum lease payments	<u>\$ 18,452</u>

F. Long-Term Debt

General Obligation Bonds

During 2018, the City issued \$1,615,000 General Obligation Bonds, Series 2018A to fund various capital projects and equipment purchases. The bonds are backed by the full faith, credit and taxing power of the City. The interest rate on the bonds is 3.0% and the maturity date is February 1, 2028. The balance outstanding at December 31, 2019 was \$1,465,000.

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, 2019 was \$2,233,932.

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

<u>Fiscal Year Ending</u> <u>December 31,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 145,000	\$ 41,775	\$ 223,000	\$ 58,685
2021	150,000	37,350	229,000	52,827
2022	150,000	32,850	235,000	46,811
2023	160,000	28,200	241,000	40,638
2024	160,000	23,400	248,000	34,307
2025 - 2028	700,000	42,750	1,057,932	70,397
TOTAL	<u>\$ 1,465,000</u>	<u>\$ 206,325</u>	<u>\$ 2,233,932</u>	<u>\$ 303,665</u>

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

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, \$689,750 is considered debt of the City and \$615,250 is the special assessment portion.

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

Fiscal Year Ending <u>December 31,</u>	Governmental Activities	
	<u>Principal</u>	<u>Interest</u>
2020	\$ 165,000	\$ 28,556
2021	160,000	26,138
2022	160,000	23,450
2023	155,000	20,502
2024	90,000	17,925
2025 - 2029	475,000	51,000
2030	100,000	1,500
TOTAL	\$ 1,305,000	\$ 169,071

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 2020	Interest Due in 2020
2013A Ref Bonds	0.65%- 1.7%	5-16-13	5-1-23	45%	\$ 600,000	\$ 320,000	\$ 280,000	\$ 75,000	\$ 3,746
2014A GO Imp Bonds	0.7%- 3.0%	9-18-14	2-1-30	55%	1,375,000	350,000	1,025,000	90,000	24,810
Total Special Assessment Bonds					\$ 1,975,000	\$ 670,000	\$ 1,305,000	\$ 165,000	\$ 28,556

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds – Continued

F. Long-Term Debt - Continued

Other Debt Information

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

Of the \$8,407,548 statutory net debt limit, the City has \$4,708,616 remaining.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2019, was as follows:

	BALANCE, JANUARY 1	ADDITIONS	REDUCTIONS	BALANCE, DECEMBER 31	DUE IN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
Bonds payable					
General obligation bonds	\$ 1,615,000	\$ -	\$ (150,000)	\$ 1,465,000	\$ 145,000
Special assessment debt with government commitment	1,470,000	-	(165,000)	1,305,000	165,000
Unamortized premium (discount)	22,442	-	(4,376)	18,066	-
Total bonds payable	3,107,442	-	(319,376)	2,788,066	310,000
Capital leases	28,532	-	(10,080)	18,452	10,414
Compensated absences	90,665	102,346	(90,665)	102,346	84,947
Net pension liability	681,147	17,518	-	698,665	-
Other post-employment benefits	99,297	18,438	-	117,735	-
TOTAL	4,007,083	138,302	(420,121)	3,725,264	405,361
<u>BUSINESS-TYPE ACTIVITIES</u>					
Bonds payable					
General Obligation	2,451,932	-	(218,000)	2,233,932	223,000
Compensated absences	33,738	35,402	(33,738)	35,402	29,384
Net pension liability	235,750	1,792	-	237,542	-
Other post-employment benefits	49,666	6,814	-	56,480	-
TOTAL	2,771,086	44,008	(251,738)	2,563,356	252,384
TOTAL	\$ 6,778,169	\$ 182,310	\$ (671,859)	\$ 6,288,620	\$ 657,745

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

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 2 - Detailed Notes on all Funds – Continued

G. Assigned Fund Balance/Net Position

General Fund – The following portions of fund balance have been assigned to represent tentative management plans:

Comprehensive plan	\$ 20,000
Replacement of police squad laptops	23,850
Replacement of air packs	152,000
Street repairs	65,000
Dugouts	9,600
Police squad vehicle	47,000
Street projects	32,900
Building maintenance	16,000
Vehicle replacement	24,000
Street department equipment	12,100
Wood chips	5,000
Basketball court improvements	18,500
Total	<u>\$ 425,950</u>

Water Fund - 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, 2019 was \$79,401.

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, 2019. There have been no significant reductions in insurance coverage.

B. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

1. General Employees Retirement Plan

All full-time and certain part-time employees of the City of Goodview are covered by the General Employees Plan. General Employees Plan members belong to the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Plan

The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. 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. 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. General Employees Plan Benefits

General Employees Plan 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 Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first ten years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years 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.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be equal to 50 percent of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

2. Police and Fire Plan Benefits

Benefits for the Police and Fire Plan 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 Police and Fire Plan 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. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Annuities, disability benefits, and survivor benefits are increased effective every January 1. Beginning January 1, 2019, the postretirement increase will be fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. For recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

C. Contributions

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

1. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2019 and the City of Goodview was required to contribute 7.50% for Coordinated Plan members. The City of Goodview's contributions to the General Employees Fund for the year ended December 31, 2019, were \$48,244. The City of Goodview's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire member's contribution rates increased from 10.8% of pay to 11.3% and employer rates increased from 16.2% to 16.95% on January 1, 2019. The City of Goodview's contributions to the Police and Fire Fund for the year ended December 31, 2019, were \$77,639. The City of Goodview's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2019, the City of Goodview reported a liability of \$497,590 for its proportionate share of the General Employees Fund's net pension liability.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

The City of Goodview’s net pension liability reflected a reduction due to the State of Minnesota’s contribution of \$16 million to the fund in 2019. The State of Minnesota is considered a non-employer contributing entity and the state’s contribution meets the definition of a special funding situation. The State of Minnesota’s proportionate share of the net pension liability associated with the City of Goodview totaled \$15,499. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018 through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City of Goodview’s proportion share was 0.0090% which was an increase of 0.0001% from its proportion measured as of June 30, 2018.

City’s proportionate share of the net pension liability	\$ 497,590
State of Minnesota’s proportionate share of the net pension liability associated with the City	15,499
Total	\$ 513,089

There were no provision changes during the measurement period.

For the year ended December 31, 2019, the City of Goodview recognized pension expense of \$56,242 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City of Goodview recognized an additional \$1,161 as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$16 million to the General Employees Fund.

At December 31, 2019, the City of Goodview reported its proportionate share of the General Employees Plan’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	\$ 13,786	\$ -
Changes in actuarial assumptions	-	38,980
Net collective difference between projected and actual investment earnings	-	49,210
Changes in proportion	-	5,121
Contributions paid to PERA subsequent to the measurement date	23,961	-
Total	\$ 37,747	\$ 95,311

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

The \$23,961 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, 2020. 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>
2020	\$ (31,785)
2021	(40,083)
2022	(8,459)
2023	802

2. Police and Fire Fund Pension Costs

At December 31, 2019, the City of Goodview reported a liability of \$438,616 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2019, 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 proportionate share 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, 2018, through June 30, 2019, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2019, the City of Goodview’s proportionate share was .0412% which was an increase of 0.0015% from its proportion measured as of June 30, 2018. The City of Goodview also recognized \$5,562 for the year ended December 31, 2019, as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year until the plan is 90 percent funded or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. In addition, the state will pay \$4.5 million on October 1, 2018 and October 1, 2019 in direct state aid. Thereafter, by October 1 of each year, the state will pay \$9 million until full funding is reached or July 1, 2048, whichever is earlier.

There were no provision changes during the measurement period.

For the year ended December 31, 2019, the City of Goodview recognized pension expense of \$84,644 for its proportionate share of the Police and Fire Plan’s pension expense.

At December 31, 2019, the City of Goodview reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 28,698
Changes in actuarial assumptions	-	116,821
Net collective difference between projected and actual investment earnings	-	85,165
Changes in proportion	37,625	-
Contributions paid to PERA subsequent to the measurement date	41,267	-
Total	\$ 78,892	\$ 230,684

The \$41,267 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, 2020. 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>
2020	\$ (5,763)
2021	(48,680)
2022	(149,330)
2023	8,421
2024	2,293

Total Pension Expense

The total pension expense for all plans recognized by the City of Goodview for the year ended December 31, 2019, was \$140,886.

E. Actuarial Assumptions

The total pension liability in the June 30, 2019 actuarial valuation was determined using an individual entry-age normal actuarial cost method and the following actuarial assumptions:

Inflation	2.50% per year
Active Member Payroll Growth	3.25% per year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants for all plans were based on RP 2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan and 1.0% per year for the Police and Fire Plan.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans - Continued

Actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2019. The most recent four-year experience study for Police and Fire Plan was completed in 2016. Economic assumptions were updated in 2018 based on a review of inflation and investment return assumptions.

The following changes in actuarial assumptions occurred in 2019.

General Employees Fund

- The morality projection scale was changed from MP-2017 to MP-2018.
- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State’s special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

Police and Fire Fund

- The mortality projection scale was changed from MP-2017 to MP-2018.
- There have been no changes in plan provisions since the prior valuation.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness on a regular basis of the long-term expected rate of return 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 geometric 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 Equity	35.5%	5.10%
Private Markets	25.0%	5.90%
Fixed Income	20.0%	0.75%
International Equity	17.5%	5.90%
Cash Equivalents	<u>2.0%</u>	0.00%
Total	100%	

F. Discount Rate

The discount rate used to measure the total pension liability in 2019 was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund were projected to be available to make all projected future benefit payments of current plan members.

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

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.

G. 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:

Sensitivity Analysis				
Net Pension Liability at Different Discount Rates				
	General Employees Fund		Police and Fire Fund	
1% Lower	6.50%	\$818,011	6.50%	\$958,732
Current Discount Rate	7.50%	497,590	7.50%	438,616
1% Higher	8.50%	233,019	8.50%	8

H. 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.

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 (Volunteer Firefighter Plan accounted for in the Volunteer Firefighter Fund), an agent multiple-employer lump-sum defined benefit pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). The Volunteer Firefighter Plan covers volunteer firefighters of municipal fire departments or independent nonprofit firefighting corporations that have elected to join the plan. As of December 31, 2019, the plan covered 26 active firefighters and 5 vested terminated firefighters whose pension benefits are deferred. The plan is established and administered in accordance with *Minnesota Statutes*, Chapter 353 G.

B. Benefits Provided

The Volunteer Firefighter Plan 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%.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

C. Contributions

The Volunteer Firefighter Plan is funded by fire state aid, investment earnings and, if necessary, employer contributions as specified in *Minnesota Statutes*, and voluntary City contributions. The State of Minnesota contributed \$22,610 in fire state aid to the fund for the year ended December 31, 2019. Required employer contributions are calculated annually based on statutory provisions. The City's statutorily-required contributions to the Volunteer Firefighter Fund for the year ended December 31, 2019, were \$1,056. The City's contributions were equal to the required contributions as set by state statute.

D Pension Costs

At December 31, 2019, the City reported a net pension asset of \$64,307 for the Volunteer Firefighter Fund. The net pension asset was measured as of December 31, 2019. The total pension liability used to calculate the net pension asset/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.

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Beginning Balance 12/31/18	\$ 448,390	\$ 474,053	\$ (25,663)
Changes for the Year			
Service Cost	17,734	-	17,734
Interest on Pension Liability	26,233	-	26,233
Actuarial Experience (Gains)/Losses	26,421	-	26,421
Projected Investment Earnings	-	28,443	(28,443)
Contributions (Employer)	-	1,056	(1,056)
Contributions (State)	-	22,610	(22,610)
Asset (Gain)/Loss	-	57,874	(57,874)
Benefit Payouts	(57,807)	(57,807)	-
Administrative Costs	-	(951)	951
Net Changes	12,581	51,225	(38,644)
Balance End of Year 12/31/19	\$ 460,971	\$ 525,278	\$ (64,307)

There were no benefit provision changes during the measurement period.

For the year ended December 31, 2019, the City recognized pension expense of \$10,185.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

At December 31, 2019, the City reported deferred inflows of resources and deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Actuarial experience gains/losses	\$ -	\$ 22,511
Difference between projected and actual investment earnings	-	29,632
Total	\$ -	\$ 52,143

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

Year ended December 31:	Pension Expense Amount
2020	\$(20,407)
2021	(16,741)
2022	(8,706)
2023	(6,289)

E. Actuarial Assumptions

The total pension liability at December 31, 2019, 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 2019.

F. 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 Volunteer Firefighter Fund 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.

G. Pension Asset Sensitivity

The following presents the City's net pension asset for the Volunteer Firefighter Fund, calculated using the assumed discount rate as well as what the City's net pension asset would be if it were calculated using a discount rate 1% lower or 1% higher than the current discount rate:

CITY OF GOODVIEW, MINNESOTA
 NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
 DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

	1% Decrease in Discount Rate (5.0%)	Discount Rate (6.0%)	1% Increase in Discount Rate (7.0%)
Net Pension Asset	\$(47,634)	\$(64,307)	\$(79,907)

H. Plan Investments

Investment Policy:

The Minnesota State Board of Investment (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 353G.

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 investments 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 Volunteer Firefighter 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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Stocks	35%	5.10%
International Stocks	15%	5.30%
Bonds	45%	0.75%
Unallocated Cash	5%	0.00%

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 from a number of investment management and consulting organizations. 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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

C. Employee Retirement Systems and Pension Plans – Continued

Description of significant investment policy changes during the year: the SBI made no significant changes to their investment policy during fiscal year 2019 for the Volunteer Firefighter Fund.

I. Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Firefighter Fund's fiduciary net position as of June 30, 2019, 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. Employees Covered by Benefit Terms

At December 31, 2019, 13 active employees were covered by the plan.

D. Total OPEB Liability

The City's total OPEB liability of \$174,215 was measured at December 31, 2019. The City has elected to calculate the OPEB liability using the alternative measurement method permitted by GASB Statement 75 for employers in plans with fewer than one hundred total plan members.

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

D. Post-Employment Benefits Other Than Pensions - Continued

The following simplifying assumptions were made:

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

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

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

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

Discount rate – A discount rate of 2.75 percent was used. The discount rate was based on the 20 year AA Municipal Bond rate at December 31, 2019.

F. Changes in the Total OPEB Liability

The following table shows the components of the City’s annual OPEB cost for the year and changes in the City’s net OPEB obligation to the plan:

Changes for the year		
Service cost	\$	(1,779)
Interest		25,538
Changes in assumptions		1,493
Net changes		25,252
OPEB obligation-beginning of year		148,963
OPEB obligation-end of year	\$	174,215

There were no changes in benefit terms made during the year. Changes in assumptions reflect a change in the discount rate from 3.71% in 2018 to 2.75% in 2019.

G. Sensitivity of the OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.75 percent) or 1-percentage point higher (3.75 percent) than the current discount rate:

	1% Decrease (1.75%)	Discount Rate (2.75%)	1% Increase (3.75%)
Total OPEB liability	\$ 170,223	\$ 174,215	\$ 161,383

CITY OF GOODVIEW, MINNESOTA
NOTES TO THE BASIC FINANCIAL STATEMENTS - Continued
DECEMBER 31, 2019

NOTE 3 - Other Information – Continued

E. Related Party Transactions

The City Administrator is related to a local bank President of which the City does business. At December 31, 2019, the City had cash on deposit in this bank of \$214,546. In addition, the bank is the custodian for the City for \$2,827,487 held in redeposit accounts. These funds are redeposited to other banks located in the United States.

F. Conduit Debt Obligations

The City issued \$1,920,000 Non-Profit Facility Revenue Notes during 2017 for the purpose of acquiring and renovating real property to be used by a Minnesota nonprofit corporation for which the purpose of the debt is deemed to be in the public interest. The notes are secured by the property financed and are payable from payments derived pursuant to a Loan Agreement. The City is not obligated in any manner for repayment of the notes. Accordingly, the notes are not reported as liabilities in the accompanying financial statements. As of December 31, 2019, the aggregate principal amount payable was \$1,775,581.

In addition, the City issued \$1,250,000 Accessible Housing Facilities Revenue Note during 2018 for the purpose of refinancing existing debt and to finance the costs of renovations to two 14-unit multifamily housing facilities accessible and affordable to the elderly and disabled for which the purpose of the debt is deemed to be in the public interest. The note is secured by the property financed and is payable from payments derived pursuant to a Loan Agreement. The City is not obligated in any manner for repayment of the note. Accordingly, the note is not reported as a liability in the accompanying financial statements. As of December 31, 2019, the aggregate principal amount payable was \$1,173,727.

CITY OF GOODVIEW, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED DECEMBER 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL
				BUDGET
REVENUE				
Taxes				
Property	\$ 1,200,891	\$1,200,891	\$ 1,194,358	\$ (6,533)
Franchise	203,340	203,340	211,422	8,082
Licenses and permits	29,890	29,890	56,411	26,521
Intergovernmental				
Local government aid	314,342	314,342	314,342	-
Market value credits	125	125	150	25
PERA aid	1,865	1,865	1,865	-
Police aid	46,500	46,500	54,957	8,457
Other state aid	14,200	14,200	28,155	13,955
Charges for services				
Other public safety	-	-	5	5
Parks	8,000	8,000	8,675	675
Conservation and development	800	800	320	(480)
Fines and forfeitures	14,750	14,750	17,729	2,979
Special assessments	-	-	5,322	5,322
Miscellaneous				
Interest	15,000	15,000	20,075	5,075
Donations	2,200	2,200	45,807	43,607
Miscellaneous	52,435	52,435	55,934	3,499
TOTAL REVENUE	<u>1,904,338</u>	<u>1,904,338</u>	<u>2,015,527</u>	<u>111,189</u>
EXPENDITURES				
Current				
General government				
Legislative	15,678	15,678	15,669	9
General administration	236,688	224,652	211,230	13,422
Other general government	294,650	294,650	266,438	28,212
Public safety				
Law enforcement	867,925	850,998	824,815	26,183
Fire protection	79,411	79,411	52,107	27,304
First responders	23,935	23,935	19,347	4,588
Other public safety	7,350	7,350	5,440	1,910
Public works				
Highways and streets	428,958	457,921	393,262	64,659
Health and human services				
Animal control	5,525	5,525	1,551	3,974
Culture and recreation				
Parks and recreation	35,018	35,018	24,018	11,000
Capital outlay				
Law enforcement	10,000	10,000	10,275	(275)
Fire protection	81,000	81,000	20,415	60,585
Highways and streets	37,000	37,000	42,486	(5,486)
Parks and recreation	2,600	2,600	2,780	(180)
TOTAL EXPENDITURES	<u>2,125,738</u>	<u>2,125,738</u>	<u>1,889,833</u>	<u>235,905</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(221,400)	(221,400)	125,694	347,094
OTHER FINANCING SOURCES				
Transfers out	-	-	(257,000)	(257,000)
NET CHANGE IN FUND BALANCES	(221,400)	(221,400)	(131,306)	90,094
FUND BALANCES AT BEGINNING OF YEAR	<u>1,647,742</u>	<u>1,647,742</u>	<u>1,647,742</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 1,426,342</u>	<u>\$1,426,342</u>	<u>\$ 1,516,436</u>	<u>\$ 90,094</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 Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.0090%	\$ 497,590	\$ 630,656	78.90%	80.2%
June 30, 2018	0.0089%	493,736	595,473	82.91%	79.5%
June 30, 2017	0.0090%	574,554	580,902	98.91%	75.9%
June 30, 2016	0.0093%	755,114	579,647	130.27%	68.9%
June 30, 2015	0.0095%	492,339	558,334	88.18%	78.2%

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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 <u>(a)</u>	Contributions in Relation to the Statutorily Required Contributions <u>(b)</u>	Contribution Deficiency (Excess) <u>(a-b)</u>	Covered Payroll <u>(d)</u>	Contributions as a Percentage of Covered Payroll <u>(b/d)</u>
December 31, 2019	\$ 48,244	\$ 48,244	\$ -	\$ 643,251	7.50%
December 31, 2018	46,027	46,027	-	613,693	7.50%
December 31, 2017	43,738	43,738	-	583,177	7.50%
December 31, 2016	43,573	43,573	-	580,979	7.50%
December 31, 2015	42,522	42,522	-	566,966	7.50%

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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 Payroll (b)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (a/b)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
June 30, 2019	0.0412%	\$ 438,616	\$ 435,290	100.76%	89.3%
June 30, 2018	0.0397%	423,161	417,959	101.24%	88.8%
June 30, 2017	0.0370%	499,544	382,185	130.71%	85.4%
June 30, 2016	0.0370%	1,484,874	357,030	415.90%	63.9%
June 30, 2015	0.0370%	420,407	339,839	123.71%	86.6%

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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

Fiscal Year Ending	Statutorily Required Contributions (a)	Contributions in Relation to the Statutorily Required Contributions (b)	Contribution Deficiency (Excess) (a-b)	Covered Payroll (d)	Contributions as a Percentage of Covered Payroll (b/d)
December 31, 2019	\$ 77,639	\$ 77,639	\$ -	\$ 462,138	16.80%
December 31, 2018	69,151	69,151	-	426,858	16.20%
December 31, 2017	65,634	65,634	-	405,151	16.20%
December 31, 2016	58,329	58,329	-	360,056	16.20%
December 31, 2015	57,322	57,322	-	353,840	16.20%

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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	December 31, 2016	December 31, 2017	December 31, 2018	December 31, 2019
Total pension liability					
Service cost	\$ 22,613	\$ 20,382	\$ 20,259	\$ 21,368	\$ 17,734
Interest on the pension liability	33,072	30,725	28,335	29,709	26,233
Actuarial experience (gains)/losses	(16,054)	(14,330)	(10,980)	(60,651)	26,421
Benefit payments	-	(153,000)	-	(31,634)	(57,807)
Net change in total pension liability	39,631	(116,223)	37,614	(41,208)	12,581
Total pension liability - beginning	528,576	568,207	451,984	489,598	448,390
Total pension liability - ending	<u>\$ 568,207</u>	<u>\$ 451,984</u>	<u>\$ 489,598</u>	<u>\$ 448,390</u>	<u>\$ 460,971</u>
Plan fiduciary net position					
Fire state aid	\$ 15,826	\$ 16,066	\$ 16,162	\$ 16,692	\$ 17,035
Fire supplemental aid	3,872	3,897	3,911	3,972	3,944
Supplemental benefit reimbursement	1,741	-	3,000	-	1,631
Required municipal contribution	-	23,595	25,803	17,036	1,056
Adjustment to initial asset transfer	87	-	-	-	-
Net investment income	773	31,995	52,473	(19,278)	86,318
PERA administrative fee	(1,080)	(1,110)	(1,080)	(960)	(930)
Auditor/accounting fee	(3,369)	-	-	-	-
SBI Investment fee	(15)	(35)	(24)	(28)	(22)
Benefit payments	-	(153,000)	-	(31,634)	(57,807)
Net change in the plan fiduciary net position	17,835	(78,592)	100,245	(14,200)	51,225
Plan fiduciary net position - beginning	448,765	466,600	388,008	488,253	474,053
Plan fiduciary net position - ending	<u>\$ 466,600</u>	<u>\$ 388,008</u>	<u>\$ 488,253</u>	<u>\$ 474,053</u>	<u>\$ 525,278</u>
Net pension liability (asset) - ending	<u>\$ 101,607</u>	<u>\$ 63,976</u>	<u>\$ 1,345</u>	<u>\$ (25,663)</u>	<u>\$ (64,307)</u>
Plan fiduciary net position as a percentage of total pension liability	82.1%	85.8%	99.7%	105.7%	114.0%
Covered payroll	N/A	N/A	N/A	N/A	N/A
Net pension liability (asset) as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

CITY OF GOODVIEW, MINNESOTA
SCHEDULE OF PENSION CONTRIBUTIONS
STATEWIDE VOLUNTEER FIREFIGHTER RETIREMENT PLAN

<u>Fiscal Year Ending</u>	Actuarially Required Contributions <u>(a)</u>	Contributions in Relation to the Actuarially Required Contributions <u>(b)</u>	Contribution Deficiency (Excess) <u>(a-b)</u>	Covered Payroll <u>(d)</u>	Contributions as a Percentage of Covered Payroll <u>(b/d)</u>
December 31, 2019	\$ 1,056	\$ 1,056	\$ -	N/A	N/A
December 31, 2018	17,036	17,036	-	N/A	N/A
December 31, 2017	25,803	25,803	-	N/A	N/A
December 31, 2016	23,595	23,595	-	N/A	N/A
December 31, 2015	-	-	-	N/A	N/A

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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 TOTAL OPEB LIABILITY
OTHER POST-EMPLOYMENT BENEFITS

	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Total OPEB liability		
Service cost	\$ 9,476	\$ (1,779)
Interest	3,540	25,538
Changes in assumptions	(2,925)	1,493
Net change in total OPEB liability	<u>10,091</u>	<u>25,252</u>
Total OPEB liability - beginning	<u>138,872</u>	<u>148,963</u>
Total OPEB liability - ending	<u><u>\$ 148,963</u></u>	<u><u>\$ 174,215</u></u>
Covered-employee payroll	\$ 868,555	\$ 892,871
Net OPEB liability as a percentage of covered-employee payroll	17.15%	19.51%

Note: The schedule is provided prospectively and is intended to show a 10-year trend. Additional years will be reported as they become available.

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, 2019

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, 2019, expenditures did not exceed appropriations in the general fund, with the exception of transfers which exceeded budget by \$257,000. The transfers were made as a correction from a prior year electronic transfer made into the general fund which should have gone into the debt service and capital projects funds to cover bond payments as they become due.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

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.

PERA - General Employees Fund

2019 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00 percent per year through 2044 and 2.50 percent per year thereafter to 1.25 percent per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00 percent per year with a provision to increase to 2.50 percent upon attainment of 90.00 percent funding ratio to 50.00 percent of the Social Security Cost of Living Adjustment, not less than 1.00 percent and not more than 1.50 percent, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Plan Provisions:

- The State's special funding contribution changed from \$16 million to \$6 million in calendar years 2019 to 2031.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

C. Pension Information - Continued

PERA - General Employees Fund - Continued

Changes in Actuarial Assumptions:

- The Combined Service Annuity (CSA) loads were changed from 0.8 percent for active members and 60 percent for vested and non-vested deferred members. The revised CSA loads are now 0.0 percent for active member liability, 15.00 percent for vested deferred member liability and 3.00 percent for non-vested deferred member liability.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year for all years to 1.00 percent per year through 2044 and 2.50 percent per year thereafter.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2035 and 2.50 percent per year thereafter to 1.00 percent per year for all years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate was changed from 7.90 percent to 7.50 percent.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2035 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015 the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increased the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6 million, which meets the special funding situation definition, is due September 2015.

PERA - Police and Fire Fund

2019 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

C. Pension Information - Continued

PERA - Police and Fire Fund - Continued

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00 percent for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100 percent funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80 percent to 11.30 percent of pay, effective January 1, 2019 and 11.80 percent of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20 percent to 16.95 percent of pay, effective January 1, 2019 and 17.70 percent of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00 percent to 3.00 percent, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00 percent, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34 percent lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30 percent for vested and non-vested deferred members. The CSA has been changed to 33 percent for vested members and 2 percent for non-vested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0 percent for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65 percent to 60 percent.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

C. Pension Information - Continued

PERA - Police and Fire Fund - Continued

- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed post-retirement benefit increase rate was changed from 1.00 percent for all years to 1.00 percent per year through 2064 and 2.50 percent thereafter.
- The single discount rate was changed from 5.60 percent per annum to 7.50 percent per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2037 and 2.50 percent thereafter to 1.00 percent per year for all future years.
- The assumed investment return was changed from 7.90 percent to 7.50 percent. The single discount rate changed from 7.90 percent to 5.60 percent.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25 percent to 3.25 percent for payroll growth and 2.50 percent for inflation.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed post-retirement benefit increase rate was changed from 1.00 percent per year through 2030 and 2.50 percent per year thereafter to 1.00 percent per year through 2037 and 2.50 percent per year thereafter.

Changes in Plan Provisions:

- The post-retirement benefit increase to be paid after attainment of the 90 percent funding threshold was changed, from inflation up to 2.50 percent, to a fixed rate of 2.50 percent.

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.

CITY OF GOODVIEW, MINNESOTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

D. Other Postemployment Benefits

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

2019 Changes

Changes in Assumptions and Inputs:

- The discount rate was changed from 3.71% in 2018 to 2.75% in 2019.

2018 Changes

Changes in Assumptions and Inputs:

- The discount rate was changed from 3.31% in 2017 to 3.71% in 2018.

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CITY OF GOODVIEW, MINNESOTA
OTHER SUPPLEMENTARY INFORMATION
DECEMBER 31, 2019

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Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenue sources that are restricted, committed, or assigned for particular purposes.

Economic Development Authority Fund – accounts for the tax proceeds that are dedicated to fund the economic development and redevelopment plans and programs of the City.

Farmers Market Fund – accounts for the operation of a farmers market and the application of any grants and donations received for the benefit of the operation of the farmers market.

Police Reserves Fund – accounts for the donations and activities of the police reserves.

CITY OF GOODVIEW, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>	ECONOMIC DEVELOPMENT AUTHORITY	FARMERS MARKET	POLICE RESERVES	
Cash and investments	\$ 168,323	\$ 7,120	\$ 1,576	\$ 177,019
Receivables				
Taxes	1,418	-	-	1,418
Prepaid items	-	60	-	60
TOTAL ASSETS	\$ 169,741	\$ 7,180	\$ 1,576	\$ 178,497
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ 20	\$ -	\$ 20
TOTAL LIABILITIES	-	20	-	20
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	911	-	-	911
FUND BALANCES				
Nonspendable:				
Prepays	-	60	-	60
Assigned	168,830	7,100	1,576	177,506
TOTAL FUND BALANCES	168,830	7,160	1,576	177,566
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 169,741	\$ 7,180	\$ 1,576	\$ 178,497

CITY OF GOODVIEW, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2019

	SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL FUNDS
	ECONOMIC DEVELOPMENT AUTHORITY	FARMERS MARKET	POLICE RESERVES	
REVENUE				
Taxes				
Property	\$ 50,423	\$ -	\$ -	\$ 50,423
Intergovernmental	-	7,114	-	7,114
Charges for services	-	3,536	-	3,536
Donations	-	5,059	25	5,084
Miscellaneous	-	228	140	368
TOTAL REVENUE	<u>50,423</u>	<u>15,937</u>	<u>165</u>	<u>66,525</u>
EXPENDITURES				
Current				
General government	-	10,440	-	10,440
Economic development	6,678	-	-	6,678
TOTAL EXPENDITURES	<u>6,678</u>	<u>10,440</u>	<u>-</u>	<u>17,118</u>
EXCESS OF REVENUE OVER EXPENDITURES	43,745	5,497	165	49,407
OTHER FINANCING SOURCES				
Transfers in	-	1,000	-	1,000
Transfers out	(1,000)	-	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,000)</u>	<u>1,000</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	42,745	6,497	165	49,407
FUND BALANCES AT BEGINNING OF YEAR	<u>126,085</u>	<u>663</u>	<u>1,411</u>	<u>128,159</u>
FUND BALANCES AT END OF YEAR	<u>\$ 168,830</u>	<u>\$ 7,160</u>	<u>\$ 1,576</u>	<u>\$ 177,566</u>

CITY OF GOODVIEW, MINNESOTA
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
YEAR ENDED DECEMBER 31, 2019

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>WITH FINAL</u>
REVENUE				
Taxes				
Property	\$ 144,702	\$ 144,702	\$ 144,102	\$ (600)
Special assessments	50,519	50,519	54,471	3,952
Interest on assessments	15,106	15,106	15,386	280
TOTAL REVENUE	<u>210,327</u>	<u>210,327</u>	<u>213,959</u>	<u>3,632</u>
EXPENDITURES				
Current				
General government	2,066	2,066	1,916	150
Debt Service				
Principal	165,000	165,000	165,000	-
Interest and fiscal charges	31,559	31,559	31,584	(25)
TOTAL EXPENDITURES	<u>198,625</u>	<u>198,625</u>	<u>198,500</u>	<u>125</u>
EXCESS OF REVENUE OVER EXPENDITURES	11,702	11,702	15,459	3,757
OTHER FINANCING USES				
Transfers in	<u>-</u>	<u>-</u>	136,210	136,210
NET CHANGE IN FUND BALANCES	11,702	11,702	151,669	139,967
FUND BALANCES AT BEGINNING OF YEAR	<u>580,090</u>	<u>580,090</u>	<u>580,090</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 591,792</u>	<u>\$ 591,792</u>	<u>\$ 731,759</u>	<u>\$ 139,967</u>

STATISTICAL SECTION

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

<u>Contents</u>	<u>Page</u>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	82-87
Revenue Capacity <i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	88-91
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>	92-96
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>	97-98
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>	99-101

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 6,219,292	\$ 6,243,221	\$ 6,392,151	\$ 6,443,259	\$ 6,218,118	\$ 7,521,294	\$ 7,799,495	\$ 7,935,553	\$ 7,971,071	\$ 7,930,558
Restricted	921,805	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235	1,314,879	1,319,234	1,158,671	1,303,282
Unrestricted	1,995,566	1,237,989	1,586,414	1,462,575	1,859,669	1,012,347	486,191	605,621	827,312	840,190
Total governmental activities net position	\$ 9,136,663	\$ 9,013,003	\$ 9,448,256	\$ 9,274,895	\$ 9,458,260	\$ 9,533,876	\$ 9,600,565	\$ 9,860,408	\$ 9,957,054	\$ 10,074,030
Business-type activities										
Net investment in capital assets	\$ 9,963,178	\$ 9,892,032	\$ 9,932,857	\$ 10,065,768	\$ 11,072,610	\$ 11,361,560	\$ 11,443,125	\$ 11,691,000	\$ 11,742,009	\$ 11,722,611
Unrestricted	1,091,463	1,368,913	1,162,312	1,257,933	853,643	829,045	892,185	877,087	1,006,197	1,132,250
Total business-type activities net position	\$ 11,054,641	\$ 11,260,945	\$ 11,095,169	\$ 11,323,701	\$ 11,926,253	\$ 12,190,605	\$ 12,335,310	\$ 12,568,087	\$ 12,748,206	\$ 12,854,861
Primary government										
Net investment in capital assets	\$ 16,182,470	\$ 16,135,253	\$ 16,325,008	\$ 16,509,027	\$ 17,290,728	\$ 18,882,854	\$ 19,242,620	\$ 19,626,553	\$ 19,713,080	\$ 19,653,169
Restricted	921,805	1,531,793	1,469,691	1,369,061	1,380,473	1,000,235	1,314,879	1,319,234	1,158,671	1,303,282
Unrestricted	3,087,029	2,606,902	2,748,726	2,720,508	2,713,312	1,841,392	1,378,376	1,482,708	1,833,509	1,972,440
Total primary government net position	\$ 20,191,304	\$ 20,273,948	\$ 20,543,425	\$ 20,598,596	\$ 21,384,513	\$ 21,724,481	\$ 21,935,875	\$ 22,428,495	\$ 22,705,260	\$ 22,928,891

Note: The City implemented GASB Statement No. 65 in 2012, GASB No. 68 & 71 in 2015, and GASB No. 75 in 2018. 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
GOVERNMENTAL ACTIVITIES										
General government	\$ 433,780	\$ 421,254	\$ 426,421	\$ 426,016	\$ 485,228	\$ 482,425	\$ 496,759	\$ 511,018	\$ 549,167	\$ 523,689
Public safety	662,033	786,448	743,131	783,022	775,108	840,871	1,023,301	977,179	925,062	1,013,528
Public works	487,595	517,402	473,693	706,804	543,417	537,485	578,579	561,848	627,073	675,914
Health and human services	1,892	1,304	1,001	1,540	2,534	1,187	3,586	5,764	1,165	1,551
Economic development	-	-	-	-	-	-	96	7,815	2,791	6,678
Culture and recreation	124,350	149,539	110,826	107,198	100,589	101,354	109,863	99,933	88,053	74,774
Interest on long-term debt	120,969	101,476	87,038	120,246	121,085	70,828	52,347	41,745	102,291	71,445
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	<u>1,830,619</u>	<u>1,977,423</u>	<u>1,842,110</u>	<u>2,144,826</u>	<u>2,027,961</u>	<u>2,034,150</u>	<u>2,264,531</u>	<u>2,205,302</u>	<u>2,295,602</u>	<u>2,367,579</u>
BUSINESS-TYPE ACTIVITIES										
Water	578,220	571,153	590,857	628,277	633,872	632,142	646,834	622,529	633,670	637,154
Sewer	514,261	526,290	519,565	528,247	567,168	573,218	676,482	614,045	649,676	771,309
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	<u>1,092,481</u>	<u>1,097,443</u>	<u>1,110,422</u>	<u>1,156,524</u>	<u>1,201,040</u>	<u>1,205,360</u>	<u>1,323,316</u>	<u>1,236,574</u>	<u>1,283,346</u>	<u>1,408,463</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 2,923,100</u>	<u>\$ 3,074,866</u>	<u>\$ 2,952,532</u>	<u>\$ 3,301,350</u>	<u>\$ 3,229,001</u>	<u>\$ 3,239,510</u>	<u>\$ 3,587,847</u>	<u>\$ 3,441,876</u>	<u>\$ 3,578,948</u>	<u>\$ 3,776,042</u>
PROGRAM REVENUE										
GOVERNMENTAL ACTIVITIES										
Charges for services:										
General government	\$ 9,700	\$ 9,671	\$ 9,757	\$ 10,223	\$ 9,927	\$ 9,386	\$ 9,713	\$ 9,103	\$ 10,084	\$ 13,483
Public safety	24,405	20,268	22,305	16,310	17,331	13,373	17,210	15,015	17,637	17,734
Public works	29,381	35,467	50,702	25,743	45,842	18,268	21,831	26,475	39,685	46,784
Culture and recreation	26,372	17,889	12,127	11,634	14,611	14,726	13,412	11,425	7,800	8,675
Operating grants and contributions	89,318	96,122	78,724	96,699	85,530	139,565	94,712	147,775	137,659	150,874
Capital grants and contributions	107,127	13,550	33,550	42,168	554,537	792,658	39,441	44,513	-	38,496
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	<u>286,303</u>	<u>192,967</u>	<u>207,165</u>	<u>202,777</u>	<u>727,778</u>	<u>987,976</u>	<u>196,319</u>	<u>254,306</u>	<u>212,865</u>	<u>276,046</u>
BUSINESS-TYPE ACTIVITIES										
Charges for services:										
Water	592,688	655,443	711,828	706,111	716,471	746,391	740,843	737,169	732,105	744,841
Sewer	636,281	627,632	662,000	666,307	661,701	672,597	689,254	704,488	721,897	751,806
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	<u>1,228,969</u>	<u>1,283,075</u>	<u>1,373,828</u>	<u>1,372,418</u>	<u>1,378,172</u>	<u>1,418,988</u>	<u>1,430,097</u>	<u>1,441,657</u>	<u>1,454,002</u>	<u>1,496,647</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUE	<u>\$ 1,515,272</u>	<u>\$ 1,476,042</u>	<u>\$ 1,580,993</u>	<u>\$ 1,575,195</u>	<u>\$ 2,105,950</u>	<u>\$ 2,406,964</u>	<u>\$ 1,626,416</u>	<u>\$ 1,695,963</u>	<u>\$ 1,666,867</u>	<u>\$ 1,772,693</u>

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
NET (EXPENSE) REVENUE										
Governmental activities	\$ (1,544,316)	\$ (1,784,456)	\$ (1,634,945)	\$ (1,942,049)	\$ (1,300,183)	\$ (1,046,174)	\$ (2,068,212)	\$ (1,950,996)	\$ (2,082,737)	\$ (2,091,533)
Business-type activities	136,488	185,632	263,406	215,894	177,132	213,628	106,781	205,083	170,656	88,184
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (1,407,828)</u>	<u>\$ (1,598,824)</u>	<u>\$ (1,371,539)</u>	<u>\$ (1,726,155)</u>	<u>\$ (1,123,051)</u>	<u>\$ (832,546)</u>	<u>\$ (1,961,431)</u>	<u>\$ (1,745,913)</u>	<u>\$ (1,912,081)</u>	<u>\$ (2,003,349)</u>
GENERAL REVENUE AND OTHER										
CHANGES IN NET POSITION										
GOVERNMENTAL ACTIVITIES										
Taxes										
Property taxes	\$ 1,303,845	\$ 1,290,816	\$ 1,372,544	\$ 1,363,744	\$ 1,369,733	\$ 1,485,142	\$ 1,586,377	\$ 1,624,484	\$ 1,574,461	\$ 1,579,807
Franchise taxes	178,000	182,027	186,884	196,130	202,796	226,230	213,283	214,836	213,351	211,422
Unrestricted grants and contributions	88,856	88,235	40,217	140,061	252,795	267,866	273,748	284,444	316,291	316,990
Interest and investment income	64,322	51,583	42,471	34,395	33,172	62,625	40,310	73,357	64,444	57,398
Miscellaneous	68,741	60,499	28,197	34,359	34,779	33,626	46,927	33,219	29,919	42,892
Transfers	(45,190)	(12,364)	430,767	-	(409,727)	(258,197)	(25,744)	(19,501)	(2,405)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>1,658,574</u>	<u>1,660,796</u>	<u>2,101,080</u>	<u>1,768,689</u>	<u>1,483,548</u>	<u>1,817,292</u>	<u>2,134,901</u>	<u>2,210,839</u>	<u>2,196,061</u>	<u>2,208,509</u>
BUSINESS-TYPE ACTIVITIES										
Investment earnings	8,250	8,308	11,413	12,638	15,693	9,020	12,180	7,981	8,506	18,471
Miscellaneous	-	-	-	-	-	-	-	212	-	-
Transfers	45,190	12,364	(430,767)	-	409,727	258,197	25,744	19,501	2,405	-
TOTAL BUSINESS-TYPE ACTIVITIES	<u>53,440</u>	<u>20,672</u>	<u>(419,354)</u>	<u>12,638</u>	<u>425,420</u>	<u>267,217</u>	<u>37,924</u>	<u>27,694</u>	<u>10,911</u>	<u>18,471</u>
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 2,172,825</u>	<u>\$ 2,238,533</u>	<u>\$ 2,206,972</u>	<u>\$ 2,226,980</u>
CHANGE IN NET POSITION										
Governmental activities	\$ 114,258	\$ (123,660)	\$ 466,135	\$ (173,360)	\$ 183,365	\$ 771,118	\$ 66,689	\$ 259,843	\$ 113,324	\$ 116,976
Business-type activities	189,928	206,304	(155,948)	228,532	602,552	480,845	144,705	232,777	181,567	106,655
TOTAL PRIMARY GOVERNMENT	<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>	<u>\$ 211,394</u>	<u>\$ 492,620</u>	<u>\$ 294,891</u>	<u>\$ 223,631</u>

Note: The City implemented GASB Statement No. 65 in 2012, GASB No. 68 & 71 in 2015, and GASB No. 75 in 2018. 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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund										
Nonspendable		\$ 16,933	\$ 19,755	\$ 14,389	\$ 16,067	\$ 18,936	\$ 13,613	\$ 16,652	\$ 17,325	\$ 26,698
Restricted		48,640	52,513	57,935	77,496	53,116	23,002	27,357	18,591	24,676
Assigned		-	-	-	7,922	-	50,751	442	19,545	425,950
Unassigned		839,144	935,744	903,221	993,888	1,054,175	1,244,759	1,415,832	1,592,281	1,039,112
Reserved	\$ 78,353	-	-	-	-	-	-	-	-	-
Unreserved	776,472	-	-	-	-	-	-	-	-	-
Total general fund	<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>	<u>\$ 1,332,125</u>	<u>\$ 1,460,283</u>	<u>\$ 1,647,742</u>	<u>\$ 1,516,436</u>
All Other Governmental Funds										
Nonspendable		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 70	\$ 60
Restricted		1,013,191	963,458	1,561,920	1,983,895	743,199	781,639	869,871	1,864,611	1,534,637
Assigned		325,710	612,724	538,128	493,917	335,407	112,327	122,379	192,523	394,932
Unassigned										
Reserved	\$ 863,363	-	-	-	-	-	-	-	-	-
Unreserved, reported in:										
Capital projects funds	580,710	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 893,966</u>	<u>\$ 992,250</u>	<u>\$ 2,057,204</u>	<u>\$ 1,929,629</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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUE										
Taxes	\$1,486,101	\$ 1,475,324	\$1,566,810	\$ 1,561,769	\$ 1,568,160	\$1,702,890	\$1,785,958	\$ 1,837,106	\$ 1,788,766	\$ 1,798,887
Licenses and permits	37,378	43,642	59,088	34,766	54,821	26,174	30,680	34,422	47,319	56,411
Intergovernmental	240,588	142,490	111,870	209,068	322,010	1,095,098	351,732	380,708	427,586	406,583
Charges for services	27,472	18,794	13,564	12,798	15,428	16,173	14,257	12,594	10,265	12,536
Fines and forfeitures	25,007	20,859	22,239	16,345	17,462	13,407	17,230	15,001	17,622	17,729
Special assessments	122,248	136,440	132,623	146,284	141,288	142,495	116,234	141,582	80,643	69,878
Interest	64,321	51,584	42,471	34,395	33,172	62,625	40,310	73,357	64,444	57,398
Other revenue	118,677	119,670	77,871	84,801	76,244	68,084	60,572	59,792	40,953	107,193
TOTAL REVENUE	2,121,792	2,008,803	2,026,536	2,100,226	2,228,585	3,126,946	2,416,973	2,554,562	2,477,598	2,526,615
EXPENDITURES										
General government	422,929	397,609	406,725	403,730	461,394	456,949	469,405	499,279	528,191	508,833
Public safety	622,042	706,237	718,883	752,407	710,767	745,135	782,005	869,281	861,292	901,709
Economic development	-	-	-	-	-	-	96	7,815	2,791	6,678
Other public works	360,679	348,426	288,664	488,201	320,848	314,500	343,480	322,720	373,882	393,262
Health and human services	1,892	1,304	1,001	1,540	2,534	1,187	3,586	5,765	1,165	1,551
Culture and recreation	68,124	82,536	44,814	42,107	34,913	36,143	48,174	38,349	33,932	24,018
Capital Outlay	363,145	196,063	427,577	61,957	1,135,448	1,624,946	282,346	152,729	660,068	546,227
Debt service										
Principal	100,000	230,000	280,000	331,209	342,535	1,233,929	410,394	426,933	335,000	315,000
Interest	120,969	101,908	94,063	92,176	89,675	82,509	56,229	46,037	36,379	88,218
Bond issuance costs	-	-	-	31,450	35,415	-	-	-	41,489	-
TOTAL EXPENDITURES	2,059,780	2,064,083	2,261,727	2,204,777	3,133,529	4,495,298	2,395,715	2,368,908	2,874,189	2,785,496
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	62,012	(55,280)	(235,191)	(104,551)	(904,944)	(1,368,352)	21,258	185,654	(396,591)	(258,881)

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
OTHER FINANCING SOURCES (USES)										
Proceeds from bonds	\$ -	\$ -	\$ -	\$ -	\$ 1,375,000	\$ -	\$ -	\$ -	\$ 1,615,000	\$ -
Premium (discount) on bonds	-	-	-	-	(11,175)	-	-	-	34,004	-
Proceeds from capital leases	5,381	-	-	-	38,711	-	-	40,788	-	-
Proceeds from contract for deed	-	-	145,000	-	-	-	-	-	-	-
Refunding bonds issued	-	-	-	600,000	-	-	-	-	-	-
Premium (discount) on refunding bonds	-	-	-	(4,050)	-	-	-	-	-	-
Payment of refunded debt	(1,330,000)	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	405,930	1,250	143,712	258,000
Transfers out	-	-	-	-	-	-	(405,930)	(1,250)	(143,712)	(258,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,324,619)</u>	<u>-</u>	<u>145,000</u>	<u>595,950</u>	<u>1,402,536</u>	<u>-</u>	<u>-</u>	<u>40,788</u>	<u>1,649,004</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (1,262,607)</u>	<u>\$ (55,280)</u>	<u>\$ (90,191)</u>	<u>\$ 491,399</u>	<u>\$ 497,592</u>	<u>\$ (1,368,352)</u>	<u>\$ 21,258</u>	<u>\$ 226,442</u>	<u>\$ 1,252,413</u>	<u>\$ (258,881)</u>
Debt service as a percentage of noncapital expenditures	13.0%	17.8%	20.4%	19.8%	21.6%	45.9%	22.1%	21.3%	16.8%	18.0%

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

Fiscal Year	Residential Property	Commercial Property	Industrial Property	Agriculture Property	Less: Tax-Exempt Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Taxable Assessed as Percentage of Actual Taxable Value
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
2016	194,134,300	38,421,000	21,449,700	197,500	12,026,700	242,175,800	51.343	250,466,400	0.9669
2017	201,451,100	40,420,700	21,612,300	225,900	13,250,300	250,459,700	50.885	258,901,700	0.9674
2018	217,097,100	41,968,400	22,000,100	228,900	13,505,100	267,789,400	46.479	276,279,200	0.9693
2019	219,858,000	41,138,700	24,670,900	235,800	13,950,600	271,952,800	45.883	280,251,600	0.9704

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)

Fiscal Year	City Direct Rates			Overlapping Rates ^a		
	Basic Rate	General Obligation Debt Service	Total Direct Rate	School District # 861	County of Winona	HRA
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
2016	39.800	11.543	51.343	20.340	37.399	0.392
2017	39.234	11.652	50.886	21.120	39.845	0.388
2018	36.397	10.081	46.478	20.049	39.512	0.369
2019	36.004	9.872	45.876	22.198	40.176	0.362

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

	2019			2010		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
TAXPAYER						
Lakeside Manor	\$ 17,879,200	1	6.57%	\$ 7,581,200	1	3.24%
Benchmark of Winona	8,166,200	2	3.00%	7,108,600	2	2.91%
Polymer Composites	6,023,900	3	2.22%	3,428,800	3	1.44%
Dave Pringle Apts	5,530,600	4	2.03%			
Xcel Energy	4,838,900	5	1.78%		4	1.31%
Bill Baker Apts.	3,771,200	6	1.39%			
ISD #861	3,390,900	7	1.25%			
Lake Village	3,114,500	8	1.15%	2,474,600	6	0.95%
Mississippi Welders	2,962,000	9	1.09%	2,044,900	9	0.77%
Fastenal Company	2,942,000	10	1.08%	1,835,100	8	0.85%
Knitcraft Corporation				1,597,900	10	0.73%
Winona Lighting				2,775,200	5	1.21%
Hiatt Manufacturing				2,145,900		
Hillview Apartments				3,064,300	7	0.91%
Total	\$ 58,619,400		21.56%	\$ 34,056,500		14.32%

Source: Winona County Auditor

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

Fiscal Year Ended December 31,	Taxes Levied for the Fiscal Year	Collection within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	21,114	1,323,683	95.8%
2012	1,361,739	1,341,586	98.5%	16,477	1,358,063	99.7%
2013	1,361,739	1,339,251	98.3%	17,769	1,357,020	99.7%
2014	1,361,739	1,336,495	98.1%	21,980	1,358,475	99.8%
2015	1,478,495	1,456,864	98.5%	17,091	1,473,955	99.7%
2016	1,575,215	1,525,689	96.9%	47,991	1,573,680	99.9%
2017	1,615,875	1,578,060	97.7%	34,821	1,612,881	99.8%
2018	1,568,555	1,531,347	97.6%	26,901	1,558,248	99.3%
2019	1,571,705	1,544,234	98.3%	-	1,544,234	98.3%

Source: City of Goodview Finance Department

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

Fiscal Year	Governmental Activities					Total Governmental Activities Debt	Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Contract for Deed	General Obligation Bonds	Special Assessment Bonds	Capital Leases	General Obligation Water Bonds					
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	3.33%	1,432	
2016	31,933	-	2,190,984	24,689	2,247,606	2,870,932	5,118,538	2.86%	1,268	
2017	-	-	1,795,974	43,367	1,839,341	2,663,932	4,503,273	2.35%	1,116	
2018	-	1,645,083	1,462,359	28,532	3,135,974	2,451,932	5,587,906	2.42%	1,385	
2019	-	1,489,356	1,298,709	18,452	2,806,517	2,233,932	5,040,449	Not available	1,249	

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 NET GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	General Obligation Water Bonds	Total	Less: Amounts Restricted for Debt Service	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value of Property	Per Capita
						^a	^b
2010	\$ -	\$ 3,926,817	\$ 3,926,817	\$ -	\$ 3,926,817	1.50%	973
2011	-	3,825,932	3,825,932	-	3,825,932	1.48%	948
2012	-	3,644,932	3,644,932	-	3,644,932	1.44%	903
2013	-	3,458,932	3,458,932	-	3,458,932	1.32%	857
2014	-	3,267,932	3,267,932	-	3,267,932	1.27%	810
2015	-	3,071,932	3,071,932	-	3,071,932	1.31%	761
2016	-	2,870,932	2,870,932	-	2,870,932	1.23%	711
2017	-	2,663,932	2,663,932	-	2,663,932	1.12%	660
2018	1,645,083	2,451,932	4,097,015	1,284,521 ^c	2,812,494	1.17%	697
2019	1,489,356	2,233,932	3,723,288	802,878 ^c	2,920,410	1.21%	724

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

^a See Schedule 5 for property value data.

^b Population data can be found in Schedule 14

^c Includes unexpended bond proceeds

Source: City of Goodview Finance Department

CITY OF GOODVIEW, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of December 31, 2019

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	^a	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes				
School District #861	\$ 20,215,346	10.09%		\$ 2,039,728
County of Winona	802,101	6.87%		55,104
Subtotal, overlapping debt				2,094,832
City of Goodview direct debt				2,806,517
Total direct and overlapping debt				\$ 4,901,349

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 2019
Assessed value		\$ 280,251,600
Debt limit (3% of assessed value)		8,407,548
Debt applicable to limit:		
General obligation bonds & notes		5,003,932
Less: Special Assessment Bonds		<u>(1,305,000)</u>
Total net debt applicable to limit		<u>3,698,932</u>
Legal debt margin		<u>\$ 4,708,616</u>

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt limit	\$ 7,853,439	\$ 7,744,599	\$ 7,028,475	\$ 6,984,114	\$ 7,105,386	\$ 7,222,782	\$ 7,513,992	\$ 7,767,051	\$ 8,288,376	\$ 8,407,548
Total net debt applicable to limit	<u>3,926,817</u>	<u>3,825,932</u>	<u>3,644,932</u>	<u>3,458,932</u>	<u>3,267,932</u>	<u>3,071,932</u>	<u>2,870,932</u>	<u>2,663,932</u>	<u>4,066,932</u>	<u>3,698,932</u>
Legal debt margin	<u>\$ 3,926,622</u>	<u>\$ 3,918,667</u>	<u>\$ 3,383,543</u>	<u>\$ 3,525,182</u>	<u>\$ 3,837,454</u>	<u>\$ 4,150,850</u>	<u>\$ 4,643,060</u>	<u>\$ 5,103,119</u>	<u>\$ 4,221,444</u>	<u>\$ 4,708,616</u>
Total net debt applicable to the limit as a percentage of debt limit	50%	49%	52%	50%	46%	43%	38%	34%	49%	44%

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				General Obligation Water Revenue Bonds					
	Special Assessment Collections	Debt Service		Coverage	Water Charges and Other	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
		Principal	Interest					Principal	Interest	
2010	\$ 144,828	\$ 100,000	\$ 120,909	0.66	\$ 596,561	\$ 295,539	\$ 301,022	\$ 172,000	\$ 104,047	1.09
2011	153,742	230,000	101,848	0.46	659,621	280,399	379,222	177,069	103,279	1.35
2012	170,364	280,000	93,973	0.46	717,654	306,400	411,254	181,000	100,507	1.46
2013	191,269	305,000	85,160	0.49	712,576	334,990	377,586	186,000	95,752	1.34
2014	162,327	315,000	83,535	0.41	724,661	342,081	382,580	191,000	90,866	1.36
2015	142,495	1,205,000 ^b	77,298	0.11	750,983	342,661	408,322	196,000	85,848	1.45
2016	116,234	380,000	52,498	0.27	747,252	360,309	386,943	201,000	80,700	1.37
2017	141,581	395,000	43,935	0.32	742,161	338,486	403,675	207,000	75,419	1.43
2018	81,763	335,000	35,454	0.22	736,906	349,808	387,098	212,000	69,981	1.37
2019	76,151	315,000	86,793	0.19	749,613	352,653	396,960	218,000	64,412	1.41

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 Payment of \$985,000 to refund bonds.

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
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	173,685,224	43,034	29.0	177	3.0%
2016	4,036	179,012,744	44,354	29.1	185	3.2%
2017	4,036	191,956,196	47,561	29.1	180	2.5%
2018	4,036	230,705,832	57,162	34.1	223	2.7%
2019	4,036	Not available	Not available	Not Available	325	2.3%

- 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>2019</u>			<u>2010</u>		
		<u>EMPLOYEES</u> ^b	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u> ^a	<u>EMPLOYEES</u> ^b	<u>RANK</u>	<u>PERCENTAGE OF TOTAL CITY EMPLOYMENT</u> ^a
Benchmark Electronics, Inc.	Electronics manufacturer	562	1	2.30%	660	1	2.84%
Fastenal Company	Office and tool repair	422	2	1.72%	263	2	1.13%
Winona Lighting, Inc.	Lighting specialists	150	3	0.61%	192	3	0.83%
Mississippi Welders's Supply Co.	Welding services and supplies	81	4	0.33%	50	8	0.21%
Knitcraft Corporation	Garment manufacturer	67	5	0.27%	112	4	0.48%
Ticona Celstran, Inc.	Thermoplastic manufacturer	62	6	0.25%	57	5	0.25%
I.S.D. No. 861 (Winona)	Elementary education	51	7	0.21%	53	6	0.23%
DCM Tech, Inc.	Machinery design and manufacturing	35	8	0.14%	31	9	0.13%
Rihm Kenworth	Truck & parts warehouse	20	9	0.08%			
Modern Ready Mix	Concrete supplier	15	10	0.06%			
Wincraft, Inc.	Novelty manufacturer				52	7	0.22%
Hiatt Manufacturing	Wire foam and metal fabrication				15	10	0.06%
Total		<u>1,465</u>		<u>5.97%</u>	<u>1,485</u>		<u>6.38%</u>

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

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

Sources: Information from each business human resources department

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
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	10	13	14	14	12	12	10	9	7	12
Administrative assistant	1	1	1	1	1	1	1	1	1	1
Public works										
Streets	5	5	5	5	5	5	5	5	5	5
Culture, recreation, and education										
Park rec (seasonal)	10	8	9	9	11	11	5	4	1	1
Water	9	9	9	9	9	9	9	9	9	9
Wastewater	9	9	9	9	9	9	9	9	9	9

Sources: Various City departments

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

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Building permits issued	244	214	214	142	100	115	99	104	110	107
Police										
Physical arrests	140	99	92	155	91	95	49	54	65	69
Parking violations	60	68	27	67	57	19	69	67	78	80
Traffic violations	504	475	408	266	358	208	281	253	267	349
Fire										
Emergency responses	19	19	27	13	26	21	27	17	32	21
Fires extinguished	8	11	8	14	13	13	6	12	9	4
Inspections	2	2	2	2	2	2	2	2	2	2
Volunteers	31	31	28	28	31	34	31	30	28	24
First responder										
Runs	146	179	171	156	164	139	122	142	163	196
Patients	140	169	179	164	174	144	119	140	152	171
Volunteers	23	22	24	26	19	18	16	20	15	19
Water										
Customers	1,260	1,268	1,272	1,281	1,281	1,309	1,319	1,326	1,333	1,338
Water main breaks	0	0	0	0	0	0	0	0	1	0
Average daily consumption (thousands of gallons)	296,931	302,830	298,462	305,446	315,597	326,887	315,522	284,259	351,065	303,363
Peak daily consumption (thousands of gallons)	343,388	367,386	415,695	388,173	380,383	390,112	386,479	378,080	797,069	451,478
Wastewater										
Customers	1,244	1,252	1,256	1,265	1,265	1,293	1,303	1,310	1,316	1,323
Average daily sewage treatment (thousands of gallons)	301,789	273,282	249,404	269,355	288,082	256,030	267,591	266,068	262,237	323,980

Sources: Various City departments

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

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Policemen										
Full-time	4	4	4	4	4	4	4	4	4	4
Part-time	10	13	14	14	12	12	10	9	7	12
Patrol units	7	6	6	6	6	7	6	6	6	5
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Volunteers	31	31	28	28	31	34	31	30	28	24
Other public works										
Streets (miles)										
Paved	19	19	19	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	189	196	196	196	196	196	200	196	197	197
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	3	3	3	3
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)	24.6	24.6	24.6	24.7	25.4	25.4	28.5	28.5	28.6	28.7
Fire hydrants	179	179	179	181	188	188	238	238	239	239
Storage capacity (millions of gallons)	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16	1.16
Wastewater										
Sanitary sewers (miles)	21.9	21.9	21.9	22	22.8	22.8	25.3	25.3	25.4	25.9
Storm sewers (miles)	7.5	7.6	7.6	7.6	8.1	8.1	10.0	10.0	10.0	10.0

Sources: Various City departments

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CITY OF GOODVIEW, MINNESOTA

OTHER REPORTS

DECEMBER 31, 2019



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 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 7, 2020.

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

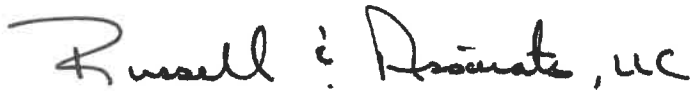
In connection with our audit, nothing came to our attention that caused us to believe that the City failed to comply with the provisions of the contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. 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, insofar as they relate to accounting matters.

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.

Handwritten signature in cursive script that reads "Russell & Associates, LLC".

Winona, Minnesota
July 7, 2020