

CITY OF WANAMINGO, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2010

CITY OF WANAMINGO, MINNESOTA

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CITY OF WANAMINGO, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2010

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CITY OF WANAMINGO, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2010

John Simonson	Mayor
Daniel Benson	Council Member
Ryan Holmes	Council Member
Larry Van De Walker	Council Member
Ron Berg	Council Member
Michael Boulton	City Administrator

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CITY OF WANAMINGO, MINNESOTA

FINANCIAL SECTION

DECEMBER 31, 2010

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Certified Public Accountants and Consultants

Members of American Institute of CPA's,
Private Companies Practice Section, Minnesota Society of CPA's

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members
of the City Council
City of Wanamingo, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Wanamingo, Minnesota as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2009 financial statements and, in our report dated May 27, 2010, we expressed unqualified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information.

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

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

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

**Honorable Mayor and Members
of the City Council**
Page Two

The Management's Discussion and Analysis on pages 3 through 13, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Wanamingo, Minnesota's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and supplementary information 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 and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Smith, Schafer and Associates, Ltd.

Rochester, Minnesota
April 1, 2011

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Wanamingo, Minnesota, we offer readers of the City of Wanamingo's financial statements this narrative overview and analysis of the financial activities of the City of Wanamingo for the fiscal year ended December 31, 2010.

FINANCIAL HIGHLIGHTS

- The assets of the City of Wanamingo exceeded its liabilities at the close of the most recent fiscal year by \$1,977,731 (*net assets*). Of this amount, \$236,112 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.
- The City's total net assets decreased by \$171,300.
- As of the close of the current fiscal year, the City of Wanamingo's governmental funds reported combined ending fund balances of \$1,118,251. Approximately 5 percent of this total amount or \$56,476 is available for use within the City's designations and policies.
- At the end of the current fiscal year, unreserved fund balance for the general fund was (\$145,956).
- The City of Wanamingo increased total outstanding debt obligations by \$513,060 during the current fiscal year. The increase is temporary as a result of issuing advanced refunding bonds in 2010.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Wanamingo's basic financial statements. The City of Wanamingo's basic financial statements comprise three components:

1. Government-wide financial statements, providing information for the City as a whole.
2. Fund financial statements, providing detailed information for the City's significant funds.
3. Notes to the financial statements, providing additional information that is essential to understanding the government-wide and fund statements.

This report also contains other supplementary information in addition to the basic financial statements themselves. Additional explanation of these sections of the financial statements follows.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Wanamingo's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City of Wanamingo's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Wanamingo is improving or deteriorating.

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of the related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned, but not used, compensated absences).

Both of the government-wide financial statements distinguish functions of the City of Wanamingo that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City of Wanamingo include general government, public safety, public works, culture and recreation, and economic development. The business-type activities of the City of Wanamingo include the water, waste water, sanitation and, medical center funds. The government-wide financial statements can be found on pages 14-16 of this report.

Fund financial statements. 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 Wanamingo, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Wanamingo can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Wanamingo maintains twenty-eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, 2009A G.O. Tax Increment, 2002 G.O. Improvement, and 2007 Refunding funds, 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.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The City of Wanamingo adopts an annual appropriated budget for its general fund. Budgetary comparison statements have been provided for the general fund (pages 23-28) to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 17-22 of this report.

Proprietary funds. The City of Wanamingo maintains one type of proprietary funds – enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Wanamingo uses enterprise funds to account for its water, wastewater, sanitation, medical center, and senior housing.

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, waste water, sanitation, medical center, and senior housing funds, all of which are considered to be major funds of the City of Wanamingo.

The basic proprietary fund financial statements can be found on pages 29-32 of this report.

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. The notes to the financial statements can be found on pages 33-53 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds can be found on pages 54-61 of this report.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Wanamingo, assets exceeded liabilities by \$1,977,731 at the close of the most recent fiscal year.

City of Wanamingo's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 2,802,305	\$ 1,902,498	\$ 192,418	\$ 191,870	\$ 2,994,723	\$ 2,094,368
Capital assets	3,434,286	3,610,798	4,377,181	4,547,499	7,811,467	8,158,297
Total assets	<u>6,236,591</u>	<u>5,513,296</u>	<u>4,569,599</u>	<u>4,739,369</u>	<u>10,806,190</u>	<u>10,252,665</u>
Long-term liabilities						
outstanding	5,860,712	5,175,806	2,393,584	2,555,594	8,254,296	7,731,400
Other liabilities	370,282	146,033	203,881	226,201	574,163	372,234
Total liabilities	<u>6,230,994</u>	<u>5,321,839</u>	<u>2,597,465</u>	<u>2,781,795</u>	<u>8,828,459</u>	<u>8,103,634</u>
Net assets:						
Invested in capital assets, net of related debt	(1,464,859)	(1,565,008)	1,834,797	1,837,505	369,938	272,497
Restricted	1,371,681	1,596,012			1,371,681	1,596,012
Unrestricted	98,775	160,453	137,337	120,069	236,112	280,522
Total net assets	<u>\$ 5,597</u>	<u>\$ 191,457</u>	<u>\$ 1,972,134</u>	<u>\$ 1,957,574</u>	<u>\$ 1,977,731</u>	<u>\$ 2,149,031</u>

A portion of the City of Wanamingo's net assets represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* of \$236,112 may be used to meet the government's ongoing obligations to citizens and creditors.

The city reports a negative net asset balance for the category of *invested in capital assets, net of related debt* for its governmental activities. This is the result of having debt used to finance prior year's infrastructure improvements that are not included in capital assets as described on the previous page.

Governmental activities. Governmental activities decreased the City of Wanamingo's net assets by \$185,860.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Business-type activities. Business-type activities increased the City of Wanamingo's net assets by \$14,560. This increase is primarily the result from income in the water fund following recent rate increases along with a gain recognized on the sale of the Heritage Hills Senior Housing Facility.

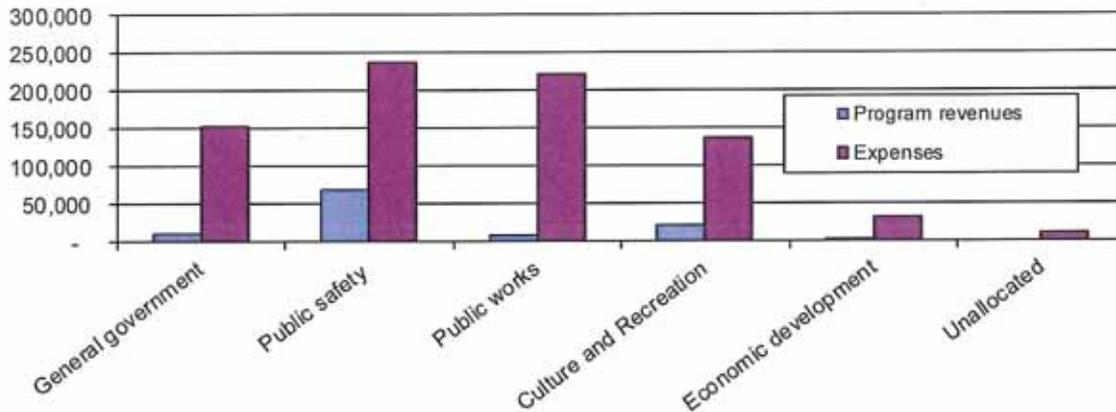
A condensed version of the Statement of Activities follows:

City of Wanamingo's Change in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue:						
Program revenues:						
Charges for services	\$ 86,362	\$ 115,097	\$ 577,672	\$ 705,614	\$ 664,034	\$ 820,711
Operating grants and contributions	17,751	69,479			17,751	69,479
Capital grants and contributions	8,955	50,825			8,955	50,825
General revenues:						
Property taxes	404,981	378,445			404,981	378,445
Tax increments	43,761	32,860			43,761	32,860
Grants and contributions not restricted to specific programs	212,986	245,403			212,986	245,403
Other	88,039	34,295	18,817	180,719	106,856	215,014
Total revenues	862,835	926,404	596,489	886,333	1,459,324	1,812,737
Expenses:						
General government	153,083	126,113			153,083	126,113
Public safety and transportation	239,153	286,920			239,153	286,920
Public works	223,350	228,120			223,350	228,120
Culture and recreation	137,438	113,683			137,438	113,683
Economic development	33,193	30,374			33,193	30,374
Interest on long-term debt	261,472	251,070			261,472	251,070
Unallocated	11,006	11,170			11,006	11,170
Water			227,063	235,874	227,063	235,874
Waste water			237,282	220,204	237,282	220,204
Sanitation			50,858	51,434	50,858	51,434
Medical Center			56,726	61,104	56,726	61,104
Senior housing				136,897		136,897
Total expenses	1,058,695	1,047,450	571,929	705,513	1,630,624	1,752,963
Increase (Decrease) in net assets before transfers	(195,860)	(121,046)	24,560	180,820	(171,300)	59,774
Transfers	10,000	(198,818)	(10,000)	198,818		
Decrease in net assets	(185,860)	(319,864)	14,560	379,638	(171,300)	59,774
Net assets, beginning of year	191,457	727,951	1,957,574	1,548,689	2,149,031	2,276,640
Net assets, end of year	\$ 5,597	\$ 408,087	\$ 1,972,134	\$ 1,928,327	\$ 1,977,731	\$ 2,336,414

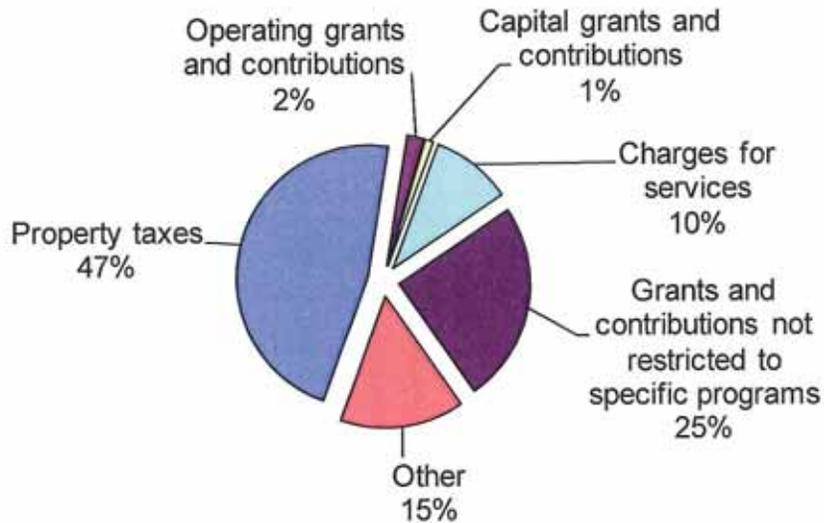
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Below are specific graphs that provide comparisons of the governmental activities direct program revenues with their expenses. Any shortfalls in direct revenues are primarily supported by property tax levy or general state aid.

Expenses and Program Revenues - Governmental Activities



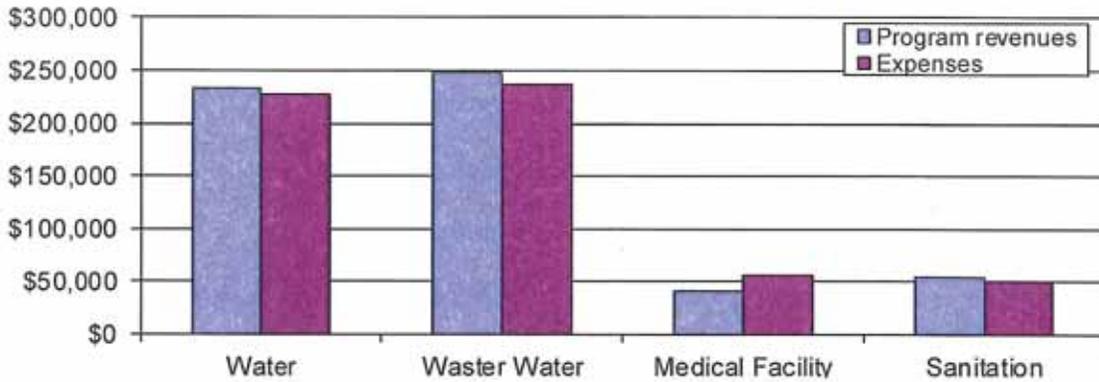
Revenues by Source - Governmental Activities



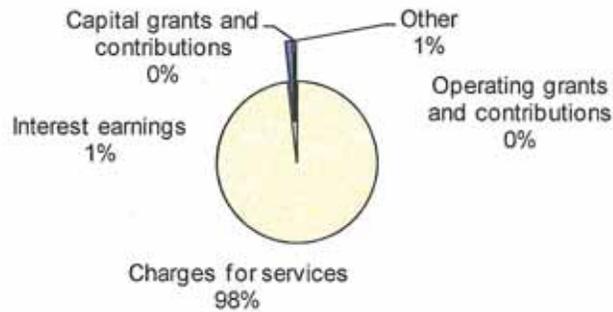
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenses. Since all five of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenses to keep pace with growing demand for services.

Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities



**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of Wanamingo's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City of Wanamingo's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Wanamingo's governmental funds reported combined ending fund balances of \$1,118,251, a increase of \$706,587. Approximately 5 percent of this total amount or \$56,476 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of this fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to repay interfund advances or other debt.

The general fund is the chief operating fund of the City of Wanamingo. At the end of the current fiscal year, unreserved fund balance of the general fund was (\$145,956).

The general fund's total fund balance decreased by \$85,763 during the current fiscal year as a result of a decrease in local government aid, funding the reserve account balance back to \$50,000 as part of the management agreement with SEMMCHRA for the Senior Housing Facility, costs of replacing staff, and costs associated with attorney fees. It is the City's plan to levy in future years to restore the General Fund's reserves used to fund the Senior Housing Facility account balance.

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Proprietary funds. The City of Wanamingo's proprietary funds statements found on pages 29-32 provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets in the respective proprietary funds are Water - \$10,729, Waste water - \$136,929, Sanitation - \$15,955, and Medical center - (\$11,663).

The water utility fund's increase of \$13,588 was due to a rate increase that took effect January 2008. The excess earnings are paying back interfund loans.

The wastewater utility fund's increase of \$13,848 was a planned effort to increase cash reserves.

The senior housing fund was closed due to the management contract/sale of the facility in 2009. The facility was sold to minimize future operating liabilities as a result of vacancies. Additional obligations as a result of the sale are further discussed in Note 11 on page 53 of this report. The City has an obligation to keep the fund balance of operating reserves at \$50,000 until the full sale is complete (Which should occur in 2013).

General Fund Budgetary Highlights

The City approved the 2010 general fund budget anticipating no change in general fund reserves. The City did not amend its budget during the year.

At the close of the year, general fund total expenditures were \$103,301 above final budget while actual revenues were over final budget by \$12,786. The fund showed a decrease in net assets totaling \$85,763 for the year ending December 31, 2010.

General fund revenues were over budget by \$12,786 primarily due to a Fire Department grant for the acquisition of equipment.

General fund expenditures were over budget by \$103,301 primarily due to the following reasons:

- The park department was over budget by \$12,620 as a result of unbudgeted contractual services allocated to the park department. The 2011 budget has been adopted to show this ongoing service.
- City administration was over budget by \$7,844 due to the costs of paying out vacation and compensatory time to the outgoing City Administrator as per the Wanamingo Personnel Policies.
- Police protection was over budget by \$19,522 primarily due to increased contractual services that had not been budgeted and unbudgeted legal services (fees assigned for prosecution services).
- Snow removal was over budget by \$19,743 primarily due to a heavy snow season.
- There were also unbudgeted repair and maintenance and capital outlay expenditures in 2010.

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Capital Asset and Debt Administration

Capital assets. The City of Wanamingo's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$7,811,467 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads and highways. The total decrease in the City of Wanamingo's reported investment in capital assets for the current fiscal year was (\$346,830), or 4 percent.

**City of Wanamingo's Capital Assets
(net of depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 114,068	\$ 114,068	\$ 10,000	\$ 10,000	\$ 124,068	\$ 124,068
Buildings and improvements	1,010,111	1,042,803	4,310,823	4,467,291	5,320,934	5,510,094
Improvements other than buildings	2,075,838	2,135,790			2,075,838	2,135,790
Machinery and equipment	234,269	318,137	56,358	70,208	290,627	388,345
Total	\$ 3,434,286	\$ 3,610,798	\$ 4,377,181	\$ 4,547,499	\$ 7,811,467	\$ 8,158,297

Additional information on the City of Wanamingo's capital assets can be found in Note 4 on pages 41-42 of this report.

Long-term debt. At the end of the current fiscal year, the City of Wanamingo had \$8,441,447 in bonds and notes outstanding. Of this amount, \$7,736,447 comprises debt backed by the full faith and credit of the government and \$615,750 represents bonds or notes secured solely by specified revenue sources.

City of Wanamingo's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 4,297,400	\$ 3,430,000	\$ 1,556,600	\$ 1,644,000	\$ 5,854,000	\$ 5,074,000
General obligation TIF bonds	705,000	740,000			705,000	740,000
Revenue bonds	615,750	709,500			615,750	709,500
General obligation equipment certificates	106,500	144,500			106,500	144,500
Capital lease obligation	155,197	173,387			155,197	173,387
General obligation notes			1,005,000	1,087,000	1,005,000	1,087,000
Total	\$ 5,879,847	\$ 5,197,387	\$ 2,561,600	\$ 2,731,000	\$ 8,441,447	\$ 7,928,387

**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Long-term debt (continued). The City of Wanamingo's total bonds and notes payable increased by \$513,060 during the current fiscal year. The refunding of the 2002 General Obligation Improvement Bond is expected to save the city approximately \$50,000 over the term of those bonds. A more detailed breakdown of these obligations can be found in Note 5, beginning on page 43.

Economic Factors and Next Year's Budgets and Rates

- The City expects significant delinquent taxes and assessments to be paid in 2011.
- The City anticipates some growth in the commercial and residential housing market when the golf course club house is built.
- The City is exploring the sale of the medical facility in an effort to reduce costs and increase income through TIF funds.
- The City is considering reducing the policing contract to offset losses in the general fund.
- The City is considering charging for snow removal from entities that push parking lot snow in the streets in order to offset costs of City snow removal.
- The City has increased the Water rates in anticipation of capital needs in the present and the future.
- A combination of state aid reductions and increasing debt service requirements could have a continued upward impact on the general tax levy.

All of these factors were considered in preparing the City of Wanamingo's budget for the 2011 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Wanamingo's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Administrator, City Hall, Wanamingo, MN 55983.

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CITY OF WANAMINGO, MINNESOTA

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2010

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CITY OF WANAMINGO, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2010
With Comparative Totals for December 31, 2009

	Governmental Activities	Business-Type Activities	Totals	
			2010	2009
ASSETS				
Cash and investments	\$ 238,944	\$ 136,039	\$ 374,983	\$ 442,558
Cash in escrow	961,567		961,567	
Receivables	1,452,151	141,136	1,593,287	1,607,830
Deposits	50,000		50,000	25,000
Due from other governmental units	14,886		14,886	18,980
Internal balances	84,757	(84,757)		
Capital assets:				
Nondepreciable	114,068	10,000	124,068	124,068
Depreciable, net	3,320,218	4,367,181	7,687,399	8,034,229
Total Assets	6,236,591	4,569,599	10,806,190	10,252,665
LIABILITIES				
Accounts payable	74,969	9,460	84,429	55,261
Accrued liabilities	5,193	4,790	9,983	4,802
Accrued interest payable	81,868	26,218	108,086	141,944
Compensated absences	8,252	14,613	22,865	15,827
General obligation tax/aid anticipation- certificate of indebtedness	200,000		200,000	
Noncurrent liabilities				
Due within one year	323,290	148,800	472,090	466,940
Due in more than one year	5,537,422	2,393,584	7,931,006	7,418,860
Total Liabilities	6,230,994	2,597,465	8,828,459	8,103,634
NET ASSETS				
Invested in capital assets, net of related debt	(1,464,859)	1,834,797	369,938	272,497
Restricted for:				
Debt service	1,371,681		1,371,681	1,596,012
Unrestricted	98,775	137,337	236,112	280,522
Total Net Assets	\$ 5,597	\$ 1,972,134	\$ 1,977,731	\$ 2,149,031

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government	\$ 153,083	\$ 10,339	\$	\$
Public safety	239,153	61,269	9,200	
Public works	223,350			8,955
Culture and recreation	137,438	13,354	8,551	
Economic development	33,193	1,400		
Unallocated	11,006			
Interest on long-term debt	261,472			
Total governmental activities	1,058,695	86,362	17,751	8,955
Business-Type activities:				
Water	227,063	232,443		
Waste water	237,282	248,444		
Sanitation	50,858	54,847		
Medical center	56,726	41,938		
Senior housing				
Total business-type activities	571,929	577,672		
Total	\$ 1,630,624	\$ 664,034	\$ 17,751	\$ 8,955

General revenues:
General property taxes
Tax increments
Grants and contributions not restricted to specific programs
Interest earnings
Miscellaneous
Transfers
Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

See Notes to Financial Statements

FORM A-2

Net (Expense) Revenue
and Changes in Net Assets

Governmental Activities	Business-Type Activities	Totals 2010	2009
\$ (142,744)	\$	\$ (142,744)	\$ (121,017)
(168,684)		(168,684)	(137,008)
(214,395)		(214,395)	(177,295)
(115,533)		(115,533)	(86,515)
(31,793)		(31,793)	(27,974)
(11,006)		(11,006)	(11,170)
(261,472)		(261,472)	(251,070)
<u>(945,627)</u>		<u>(945,627)</u>	<u>(812,049)</u>
	5,380	5,380	10,970
	11,162	11,162	35,878
	3,989	3,989	4,307
	(14,788)	(14,788)	(22,276)
			<u>(28,778)</u>
	<u>5,743</u>	<u>5,743</u>	<u>101</u>
<u>(945,627)</u>	<u>5,743</u>	<u>(939,884)</u>	<u>(811,948)</u>
404,981		404,981	378,445
43,761	7,923	51,684	40,678
212,986		212,986	245,403
2,693	8,208	10,901	24,555
85,346	2,686	88,032	182,641
10,000	(10,000)		
<u>759,767</u>	<u>8,817</u>	<u>768,584</u>	<u>871,722</u>
(185,860)	14,560	(171,300)	59,774
<u>191,457</u>	<u>1,957,574</u>	<u>2,149,031</u>	<u>2,089,257</u>
<u>\$ 5,597</u>	<u>\$ 1,972,134</u>	<u>\$ 1,977,731</u>	<u>\$ 2,149,031</u>

CITY OF WANAMINGO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2010
With Comparative Totals for December 31, 2009

	101 General	306 2009A G.O. Tax Increment Refunding	316 2002 G.O. Improvement
ASSETS			
Cash and investments	\$ 22,900	\$	\$
Cash in escrow			961,567
Accounts receivable	47,267		
Taxes receivable delinquent	39,638	4,572	2,984
Special assessments receivable:			
Deferred	1,394	545,933	68,039
Delinquent			53
Loan receivable			
Deposits			
Advance to other funds			
Due from other funds	48,745		
Due from other governmental units	14,886		
	<u>174,830</u>	<u>550,505</u>	<u>1,032,643</u>
TOTAL ASSETS	\$ 174,830	\$ 550,505	\$ 1,032,643
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 74,899	\$	\$
Accrued expenses	4,855		
Deferred revenue	41,032	550,505	71,076
General obligation tax/aid anticipation- certificate of indebtedness	200,000		
Advance from other funds			
Due to other funds		130,483	27,056
	<u>320,786</u>	<u>680,988</u>	<u>98,132</u>
Total Liabilities	320,786	680,988	98,132
Fund Balance:			
Reserved for:			
Interfund advances			
Debt service		(130,483)	934,511
Unreserved, undesignated, reported in:			
General fund	(145,956)		
Special revenue fund			
Capital projects fund			
	<u>(145,956)</u>	<u>(130,483)</u>	<u>934,511</u>
Total Fund Balance	(145,956)	(130,483)	934,511
TOTAL LIABILITIES AND FUND BALANCE	\$ 174,830	\$ 550,505	\$ 1,032,643

See Notes to Financial Statements

FORM B-1

328 2007 G.O. Refunding	Other Governmental Funds	Total Governmental Funds	
		2010	2009
\$	\$ 216,044	\$ 238,944	\$ 316,808
		961,567	
	992	48,259	1,312
	59,217	106,411	60,967
316,194	243,953	1,175,513	1,267,000
82,790	3,391	86,234	69,679
	35,734	35,734	39,398
	50,000	50,000	25,000
	24,290	24,290	24,290
20,924	261,775	331,444	371,454
		14,886	18,980
<u>\$ 419,908</u>	<u>\$ 895,396</u>	<u>\$ 3,073,282</u>	<u>\$ 2,194,888</u>
\$	\$ 70	\$ 74,969	\$ 49,172
	338	5,193	4,618
398,984	342,295	1,403,892	1,437,044
		200,000	
	24,290	24,290	24,290
	89,148	246,687	268,100
<u>398,984</u>	<u>456,141</u>	<u>1,955,031</u>	<u>1,783,224</u>
	24,290	24,290	24,290
20,924	212,533	1,037,485	258,673
		(145,956)	(60,193)
	85,945	85,945	46,065
	116,487	116,487	142,829
<u>20,924</u>	<u>439,255</u>	<u>1,118,251</u>	<u>411,664</u>
<u>\$ 419,908</u>	<u>\$ 895,396</u>	<u>\$ 3,073,282</u>	<u>\$ 2,194,888</u>

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	101	306 2009A G.O. Tax Increment Refunding	316 2002 G.O. Improvement
	<u>General</u>		<u>Improvement</u>
REVENUES			
General property taxes	\$ 217,427	\$ 8,533	\$ 12,799
Tax increment			
Special assessments			12,834
Licenses and permits	6,821		
Intergovernmental revenues	254,391	309	463
Charges for services	75,002		
Fines and forfeits	3,139		
Investment income	1,228		
Miscellaneous revenues	54,694		
	<u>612,702</u>	<u>8,842</u>	<u>26,096</u>
Total Revenues			
EXPENDITURES			
General government	131,338		
Public safety	170,567		
Public works	133,038		
Culture and recreation	136,148		
Unallocated	17,374		
Economic development			
Debt service		61,468	68,426
Capital outlay			
	<u>588,465</u>	<u>61,468</u>	<u>68,426</u>
Total Expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>24,237</u>	<u>(52,626)</u>	<u>(42,330)</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds			995,000
Transfers in	20,000	62,434	
Transfers out	(130,000)		
	<u>(110,000)</u>	<u>62,434</u>	<u>995,000</u>
Total other financing sources (uses)			
Net change in fund balances	(85,763)	9,808	952,670
Fund Balance - beginning	(60,193)	(140,291)	(18,159)
Fund Balance - ending	<u>\$ (145,956)</u>	<u>\$ (130,483)</u>	<u>\$ 934,511</u>

See Notes to Financial Statements

FORM B-2

328 2007 G.O. Refunding	Other Governmental Funds	Total Governmental Funds	
		2010	2009
\$	\$ 140,792	\$ 379,551	\$ 360,603
	43,761	43,761	32,860
19,141	31,900	63,875	58,310
		6,821	17,948
	5,090	260,253	262,797
		75,002	75,724
		3,139	1,631
	1,465	2,693	8,997
	10,955	65,649	100,392
<u>19,141</u>	<u>233,963</u>	<u>900,744</u>	<u>919,262</u>
		131,338	108,442
		170,567	220,540
		133,038	143,269
		136,148	115,444
		17,374	11,170
	33,193	33,193	22,239
115,012	325,941	570,847	1,294,399
	6,652	6,652	8,135
<u>115,012</u>	<u>365,786</u>	<u>1,199,157</u>	<u>1,923,638</u>
<u>(95,871)</u>	<u>(131,823)</u>	<u>(298,413)</u>	<u>(1,004,376)</u>
		995,000	740,000
	127,000	209,434	202,037
	(69,434)	(199,434)	(400,855)
	<u>57,566</u>	<u>1,005,000</u>	<u>541,182</u>
(95,871)	(74,257)	706,587	(463,194)
<u>116,795</u>	<u>513,512</u>	<u>411,664</u>	<u>874,858</u>
<u>\$ 20,924</u>	<u>\$ 439,255</u>	<u>\$ 1,118,251</u>	<u>\$ 411,664</u>

CITY OF WANAMINGO, MINNESOTA
RECONCILIATION OF NET ASSETS IN THE
GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND BALANCES
IN THE FUND BASIS FINANCIAL STATEMENTS
December 31, 2010

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

Total governmental fund balances (page 18)		\$ 1,118,251
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental funds - capital assets	\$ 5,349,525	
Less: Accumulated depreciation	<u>(1,915,239)</u>	3,434,286
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent property taxes and special assessments	\$ 192,645	
Deferred special assessments	1,175,513	
Leases and notes receivable	<u>35,734</u>	1,403,892
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds and notes payable	\$(5,879,847)	
Unamortized bond issuance costs	19,135	
Compensated absences	(8,252)	
Accrued interest	<u>(81,868)</u>	<u>(5,950,832)</u>
Net assets of governmental activities (page 14)		<u>\$ 5,597</u>

CITY OF WANAMINGO, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2010

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

Net change in fund balances - total governmental funds (page 20)	\$ 706,587	
Governmental funds reported capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 2,900	
Depreciation expense	<u>(174,098)</u>	(171,198)
Net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins) is to decrease net assets		(5,314)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Deferred revenue, December 31, 2010	\$ 1,403,892	
Deferred revenue, December 31, 2009	<u>(1,437,044)</u>	(33,152)
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.		
Compensated absences, December 31, 2010	\$ (8,252)	
Compensated absences, December 31, 2009	<u>7,369</u>	(883)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Change in accrued interest	\$ 3,006	
Amortization of bond issuance costs	(2,446)	
Proceeds on issuance of bonds	(995,000)	
Principal retirement on long-term debt	<u>312,540</u>	(681,900)
Change in net assets of governmental activities (pages 15 and 16)		<u>\$ (185,860)</u>

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
REVENUES					
Property Taxes	\$ 182,525	\$ 182,525	\$ 217,427	\$ 34,902	\$ 195,322
Licenses and Permits					
Business	2,900	2,900	3,185	285	3,020
Nonbusiness	15,580	15,580	3,636	(11,944)	14,928
Total Licenses and Permits	18,480	18,480	6,821	(11,659)	17,948
Intergovernmental Revenues					
Local government aid	241,598	241,598	182,565	(59,033)	208,540
Market value credit	24,595	24,595	7,595	(17,000)	18,871
Other state aid	2,500	2,500	2,818	318	2,098
Federal grant			47,267	47,267	
Fire aid	19,000	19,000	14,146	(4,854)	17,394
Total Intergovernmental Revenues	287,693	287,693	254,391	(33,302)	246,903
Charges For Services					
Township fire contributions	57,190	57,190	58,130	940	58,130
Swimming pool fees	11,650	11,650	13,354	1,704	12,498
Other	3,500	3,500	3,518	18	5,096
Total Charges For Services	72,340	72,340	75,002	2,662	75,724
Fines and Forfeits					
Court fines	1,200	1,200	3,139	1,939	1,631
Investment Income					
	4,000	4,000	1,228	(2,772)	4,107
Miscellaneous Revenues					
Fire department contribution	15,000	15,000	9,200	(5,800)	54,809
Other contributions	8,000	8,000	8,551	551	14,670
Other refunds and reimbursements	4,500	4,500	6,507	2,007	12,490
Other	31,750	31,750	30,436	(1,314)	6,442
Total Miscellaneous Revenues	59,250	59,250	54,694	(4,556)	88,411
TOTAL REVENUES	\$ 625,488	\$ 625,488	\$ 612,702	\$ (12,786)	\$ 630,046

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Employee services	\$ 11,700	\$ 11,700	\$ 11,000	\$ 700	\$ 11,221
Insurance	75	75		75	
Total Mayor and Council	11,775	11,775	11,000	775	11,221
Election and Voter Registration			1,925	(1,925)	523
City Administration					
Employee services	20,500	20,500	27,285	(6,785)	24,376
Employee benefits and retirement	4,900	4,900	7,420	(2,520)	5,540
Materials and supplies	3,950	3,950	2,848	1,102	3,843
Telephone	2,250	2,250	2,890	(640)	3,035
Printing and publishing	3,000	3,000	2,585	415	4,715
Contracted services	3,500	3,500	2,536	964	1,459
Insurance	10,675	10,675	10,108	567	12,716
Other charges	18,250	18,250	13,318	4,932	10,647
Capital outlay			5,548	(5,548)	8,228
Total City Administration	67,025	67,025	74,538	(7,513)	74,559
Professional Services					
Legal	7,500	7,500	26,725	(19,225)	4,289
Accounting and audit	16,000	16,000	17,150	(1,150)	17,850
Total Professional Services	23,500	23,500	43,875	(20,375)	22,139
Total General Government	\$ 102,300	\$ 102,300	\$ 131,338	\$ (29,038)	\$ 108,442

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Safety					
Police Protection					
Contractual services	\$ 93,000	\$ 93,000	\$ 104,897	\$ (11,897)	\$ 101,209
Legal services	10,000	10,000	4,109	5,891	5,078
Utilities	1,000	1,000	142	858	1,285
Total Police Protection	104,000	104,000	109,148	(5,148)	107,572
Ambulance					
Contractual services	4,000	4,000	3,021	979	4,028
Fire Protection					
State fire aid	19,000	19,000	14,290	4,710	17,394
Materials and supplies	7,300	7,300	7,307	(7)	18,431
Utilities	9,800	9,800	6,972	2,828	9,922
Repairs and maintenance	9,000	9,000	6,035	2,965	28,840
Insurance	11,140	11,140	8,140	3,000	8,124
Other charges	4,850	4,850	4,717	133	7,033
Capital outlay			8,558	(8,558)	7,812
Total Fire Protection	61,090	61,090	56,019	5,071	97,556
Building Inspection					
Contractual services	10,000	10,000	2,379	7,621	11,384
Total Public Safety	\$ 179,090	\$ 179,090	\$ 170,567	\$ 8,523	\$ 220,540

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Works					
Highways, Streets and Alleys					
Employee services	\$ 37,500	\$ 37,500	\$ 47,234	\$ (9,734)	\$ 33,801
Employee benefits and retirement	7,500	7,500	14,854	(7,354)	10,269
Materials and supplies	7,000	7,000	6,285	715	5,400
Repairs and maintenance	10,300	10,300	7,176	3,124	12,656
Utilities	6,900	6,900	6,091	809	10,306
Telephone	1,100	1,100	1,557	(457)	1,378
Insurance	3,400	3,400	6,886	(3,486)	5,660
Other charges	2,499	2,499	4,688	(2,189)	7,216
Total Highways Streets and Alleys	76,199	76,199	94,771	(18,572)	86,686
Snow Removal	15,000	15,000	17,210	(2,210)	29,743
Street Lights	21,000	21,000	21,057	(57)	26,840
Total Public Works	\$ 112,199	\$ 112,199	\$ 133,038	\$ (20,839)	\$ 143,269

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
EXPENDITURES					
Culture and Recreation					
Community center					
Material and supplies	\$ 100	\$ 100	\$ 107	\$ (7)	\$ 28
Utilities	3,000	3,000	4,128	(1,128)	4,589
Other charges	3,175	3,175	5,588	(2,413)	3,103
Total Community center	6,275	6,275	9,823	(3,548)	7,720
Parks					
Employee services	2,500	2,500	886	1,614	2,419
Employee benefits and retirement	500	500	130	370	348
Materials and supplies	750	750	85	665	665
Repairs and maintenance	500	500	1,077	(577)	654
Utilities	1,250	1,250	674	576	1,492
Insurance	2,850	2,850	2,074	776	2,869
Contracted services	10,000	10,000	21,887	(11,887)	19,983
Capital outlay			45,185	(45,185)	
Total Parks	18,350	18,350	71,998	(53,648)	28,430
Swimming Pool					
Employee services	27,500	27,500	30,688	(3,188)	35,189
Employee benefits and retirement	2,100	2,100	2,786	(686)	3,109
Materials and supplies	3,700	3,700	4,317	(617)	7,795
Repairs and maintenance	3,500	3,500	3,224	276	10,633
Utilities	5,500	5,500	7,196	(1,696)	10,468
Insurance	2,700	2,700	2,728	(28)	2,716
Other charges	1,450	1,450	3,388	(1,938)	3,751
Capital outlay	7,500	7,500		7,500	5,633
Total Swimming Pool	53,950	53,950	54,327	(377)	79,294
Total Culture and Recreation	\$ 78,575	\$ 78,575	\$ 136,148	\$ (57,573)	\$ 115,444

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Budgeted Amounts		2010 Actual Amounts	Variance with Final Budget - Positive (Negative)	2009 Actual Amounts
	Original	Final			
EXPENDITURES					
Unallocated Expense					
Professional Services	\$ 4,500	\$ 4,500	\$ 1,920	\$ 2,580	\$ 2,863
Debt Service			3,368	(3,368)	
Miscellaneous	8,500	8,500	12,086	(3,586)	8,307
Total Unallocated	13,000	13,000	17,374	(4,374)	11,170
TOTAL EXPENDITURES	485,164	485,164	588,465	(103,301)	598,865
Excess (deficiency) of revenues over (under) expenditures	140,324	140,324	24,237	(116,087)	31,181
Other Financing Sources (Uses)					
Transfers in			20,000	(20,000)	50,000
Transfers out	(135,000)	(135,000)	(130,000)	5,000	(329,948)
Total other financing sources (uses)	(135,000)	(135,000)	(110,000)	(15,000)	(279,948)
Net change in fund balances	5,324	5,324	(85,763)	(91,087)	(248,767)
FUND BALANCE - beginning	(60,193)	(60,193)	(60,193)		188,574
FUND BALANCE - ending	\$ (54,869)	\$ (54,869)	\$ (145,956)	\$ (91,087)	\$ (60,193)

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Business - Type Activities - Enterprise Funds					
	Water	Waste Water	Sanitation	Medical Center	Totals	
					2010	2009
ASSETS						
Current Assets						
Cash and investments	\$	\$ 127,137	\$ 8,902	\$	\$ 136,039	\$ 125,750
Accounts receivable	25,555	27,292	7,053		59,900	79,133
Taxes receivable delinquent						37
Special assessments receivable current	11,840				11,840	10,465
Special assessments receivable delinquent	2,750				2,750	1,906
Total Current Assets	40,145	154,429	15,955		210,529	217,291
Noncurrent Assets						
Capital assets						
Nondepreciable		10,000			10,000	10,000
Depreciable	3,652,467	2,745,688		619,586	7,017,741	7,009,564
Less: Accumulated depreciation	1,267,868	1,254,902		127,790	2,650,560	2,472,065
Total Capital Assets	2,384,599	1,500,786		491,796	4,377,181	4,547,499
Other Assets						
Special assessments receivable long-term	66,646				66,646	77,933
Total Noncurrent Assets	2,451,245	1,500,786		491,796	4,443,827	4,625,432
TOTAL ASSETS	\$ 2,491,390	\$ 1,655,215	\$ 15,955	\$ 491,796	\$ 4,654,356	\$ 4,842,723
LIABILITIES						
Current Liabilities						
Accounts payable	\$ 3,679	\$ 5,768	\$	\$ 13	\$ 9,460	\$ 6,089
Accrued expenses	19,276	11,732			31,008	57,254
Due to other funds	73,107			11,650	84,757	103,354
Current maturities of bonds payable	35,800	30,000			65,800	72,400
Current maturities of note payable	83,000				83,000	82,000
Total Current Liabilities	214,862	47,500		11,663	274,025	321,097
Noncurrent Liabilities						
Bonds payable, net of current maturities discount, and issuance costs	409,344	488,240		574,000	1,471,584	1,550,594
Note payable, net of current maturities	922,000				922,000	1,005,000
Compensated absences payable	7,303	7,310			14,613	8,458
Total Noncurrent Liabilities	1,338,647	495,550		574,000	2,408,197	2,564,052
TOTAL LIABILITIES	1,553,509	543,050		585,663	2,682,222	2,885,149
NET ASSETS						
Invested in capital assets, net of related debt	927,152	975,236		(82,204)	1,820,184	1,829,047
Unrestricted	10,729	136,929	15,955	(11,663)	151,950	128,527
TOTAL NET ASSETS	\$ 937,881	\$ 1,112,165	\$ 15,955	\$ (93,867)	\$ 1,972,134	\$ 1,957,574

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
For the Year Ended December 31, 2010
With Comparative Totals for the Year Ended December 31, 2009

	Business - Type Activities - Enterprise Funds					
	Water	Waste Water	Sanitation	Medical Center	Total	
					2010	2009
Operating Revenues						
Sales	\$ 232,443	\$ 248,444	\$ 54,847	\$ 41,938	\$ 577,672	\$ 705,614
Operating Expenses						
Employee services	40,666	50,002			90,668	113,362
Employee benefits and retirements	9,807	16,147			25,954	27,109
Materials and supplies	5,318	538			5,856	12,409
Repairs and maintenance	4,372	11,308		1,447	17,127	19,656
Utilities	4,300	15,921		8,080	28,301	61,861
Depreciation	102,372	60,633		15,490	178,495	204,351
Contracted services	9,671	27,738	50,832		88,241	56,270
Other charges	8,996	26,939	26	5,974	41,935	69,655
Total Operating Expenses	185,502	209,226	50,858	30,991	476,577	564,673
Operating Income	46,941	39,218	3,989	10,947	101,095	140,941
Nonoperating Revenues (Expenses)						
Interest income	8,208				8,208	15,558
Tax increment				7,923	7,923	7,818
Miscellaneous income		2,686			2,686	55
Gain on sale of assets						157,288
Interest expense	(41,561)	(28,056)		(25,735)	(95,352)	(140,840)
Total Nonoperating Revenues (Expenses)	(33,353)	(25,370)		(17,812)	(76,535)	39,879
Net Income (Loss) Before Transfers	13,588	13,848	3,989	(6,865)	24,560	180,820
Transfers in						198,818
Transfers out			(10,000)		(10,000)	
Net Increase (Decrease) in Net Assets	13,588	13,848	(6,011)	(6,865)	14,560	379,638
TOTAL NET ASSETS - Beginning of Year	924,293	1,098,317	21,966	(87,002)	1,957,574	1,577,936
TOTAL NET ASSETS - End of Year	\$ 937,881	\$ 1,112,165	\$ 15,955	\$ (93,867)	\$ 1,972,134	\$ 1,957,574

See Notes to the Financial Statements

**CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUND
STATEMENT OF CASH FLOW**

For the Year Ended December 31, 2010

With Comparative Totals for the Year Ended December 31, 2009

	Business - Type Activities - Enterprise Funds					
	Water	Waste Water	Sanitation	Medical Center	Total	
					2010	2009
Cash Flows From Operating Activities						
Cash received from customers	\$ 244,263	\$ 255,807	\$ 54,897	41,938	\$ 596,905	\$ 694,594
Cash paid to suppliers	(28,365)	(79,231)	(50,858)	(16,407)	(174,861)	(221,779)
Cash paid to employees	(50,473)	(63,798)			(114,271)	(138,508)
 Net Cash Provided By Operating Activities	 165,425	 112,778	 4,039	 25,531	 307,773	 334,307
Cash Flows From Noncapital Financing Activities						
Increase (decrease) in due to other funds	(30,247)			11,650	(18,597)	(103,321)
Cash Flows From Capital and Related Financing Activities						
Special assessment collections	9,068				9,068	5,393
Tax increment collections				7,960	7,960	7,781
Acquisition of capital assets		(8,177)			(8,177)	
Principal paid on long-term debt	(111,900)	(27,500)		(30,000)	(169,400)	(1,224,100)
Interest and fiscal agent fees	(40,554)	(27,273)		(51,405)	(119,232)	(137,828)
Property tax collections						5,324
Proceeds from sale of capital assets						1,000,000
Transfer in from (out to) other funds			(10,000)		(10,000)	198,818
 Net Cash Used In Capital and Related Financing Activities	 (143,386)	 (62,950)	 (10,000)	 (73,445)	 (289,781)	 (144,612)
Cash Flows From Investing Activities						
Investment income	8,208	2,686			10,894	15,613
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		 52,514	 (5,961)	 (36,264)	 10,289	 101,987
CASH AND CASH EQUIVALENTS - Beginning of Year		 74,623	 14,863	 36,264	 125,750	 23,763
 CASH AND CASH EQUIVALENTS - End of Year	 \$	 \$ 127,137	 \$ 8,902	 \$	 \$ 136,039	 \$ 125,750

See Notes to the Financial Statements

**RECONCILIATION OF OPERATING INCOME
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	Business - Type Activities - Enterprise Funds					
	Water	Waste Water	Sanitation	Medical Center	Total	
					2010	2009
Operating Income	\$ 46,941	\$ 39,218	\$ 3,989	\$ 10,947	\$ 101,095	\$ 140,941
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:						
Depreciation	102,372	60,633		15,490	178,495	204,351
(Increase) Decrease In:						
Accounts receivable	11,820	7,363	50		19,233	(4,496)
Increase (Decrease) In:						
Accounts payable	1,064	3,213		(906)	3,371	3,755
Customer deposits						(6,524)
Accrued expenses	3,228	2,351			5,579	(3,720)
Net Cash Provided By Operating Activities	\$ 165,425	\$ 112,778	\$ 4,039	\$ 25,531	\$ 307,773	\$ 334,307

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CITY OF WANAMINGO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2010

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The City of Wanamingo, Minnesota was first incorporated in 1917. The City operates under the "optional Plan A" form of government as defined by Minnesota State Statutes which prescribes a Mayor-Council form of government. Five Council members and the Mayor are each elected to four year terms.

The City of Wanamingo's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issues after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City is discussed below.

Reporting Entity

In accordance with GASB Statement No. 14 the City's financial statements include the primary government and the component units of the City of Wanamingo, defined as follows:

Primary Government - Includes all funds, account groups, organizations, institutions, agencies, departments, or offices which are not legally separate from the City of Wanamingo.

Component Units - Component units are legally separate organizations for which the elected officials of the City of Wanamingo are financially accountable or for which the nature or significance of their relationship with the City of Wanamingo would, if excluded, cause the financial statements to be misleading or incomplete.

The Economic Development Authority of the City was created pursuant to Minnesota Statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment consistent with policies established by the City Council. The EDA activities are blended and reported in a separate Special Revenue Fund. Separate financial statements are not issued for this component unit.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, 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 revenues are reported instead as *general revenues*.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (continued)

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues 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 revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, licenses and permits, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues 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 government's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund.

The *2009A G.O. Tax Increment Refunding fund* accounts for the financial resources to be used for repayment of bonds with interest.

The *2002 G.O. Improvement fund* accounts for the financial resources to be used for repayment of bonds with interest.

The *2007 G.O. Refunding fund* accounts for the financial resources to be used for repayment of bonds with interest.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The City reports the following major proprietary funds:

- The *Water fund* accounts for the operation of the City owned water utility system.
- The *Waste water fund* accounts for the operation of the City owned sewer utility system.
- The *Sanitation fund* accounts for the operation of the City sanitary enterprise.
- The *Medical center fund* accounts for the operation of the Wanamingo medical facility.
- The *Senior housing fund* accounts for the operation of a Senior Housing facility.

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

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's enterprise funds and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* 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 revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues 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 revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Formal budgetary accounting is employed as a management control for funds of the City. Annual operating budgets are adopted each fiscal year through passage of an annual budget ordinance and may be amended by formal council action. All budget appropriations lapse at the end of the budget year.

Cash and Investments

Except where otherwise required, the City maintains all deposits in bank accounts in the name of the City. These deposits are invested on a short-term basis with interest income allocated to each fund based upon their relative account balance. The balances shown in each fund represents an equity interest in the commingled pool of cash and temporary cash investments which is under the management of the City. Temporary cash investments are stated at cost, which approximates market.

The City has designated cash and cash equivalents as demand deposits and all investments with an original maturity of three months or less.

Property Taxes

Property tax levies are set by the City Council each year and are certified to the County for collection in the following year. In Minnesota, counties act as collection agents for all property taxes. The County spreads all levies over taxable property. Such taxes become a lien on January 1, following, and are recorded as receivables by the City at that date. Revenues from property taxes are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes may be paid on February 28 and June 30. The County provides tax settlements to cities and other taxing districts normally during the months of January, April, June and November.

Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable. The amount of delinquent taxes receivable are fully offset by deferred revenue in the governmental fund types because they are not known to be available to finance current expenditures.

Special Assessments

Assessments are levied at various times by City resolution for property owner improvements made by the City. Generally, assessment collections are deferred over periods ranging from one to twenty five years with interest charges of 6.0% to 8.0%. Revenue from these assessments is recognized as the annual installments become collectible. Annual installments not collected as of each December 31 are classified as delinquent assessments receivable. The amount of delinquent assessments receivable are fully offset by deferred revenue in the governmental fund types because they are not known to be available to finance current expenditures.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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, net of interest earned on the invested debt proceeds over the same period.

Property, plant and equipment are capitalized when acquired, and depreciation is provided using the straight-line method applied over the following estimated useful lives of the assets.

	Useful Life <u>in Years</u>
Buildings	20 - 40
Improvements other than buildings	20 - 40
Furniture and fixtures	5 - 10
Machinery and Equipment	5 - 10

GASB Statement No. 34 requires the City to report and depreciate new infrastructure assets effective as of January 1, 2004. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These financial statements do not include the historical cost of related depreciation of infrastructure constructed prior to 2004.

Market Value Credit (MVC)

Property taxes on homestead property (as defined by State Statutes) are partially reduced by MVC. This credit is paid to the City by the State in lieu of taxes levied against homestead property. The State remits this credit through installments each year. The intergovernmental revenue is recognized as revenue by the City at the time of receipt.

Fund Equity

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

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund of the fund financial statements that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense and liability in the government wide financial statements. Vested or accumulated vacation leave of enterprise funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

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, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported separately and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts 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.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Concentration of Credit Risk

Financial instruments which expose the City to a concentration of credit risk consist primarily of cash investments and accounts receivable. Credit risk associated with cash and investments are discussed in Note 2.

The City's accounts receivable are concentrated geographically, as for the most part, amounts are due from individuals residing in and businesses located in the City of Wanamingo.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments

Summary of Cash and Investments

As of December 31, 2010, the City's cash and investments consisted of the following items, all of which are held in an internal cash and investment pool:

<u>Cash and Investments</u>	<u>Maturities</u>	<u>Ratings</u>	<u>Fair Value</u>
Cash	None	Unrated	\$ 289,414
Money Market Mutual Fund	None	Unrated	85,569
United States Treasury Securities	August 2011 - February 2012	Unrated	<u>961,567</u>
			<u>\$ 1,336,550</u>

Investments Authorized by Minnesota Statutes

The City is authorized by Minnesota Statutes to invest idle funds as follows:

- (a) Direct obligations or obligations guaranteed by the United States or its agencies.
- (b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above.
- (c) General obligations of the State of Minnesota or its municipalities.
- (d) Bankers acceptances of United States banks eligible for purchase by the Federal Reserve System.
- (e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- (f) Repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a reporting dealer to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
- (g) Money market funds with institutions that have portfolios consisting exclusively of United States Treasury obligations and Federal Agency issues.

Collateralization of Cash Deposits

The City's deposits are entirely covered by federal depository insurance or by collateral held by the City's custodial banks in the City's name

Minnesota Statutes require that all City deposits be insured, secured by surety bonds or be collateralized. Except for notes secured by first mortgages of future maturity, the market value of collateral pledged by the custodial bank must equal 110% of the deposits not covered by insurance or surety bonds.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

2. Cash and Investments (Continued)

Collateralization of Cash Deposits (Continued)

Authorized collateral includes certain state of local government obligations and legal investments. Minnesota Statutes also require that securities pledged as collateral be held in safekeeping by the Treasurer, or in a financial institution other than the institution furnishing the collateral.

Interest Rate Risk

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The City has no investment policy that would limit its investment choices. The city's investment ratings are from Standard & Poor Investors Service.

Concentration of Credit Risk

The city places no limit on the amount the city may invest in any one issuer. Investments that are more than 5 percent of the City's total investments are as follows:

<u>Investment</u>	<u>Ratings</u>	<u>Percent of Total</u>
United States Treasury Securities	Unrated	2%
United States Treasury Securities	Unrated	98%

3. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2010 are as follows:

<u>Fund</u>	<u>Goodhue County</u>
General	<u>\$ 14,886</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

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

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 114,068	\$	\$	\$ 114,068
Total capital assets, not being depreciated	114,068			114,068
Capital assets, being depreciated:				
Buildings	1,636,650			1,636,650
Improvements other than buildings	2,442,343	2,900		2,445,243
Machinery and equipment	1,169,157		15,593	1,153,564
Total capital assets, being depreciated	5,248,150	2,900	15,593	5,235,457
Less accumulated depreciation for:				
Buildings	593,847	32,692		626,539
Improvements other than buildings	306,553	62,852		369,405
Machinery and equipment	851,020	78,554	10,279	919,295
Total accumulated depreciation	1,751,420	174,098	10,279	1,915,239
Total capital assets, being depreciated, net	3,496,730	(171,198)	5,314	3,320,218
Governmental activities capital assets, net	<u>\$ 3,610,798</u>	<u>\$ (171,198)</u>	<u>\$ 5,314</u>	<u>\$ 3,434,286</u>

Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 10,000	\$	\$	\$ 10,000
Total capital assets, not being depreciated	10,000			10,000
Capital assets, being depreciated:				
Buildings and improvements	6,739,183	8,177		6,747,360
Machinery and equipment	270,381			270,381
Total capital assets, being depreciated	7,009,564	8,177		7,017,741
Less accumulated depreciation for:				
Buildings and improvements	2,271,892	164,645		2,436,537
Machinery and equipment	200,173	13,850		214,023
Total accumulated depreciation	2,472,065	178,495		2,650,560
Total capital assets, being depreciated, net	4,537,499	(170,318)		4,367,181
Business-type activities capital assets, net	<u>\$ 4,547,499</u>	<u>\$ (170,318)</u>	<u>\$</u>	<u>\$ 4,377,181</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

Governmental Activities:	
General government	\$ 17,862
Public safety	68,586
Public works	83,460
Culture and recreation	<u>4,190</u>
Total depreciation expense - governmental activities	<u>\$ 174,098</u>
Business-Type Activities:	
Water	\$ 102,372
Sewer	60,633
Medical Facility	<u>15,490</u>
Total depreciation expense - business-type activities	<u>\$ 178,495</u>

5. Long-Term Debt

The long-term debt obligations outstanding and related maturities and interest rates are summarized in the schedule of bonds payable and compensated absences.

General Obligation Improvement Bonds:

The bonds are payable primarily from special assessments levied on the properties benefiting from the improvements and/or ad valorem tax levies. They are backed by the full faith and credit of the City.

General Obligation Tax Increment Bonds:

General Obligation Tax Increment Bonds provide funds for the acquisition and construction of major capital improvements. These bonds are payable primarily from tax increments, and are backed by the full faith and credit of the City.

Revenue Bonds:

The 2004 Refunding Bonds were issued by the Economic Development Authority (a blended component unit) to refund bonds issued in 2000 to construct a fire facility. The 2006B bond was issued to acquire a new city shop. These bonds are payable solely from revenues generated from a long-term lease agreement between the blended component unit and the primary government. The 2007B public project lease revenue bond is payable primarily from ad valorem tax levies and are backed by the full faith and credit of the city.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

General Obligation Equipment Certificates:

During 2006, the City issued two general obligation equipment certificates. These notes are payable primarily from ad valorem tax levies and are backed by the full faith and credit of the City.

General Obligation Revenue Bonds:

The Water Refunding Bonds are payable primarily from the revenues generated through charges to customers for water service. They are recorded as liabilities in the Water Enterprise Fund and are backed by the full faith and credit of the City.

The Medical Facility bonds were issued by the Economic Development Authority (a blended component unit) to provide funds for construction of a medical facility. These bonds are payable primarily from building lease revenues.

General Obligation Revenue Notes:

During 2001, the City issued a \$1,660,000 Public Facilities Authority Drinking Water Revolving Loan note for certain drinking water improvements within the City. The note is payable primarily from the revenues generated through charges to customers for water service. The note is recorded as a liability in the Water Enterprise Fund and is backed by the full faith and credit of the City.

Capital Lease Obligation:

During 2007, the City entered into a capital lease for the acquisition of equipment. This agreement is payable primarily from ad valorem tax levies and are backed by the full faith and credit of the City.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

A summary of interest rates, maturities and December 31, 2010 balances are as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2010
General Obligation Improvement Bonds:			
Series 1999 Refunding	4.0%-5.0%	5/1/2014	\$ 115,000
Series 2002	3.15%-5.25%	2/1/2023	1,050,000
Series 2005A Refunding	4.2%-4.6%	2/1/2023	305,000
Series 2005B	3.1%-4.75%	2/1/2026	800,000
Series 2007A Refunding	4.0%-4.85%	2/1/2037	1,740,000
Series 2010B Refunding	4.0%-4.85%	2/1/2037	995,000
General Obligation Tax Increment Bonds:			
Series 2009A Refunding	2.2%-4.55%	5/1/2025	705,000
Revenue Bonds:			
Series 2004 Refunding	1.75%-4.5%	3/1/2015	355,000
Series 2006B	4.5%-4.75%	2/1/2017	141,750
Series 2007B	4.70%	2/1/2018	119,000
General Obligation Equipment Certificates:			
Series 2006A	4.10%	2/1/2011	28,000
Series 2006D	4.50%	2/1/2016	78,500
Capital Lease Obligation:			
Series 2007	4.75%	8/1/2017	155,197
General Obligation Revenue Bonds:			
Medical Facility Bonds, series 2003	4.25%	1/1/2033	574,000
2006C Water Refunding	3.85%-4.2%	2/1/2020	275,000
General Obligation Revenue Notes:			
2001 Public Facilities Authority Water	1.81%	8/20/2021	1,005,000
Compensated Absences			<u>22,865</u>
	Total		8,464,312
Less: Unamortized Discount and Issue Costs			<u>(38,351)</u>
	Total Long Term Debt		<u>\$ 8,425,961</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

A summary of the changes in long-term debt for the year ended December 31, 2010 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Improvement Bonds:					
Series 1999 Refunding	\$ 140,000	\$	\$ 25,000	\$ 115,000	\$ 25,000
Series 2002	360,000		17,600	342,400	19,200
Series 2005A Refunding	320,000		15,000	305,000	20,000
Series 2005B	835,000		35,000	800,000	35,000
Series 2007A Refunding	1,775,000		35,000	1,740,000	35,000
Series 2010B Refunding		995,000		995,000	
Revenue Bonds:					
Series 2004 Refunding - Fire Hall	420,000		65,000	355,000	65,000
Series 2006B	158,500		16,750	141,750	17,500
Series 2007B	131,000		12,000	119,000	13,000
General Obligation Tax Increment Bonds:					
Series 2009A Refunding	740,000		35,000	705,000	35,000
General Obligation Equipment Certificates:					
Series 2006A	55,000		27,000	28,000	28,000
Series 2006D	89,500		11,000	78,500	11,500
Capital Lease Obligation:					
Series 2007	173,387		18,190	155,197	19,090
Unamortized Discount and Issue Costs					
Compensated Absences	(21,581)		(2,446)	(19,135)	
	7,369	883		8,252	
Governmental Activities Long-term Liabilities	<u>5,183,175</u>	<u>995,883</u>	<u>310,094</u>	<u>5,868,964</u>	<u>323,290</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Improvement Bonds:					
Series 2002	745,000		37,400	707,600	40,800
General Obligation Revenue Bonds:					
Medical Facility Bonds, series 2003	604,000		30,000	574,000	
2006C Water Refunding	295,000		20,000	275,000	25,000
General Obligation Revenue Notes:					
2001 Public Facilities Authority Water	1,087,000		82,000	1,005,000	83,000
Unamortized Discount and Issue Costs					
Compensated Absences	(21,006)		(1,790)	(19,216)	
	8,458	6,155		14,613	
Business-type Activities Long-term Liabilities	<u>2,718,452</u>	<u>6,155</u>	<u>167,610</u>	<u>2,556,997</u>	<u>148,800</u>
Total	<u>\$ 7,901,627</u>	<u>\$ 1,002,038</u>	<u>\$ 477,704</u>	<u>\$ 8,425,961</u>	<u>\$ 472,090</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

5. Long-Term Debt (Continued)

The annual requirements to amortize all long-term debt outstanding as of December 31, 2010 are summarized below:

Years	General Obligation		General Obligation Tax		General Obligation Revenue		Other	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
Governmental Activities								
2011	\$ 134,200	\$ 170,215	\$ 35,000	\$ 33,590	\$ 39,500	\$ 4,163	\$ 114,590	\$ 33,962
2012	144,200	168,787	40,000	32,180	12,000	2,475	121,535	29,158
2013	230,800	162,055	40,000	30,535	13,000	1,890	124,277	23,858
2014	230,800	154,396	40,000	28,890	13,500	1,282	131,318	18,316
2015	207,400	146,942	40,000	27,245	14,000	653	134,160	12,337
2016-2020	1,186,000	611,716	225,000	105,602	14,500		145,067	9,480
2021-2025	1,059,000	361,284	285,000	44,500				
2026-2030	435,000	206,321						
2031-2035	455,000	108,678						
2036-2040	215,000	10,549						
Totals	\$ 4,297,400	\$ 2,100,942	\$ 705,000	\$ 302,542	\$ 106,500	\$ 10,463	\$ 770,947	\$ 127,110
Business-Type Activities								
2011	\$ 40,800	\$ 34,459			\$ 108,000	\$ 28,874		
2012	40,800	33,352			126,000	50,805		
2013	44,200	31,331			128,000	47,605		
2014	44,200	29,165			131,000	44,325		
2015	47,600	26,892			133,000	40,968		
2015-2020	289,000	93,486			728,000	149,570		
2021-2025	201,000	16,510			230,000	76,185		
2026-2030					158,000	44,398		
2031-2035					112,000	9,647		
Totals	\$ 707,600	\$ 265,195			\$ 1,854,000	\$ 492,377		

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures

As of December 31, 2010, the following funds had deficit fund balances:

General Fund	\$ 145,956
Special Revenue Funds:	
Economic Development	2,871
Debt Service Funds:	
2009A G.O. Tax Increment Refunding	130,483
1994 G.O. Improvement	6,648
1999 G.O. Refunding Improvement	12,471
2006A Equipment Certificate	5,009
Capital Projects Funds	
Tax Increment District #4-2 Fulton	78,727
Tax Increment District #4-3 Masters	8,120
Enterprise Funds:	
Medical Center	93,867

During 2010, the General Fund had excess expenditures over appropriations of \$103,301.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures (Continued)

Transfers during the year ended December 31, 2010 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 20,000	\$ 130,000
Special Revenue:		
Economic Development	20,000	
Senior Housing Reserve	25,000	
Debt Service:		
1998 G.O. Tax Increment	62,434	
2004 Public Project Refunding	55,000	
Pumper Lease	27,000	
Capital Project:		
Fire Capital		27,000
Storm Sewer		10,000
TIF District #2-2 Benson		8,761
TIF District #2-4 Doffing		9,899
TIF District #2-5 Meyers		9,500
TIF District #		4,274
Enterprise Funds:		
Sanitation		10,000
Totals	<u>\$ 209,434</u>	<u>\$ 209,434</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Individual Fund Disclosures (Continued)

The amounts due to and due from other funds as of December 31, 2010 follow below:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 48,745	\$
Special Revenue Funds:		
Economic Development		2,463
Debt Service Funds:		
2007 G.O. Refunding	20,924	
2005A G.O. Improvement Refunding	70,000	
2005 Improvement	103,655	
1998 G.O. Tax Increment		130,483
1994 G.O. Improvement		6,648
1999 G.O. Refunding Improvement		12,471
2006A Equipment Certificate		5,009
2002 G.O. Improvement		27,056
Capital Project Funds:		
WAC/SAC	23,295	
Tax Increment District #1-1 Masters		
Tax Increment District #4-2 Fulton		54,437
Tax Increment District #4-3 Masters		8,120
Capital Improvement	64,825	
Enterprise Funds:		
Water fund		73,107
Medical center		11,650
	<u>\$ 331,444</u>	<u>\$ 331,444</u>

The amounts advanced to and advanced from other funds as of December 31, 2010 follow below:

	Advances From Other Funds	Advances To Other Funds
Capital Project Funds		
Capital Improvement	\$	\$ 24,290
Tax Increment District #4-2 Fulton	24,290	
	<u>\$ 24,290</u>	<u>\$ 24,290</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Fund Equity

The City has reserved portions of the fund equity in certain funds. The reserved fund equity represents the portion not available for expenditures or legally segregated for specific future use. A summary of reserved fund equity at December 31, 2010 is as follows:

Reserved for Debt Service

Debt Service Funds	
2009A G.O. Tax Increment Refunding	\$ (130,483)
2004 Public Project Refunding	33,034
2005A G.O. Improvement Refunding	73,161
City Shop Lease Purchase	22,188
1994 G.O. Improvement	(6,648)
1999 G.O. Refunding Improvement	(12,471)
2002 G.O. Improvement	934,511
2005 Improvement	103,655
City Hall Lease Purchase	816
2007 G.O. Refunding	20,924
Pumper Lease	1,861
2006A Equipment Certificate	(5,009)
2006D Equipment Certificate	1,946

Reserved for Interfund Advances

Capital Projects Fund	
Capital Improvement Fund	24,290

8. Defined Benefit Pension Plans - Statewide

Plan Description

All full-time and certain part-time employees of the City of Wanamingo are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF), which is a cost-sharing, multiple-employer retirement plan. This plan is established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

8. Defined Benefit Pension Plans - Statewide (continued)

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for GERF's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PERA members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 65 for Basic and coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic plan members and Coordinated Plan members are required to contribute 9.1% and 6.0%, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.4% of their annual covered salary in 2010. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan GERF members and 7.0% for Coordinated PERA Plan Members, 14.1% for PEPFF members. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2010, 2009, and 2008 were \$12,808, \$12,605, and \$12,155 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plan - Volunteer Fire Relief Association

Plan Description

The Wanamingo Fireman's Relief Association is the administrator of a single employer Public Employee Retirement System (PERS) established to provide benefits to members of the Wanamingo Volunteer Fire Department.

The Fireman's Relief Association maintains a separate Special Fund to accumulate assets to fund the retirement benefits earned by the Fire Department's membership. Funding for the Relief Association is derived primarily from an insurance premium tax in accordance with the Volunteer Firefighter's Relief Associations Financial Guidelines Act of 1971 (Chapter 261 as amended by Chapter 509 of Minnesota Statutes 1980).

The financial requirements of the Special Fund are determined in accordance with Section 69.772 of the Minnesota Statutes, which requires the payment of pension benefits in a lump sum or optionally in annual installments. The benefits are payable after age 50, 20 years of service and 10 years of Association membership or upon death.

Insurance premium taxes received and interest earned on the Special Fund assets are allocated equally among the members of the Association each year. Therefore, the assets of the Association are equal to the liability of the Association.

10. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries insurance for liability, property, and automotive insurance through the League of Minnesota Cities Insurance Trust (LMCIT). The City provides employee health insurance through a private insurance carrier. Settled claims resulting from these risks have not exceeded the insurance coverage in any of the past three years. There were no reductions in insurance coverage in 2010.

The City participates in a group workers' compensation plan of the LMCIT, which is a public entity risk pool currently operating as a common risk management and insurance program for member Minnesota Cities. All cities participating in the plan are jointly and severally liable for all claims and expenses of the plan. The LMCIT workers' compensation plan is self-sustaining based on the premiums charged, so that total contributions plus compounded earnings on those contributions will be sufficient to satisfy claims, liabilities and other expenses of the plan. The LMCIT plan participates in the Workers' Compensation Reinsurance Association with coverage of \$1,000,000 per claim for plan year 2010. The amount of any liability in excess of plan assets may be assessed to participating Cities in a method and amount determined by the LMCIT.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. Contribution and Reimbursement Agreement - SEMMCHRA

In 2009, the City sold the Heritage Hills Senior Housing Facility to the Southeastern Minnesota Multi-County Housing and Redevelopment Authority (SEMMCHRA). As part of the sale agreement, the City has pledged its full faith, credit and taxing powers to the payment of bonds issued by SEMMCHRA to finance the acquisition of the facility. The City is obligated to pay the difference between the required annual debt service and the net facility operating cash flow through the maturity or repayment of the SEMMCHRA facility bonds. The balance outstanding on these bonds at December 31, 2010 totaled \$1,145,000.

In addition, the City has agreed to fund an operating reserve totaling \$50,000 which was recorded by the City as a deposit in the Senior Housing Reserve Fund. The City is required to replenish this reserve fund annually upon usage of any of the funds for operations. The City's obligation to maintain this reserve fund shall continue as long as the facility bonds remain outstanding. At the time of payment in full or refunding of the bonds, the balance of the operating reserve fund will be returned to the City.

No liability relative to this agreement has been accrued in these financial statements at December 31, 2010 because of the uncertainty and determination of required future payments, if any.

CITY OF WANAMINGO, MINNESOTA

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

DECEMBER 31, 2010

**CITY OF WANAMINGO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010**

	Special Revenue			Debt Service		
	251 Economic Development	210 Revolving Loan	230 Senior Housing Reserve	304 1994 G.O. Improvement	305 1999 G.O. Refunding Improvement	308 2005A G.O. Improvement Refunding
ASSETS						
Cash and investments	\$	\$ 23,552	\$ 15,264	\$	\$	\$ 3,161
Accounts receivable						
Taxes receivable delinquent			4,973		5,971	2,984
Special assessments receivable:						
Deferred				30,428	4,817	91,671
Delinquent						307
Loan receivable		29,433				
Operating Reserve			50,000			
Advance to other funds						
Due from other funds						70,000
TOTAL ASSETS	\$	\$ 52,985	\$ 70,237	\$ 30,428	\$ 10,788	\$ 168,123
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	\$ 70	\$	\$	\$	\$	\$
Accrued expenses	338					
Deferred revenue		29,433	4,973	30,428	10,788	94,962
Advance from other funds						
Due to other funds	2,463			6,648	12,471	
Total Liabilities	2,871	29,433	4,973	37,076	23,259	94,962
Fund Balance:						
Reserved for interfund advances						
Reserved for debt service				(6,648)	(12,471)	73,161
Unreserved	(2,871)	23,552	65,264			
Total Fund Balance (Deficit)	(2,871)	23,552	65,264	(6,648)	(12,471)	73,161
TOTAL LIABILITIES AND FUND BALANCE	\$	\$ 52,985	\$ 70,237	\$ 30,428	\$ 10,788	\$ 168,123

307 2004 Public Project Refunding	323 2005 Improvement	326 City Shop Lease Purchase	327 Pumper Lease	329 City Hall Lease Purchase	324 2006A Equipment Certificate	325 2006D Equipment Certificate
\$ 33,034	\$	\$ 22,188	\$ 1,861	\$ 816	\$	\$ 1,946
		6,366		3,581	5,769	3,183
	117,037 3,084					
	103,655					
<u>\$ 33,034</u>	<u>\$ 223,776</u>	<u>\$ 28,554</u>	<u>\$ 1,861</u>	<u>\$ 4,397</u>	<u>\$ 5,769</u>	<u>\$ 5,129</u>
\$	\$	\$	\$	\$	\$	\$
	120,121	6,366		3,581	5,769	3,183
					5,009	
	120,121	6,366		3,581	10,778	3,183
33,034	103,655	22,188	1,861	816	(5,009)	1,946
33,034	103,655	22,188	1,861	816	(5,009)	1,946
<u>\$ 33,034</u>	<u>\$ 223,776</u>	<u>\$ 28,554</u>	<u>\$ 1,861</u>	<u>\$ 4,397</u>	<u>\$ 5,769</u>	<u>\$ 5,129</u>

**CITY OF WANAMINGO, MINNESOTA
COMBINING BALANCE SHEET (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2010**

	Capital Projects				
	401 Capital Improvement Fund	220 Fire Capital	448 Storm Sewer	449 WAC / SAC	470 Tax Increment District #1-1 Masters
ASSETS					
Cash and investments	\$ 5,621	\$ 52,867	\$ 20,199	\$ 35,535	\$
Accounts receivable			992		
Taxes receivable delinquent					
Special basements receivable:					
Delinquent					
Deferred					
Loan receivable					
Operating Reserve					
Advance to other funds	24,290				
Due from other funds	64,825			23,295	
TOTAL ASSETS	\$ 94,736	\$ 52,867	\$ 21,191	\$ 58,830	\$
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	\$	\$	\$	\$	\$
Accrued expenses					
Deferred revenue					
Advance from other funds					
Due to other funds					
Total Liabilities					
Fund Balance:					
Reserved for interfund advances	24,290				
Reserved for debt service					
Unreserved	70,446	52,867	21,191	58,830	
Total Fund Balance (Deficit)	94,736	52,867	21,191	58,830	
TOTAL LIABILITIES AND FUND BALANCE	\$ 94,736	\$ 52,867	\$ 21,191	\$ 58,830	\$

475 Tax Increment District #2-2 Benson	473 Tax Increment District #4-2 Fulton	474 Tax Increment District #4-3 Masters	477 Tax Increment District #2-4 Doffing	478 Tax Increment District #2-5 Meyers	479 Tax Increment District #2-6 Vertical Limit	Total Nonmajor Governmental Funds 2010
\$	\$	\$	\$	\$	\$	\$ 216,044
						992
				26,390		59,217
						243,953
		6,301				3,391
						35,734
						50,000
						24,290
						261,775
<u>\$</u>	<u>\$</u>	<u>\$ 6,301</u>	<u>\$</u>	<u>\$ 26,390</u>	<u>\$</u>	<u>\$ 895,396</u>
\$	\$	\$	\$	\$	\$	\$ 70
						338
		6,301		26,390		342,295
	24,290					24,290
	54,437	8,120				89,148
	78,727	14,421		26,390		456,141
						24,290
						212,533
	(78,727)	(8,120)				202,432
	(78,727)	(8,120)				439,255
<u>\$</u>	<u>\$</u>	<u>\$ 6,301</u>	<u>\$</u>	<u>\$ 26,390</u>	<u>\$</u>	<u>\$ 895,396</u>

**CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2010**

	Special Revenue			Debt Service		
	251 Economic Development	210 Revolving Loan	230 Senior Housing Reserve	304 1994 G.O. Improvement	305 1999 G.O. Refunding Improvement	308 2005A G.O. Improvement Refunding
REVENUES						
Property taxes	\$	\$	\$ 21,332	\$	\$ 25,599	\$ 12,799
Tax increments						
Special assessments				286	739	19,105
Intergovernmental revenue			771		926	462
Investment income		1,465				
Miscellaneous revenues	1,400	3,105				
Total Revenues	1,400	4,570	22,103	286	27,264	32,366
EXPENDITURES						
Economic development	26,354		6,839			
Debt service					31,692	29,040
Capital outlay						
Total Expenditures	26,354		6,839		31,692	29,040
Excess (deficiency) of revenues over (under) expenditures	(24,954)	4,570	15,264	286	(4,428)	3,326
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000		25,000			
Transfers out						
Bond proceeds						
Total other financing sources (uses)	20,000		25,000			
Net change in fund balances	(4,954)	4,570	40,264	286	(4,428)	3,326
Fund Balance - beginning	2,083	18,982	25,000	(6,934)	(8,043)	69,835
Fund Balance - ending	\$ (2,871)	\$ 23,552	\$ 65,264	\$ (6,648)	\$ (12,471)	\$ 73,161

307 2004 Public Project Refunding	323 2005 Improvement	326 City Shop Lease Purchase	327 Pumper Lease	329 City Hall Lease Purchase	324 2006A Equipment Certificate	325 2006D Equipment Certificate
\$	\$	\$ 27,305	\$	\$ 15,359	\$ 24,745	\$ 13,653
	11,770	987		555	895	494
	11,770	28,292		15,914	25,640	14,147
81,311	71,475	23,771	26,773	17,875	28,702	14,835
81,311	71,475	23,771	26,773	17,875	28,702	14,835
(81,311)	(59,705)	4,521	(26,773)	(1,961)	(3,062)	(688)
55,000			27,000			
55,000			27,000			
(26,311)	(59,705)	4,521	227	(1,961)	(3,062)	(688)
59,345	163,360	17,667	1,634	2,777	(1,947)	2,634
\$ 33,034	\$ 103,655	\$ 22,188	\$ 1,861	\$ 816	\$ (5,009)	\$ 1,946

CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2010

	Capital Projects				
	401 Capital Improvement Fund	220 Fire Capital	448 Storm Sewer	449 WAC / SAC	470 Tax Increment District #1-1 Masters
REVENUES					
Property taxes	\$	\$	\$	\$	\$
Tax increments					1,996
Special assessments					
Intergovernmental revenue					
Investment income					
Miscellaneous revenues			6,450		
Total Revenues			6,450		1,996
EXPENDITURES					
Economic development					
Debt service					
Capital outlay			89		1,996
Total Expenditures			89		1,996
Excess (deficiency) of revenues over (under) expenditures			6,361		
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out		(27,000)	(10,000)		
Bond proceeds					
Total other financing sources (uses)		(27,000)	(10,000)		
Net change in fund balances		(27,000)	(3,639)		
Fund Balance - beginning	94,736	79,867	24,830	58,830	
Fund Balance - ending	\$ 94,736	\$ 52,867	\$ 21,191	\$ 58,830	\$

475 Tax Increment District #2-2 Benson	473 Tax Increment District #4-2 Fulton	474 Tax Increment District #4-3 Masters	477 Tax Increment District #2-4 Doffing	478 Tax Increment District #2-5 Meyers	479 Tax Increment District #2-6 Vertical Limit	Total Nonmajor Governmental Funds 2010
\$ 8,761	\$ 4,597	\$ 3,252	\$ 9,899	\$ 10,515	\$ 4,741	\$ 140,792
						43,761
						31,900
						5,090
						1,465
						10,955
8,761	4,597	3,252	9,899	10,515	4,741	233,963
						33,193
	100	3,452		1,015	467	325,941
						6,652
	100	3,452		1,015	467	365,786
8,761	4,497	(200)	9,899	9,500	4,274	(131,823)
(8,761)			(9,899)	(9,500)	(4,274)	127,000
						(69,434)
(8,761)			(9,899)	(9,500)	(4,274)	57,566
	4,497	(200)				(74,257)
	(83,224)	(7,920)				513,512
\$	\$ (78,727)	\$ (8,120)	\$	\$	\$	\$ 439,255

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CITY OF WANAMINGO, MINNESOTA

SUPPLEMENTAL INFORMATION

DECEMBER 31, 2010

**CITY OF WANAMINGO, MINNESOTA
WATER FUND
Balance Sheet
December 31, 2010 and 2009**

	2010	2009
ASSETS		
Current Assets		
Accounts receivable	\$ 25,555	\$ 37,375
Special assessments receivable current	11,840	10,465
Special assessments receivable delinquent	2,750	1,906
Total Current Assets	<u>40,145</u>	<u>49,746</u>
Noncurrent Assets		
Capital assets		
Depreciable	3,652,467	3,652,467
Less: Accumulated depreciation	1,267,868	1,165,496
Total Capital Assets	<u>2,384,599</u>	<u>2,486,971</u>
Other Assets		
Special assessments receivable long-term	<u>66,646</u>	<u>77,933</u>
Total Noncurrent Assets	<u>2,451,245</u>	<u>2,564,904</u>
TOTAL ASSETS	<u>\$ 2,491,390</u>	<u>\$ 2,614,650</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 3,679	\$ 2,615
Accrued expenses	19,276	19,122
Due to other funds	73,107	103,354
Current maturities of bonds payable	35,800	29,900
Current maturities of note payable	83,000	82,000
Total Current Liabilities	<u>214,862</u>	<u>236,991</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities, discount, and issuance costs	409,344	444,137
Compensated absences payable	7,303	4,229
Note payable, net of current maturities	922,000	1,005,000
Total Noncurrent Liabilities	<u>1,338,647</u>	<u>1,453,366</u>
Total Liabilities	<u>1,553,509</u>	<u>1,690,357</u>
Net Assets		
Invested in capital assets, net of related debt	934,455	925,934
Unrestricted	3,426	(1,641)
Total Net Assets	<u>\$ 937,881</u>	<u>\$ 924,293</u>

**CITY OF WANAMINGO, MINNESOTA
WATER FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009**

	2010	2009
Operating Revenue		
User fees	\$ 102,967	\$ 116,329
Debt service charge	129,476	130,515
Total	<u>232,443</u>	<u>246,844</u>
Operating Expenses		
Employee services	40,666	38,247
Employee benefits and retirements	9,807	8,735
Materials and supplies	5,318	11,785
Repairs and maintenance	4,372	10,047
Utilities	4,300	10,878
Depreciation	102,372	102,372
Contractual services	9,671	2,156
Other charges	8,996	12,535
Total	<u>185,502</u>	<u>196,755</u>
Operating Income	<u>46,941</u>	<u>50,089</u>
Nonoperating Revenues (Expenses)		
Interest income	8,208	13,191
Interest expense	<u>(41,561)</u>	<u>(39,119)</u>
Total Nonoperating Revenues (Expenses)	<u>(33,353)</u>	<u>(25,928)</u>
Net Income	13,588	24,161
TOTAL NET ASSETS - Beginning of Year	<u>924,293</u>	<u>900,132</u>
TOTAL NET ASSETS - End of Year	<u>\$ 937,881</u>	<u>\$ 924,293</u>

**CITY OF WANAMINGO, MINNESOTA
WASTEWATER FUND
Balance Sheet
December 31, 2010 and 2009**

	2010	2009
ASSETS		
Current Assets		
Cash and investments	\$ 127,137	\$ 74,623
Accounts receivable	27,292	34,655
Total Current Assets	<u>154,429</u>	<u>109,278</u>
Noncurrent Assets		
Capital assets		
Nondepreciable	10,000	10,000
Depreciable	2,745,688	2,737,511
Less: Accumulated depreciation	1,254,902	1,194,269
Total Capital Assets	<u>1,500,786</u>	<u>1,553,242</u>
TOTAL ASSETS	<u><u>\$ 1,655,215</u></u>	<u><u>\$ 1,662,520</u></u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 5,768	\$ 2,555
Accrued expenses	11,732	12,462
Current maturities of bonds payable	30,000	27,500
Total Current Liabilities	<u>47,500</u>	<u>42,517</u>
Noncurrent Liabilities		
Bonds payable, net of discount and issuance costs	488,240	517,457
Compensated absences payable	7,310	4,229
Total Liabilities	<u>543,050</u>	<u>564,203</u>
Net Assets		
Invested in capital assets, net of related debt	982,546	1,008,285
Unrestricted	129,619	90,032
Total Net Assets	<u><u>\$ 1,112,165</u></u>	<u><u>\$ 1,098,317</u></u>

**CITY OF WANAMINGO, MINNESOTA
WASTEWATER FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009**

	2010	2009
Operating Revenue		
Sales	\$ 143,226	\$ 152,375
Debt service charge	105,218	103,707
Total	<u>248,444</u>	<u>256,082</u>
Operating Expenses		
Employee services	50,002	63,860
Employee benefits and retirements	16,147	16,483
Materials and supplies	538	
Repairs and maintenance	11,308	6,065
Utilities	15,921	23,102
Depreciation	60,633	61,745
Contractual services	27,738	3,234
Other charges	26,939	16,499
Total	<u>209,226</u>	<u>190,988</u>
Operating Income	<u>39,218</u>	<u>65,094</u>
Nonoperating Revenues (Expenses)		
Interest income		1,690
Interest expense	(28,056)	(29,216)
Miscellaneous income	2,686	55
Total Nonoperating Revenues (Expenses)	<u>(25,370)</u>	<u>(27,471)</u>
Net Income	13,848	37,623
TOTAL NET ASSETS - Beginning of Year	<u>1,098,317</u>	<u>1,060,694</u>
TOTAL NET ASSETS - End of Year	<u>\$ 1,112,165</u>	<u>\$ 1,098,317</u>

CITY OF WANAMINGO, MINNESOTA
SANITATION FUND
Balance Sheet
December 31, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and investments	\$ 8,902	\$ 14,863
Accounts receivable	7,053	7,103
	<hr/>	<hr/>
TOTAL ASSETS	\$ 15,955	\$ 21,966
	<hr/>	<hr/>
Net Assets		
Unrestricted	\$ 15,955	\$ 21,966
	<hr/>	<hr/>

CITY OF WANAMINGO, MINNESOTA
 SANITATION FUND
 Statement of Revenues, Expenses
 and Changes in Net Assets
 For the Years Ended December 31, 2010 and 2009

	2010	2009
Operating Revenues		
Sales	\$ 54,847	\$ 55,741
Operating Expenses		
Contracted services	50,832	50,880
Other charges	26	554
Total	<u>50,858</u>	<u>51,434</u>
Operating Income	3,989	4,307
Transfers out	<u>(10,000)</u>	
Net Income (Loss)	(6,011)	4,307
TOTAL NET ASSETS - Beginning of Year	<u>21,966</u>	<u>17,659</u>
TOTAL NET ASSETS - End of Year	<u>\$ 15,955</u>	<u>\$ 21,966</u>

CITY OF WANAMINGO, MINNESOTA
 MEDICAL CENTER
 Balance Sheet
 December 31, 2010 and 2009

	2010	2009
ASSETS		
Current Assets		
Cash and investments	\$	\$ 36,264
Delinquent taxes receivable		37
Total Current Assets		<u>36,301</u>
Noncurrent Assets		
Capital assets		
Depreciable	619,586	619,586
Less: Accumulated depreciation	127,790	112,300
Total Capital Assets	<u>491,796</u>	<u>507,286</u>
TOTAL ASSETS	<u>\$ 491,796</u>	<u>\$ 543,587</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 13	\$ 919
Accrued expenses		25,670
Due to other funds	11,650	
Current maturities of bonds payable		15,000
Total Current Liabilities	<u>11,663</u>	<u>41,589</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities	<u>574,000</u>	<u>589,000</u>
Total Liabilities	<u>585,663</u>	<u>630,589</u>
Net Assets		
Invested in capital assets, net of related debt	(82,204)	(96,714)
Unrestricted	(11,663)	9,712
Total Net Assets	<u>\$ (93,867)</u>	<u>\$ (87,002)</u>

**CITY OF WANAMINGO, MINNESOTA
MEDICAL CENTER
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2010 and 2009**

	2010	2009
Operating Revenues		
Facility rent	\$ 41,938	\$ 38,828
Operating Expenses		
Repairs and maintenance	1,447	586
Utilities	8,080	6,637
Depreciation	15,490	15,490
Other charges	5,974	12,514
Total Operating Expenses	<u>30,991</u>	<u>35,227</u>
Operating Income	<u>10,947</u>	<u>3,601</u>
Other Revenues (Expenses)		
Tax increment	7,923	7,818
Interest income		175
Interest expense	<u>(25,735)</u>	<u>(25,877)</u>
Total Other Revenues (Expenses)	<u>(17,812)</u>	<u>(17,884)</u>
Net Loss	(6,865)	(14,283)
TOTAL NET ASSETS - Beginning of Year	<u>(87,002)</u>	<u>(72,719)</u>
TOTAL NET ASSETS - End of Year	<u>\$ (93,867)</u>	<u>\$ (87,002)</u>

