

CITY OF WANAMINGO, MINNESOTA

FINANCIAL STATEMENTS

DECEMBER 31, 2009

CITY OF WANAMINGO, MINNESOTA

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CITY OF WANAMINGO, MINNESOTA

INTRODUCTORY SECTION

DECEMBER 31, 2009

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CITY OF WANAMINGO, MINNESOTA

CITY OFFICIALS

DECEMBER 31, 2009

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, 2009

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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, 2009, 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 2008 financial statements and, in our report dated March 24, 2009, 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, 2009, 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 May 27, 2010, 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.

A handwritten signature in cursive script that reads "Smith, Schafer and Associates, Ltd." The signature is written in black ink and is positioned above a thin vertical yellow line.

Rochester, Minnesota
May 27, 2010

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, 2009.

FINANCIAL HIGHLIGHTS

- The assets of the City of Wanamingo exceeded its liabilities at the close of the most recent fiscal year by \$2,149,031 (*net assets*). Of this amount, \$280,522 (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 increased by \$59,774.
- As of the close of the current fiscal year, the City of Wanamingo's governmental funds reported combined ending fund balances of \$411,664. Approximately 31 percent of this total amount or \$128,701 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 (\$60,193).
- The City of Wanamingo decreased total outstanding debt obligations by \$1,520,932 during the current fiscal year.

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, medical center, and senior housing 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-seven 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, 1998 G.O. Tax Increment, 2000 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.

IMPORTANT REMINDERS:

Infrastructure Assets. When the City of Wanamingo implemented GASB Statement No. 34 for its fiscal year ended December 31, 2004, the City elected not to record retroactive infrastructure for general government activities as allowed by Statement No. 34. Historically, governmental fixed assets, particularly infrastructure assets, have only been accounted for using the current financial resources (budgeted resources) method, and have not been expensed annually through depreciation or accounted for otherwise. Additionally, significant infrastructure assets have been constructed by developers and contributed to the City over the years but have never been recorded. Nonetheless, the City of Wanamingo has reserves in the general and capital projects funds and an ongoing program for repairs, reconditioning, and replacement of these assets with annual funding sources continually earmarked for these specific purposes. All 2004 and future acquisitions of infrastructure assets have and will be recorded under the new reporting model.

**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 \$2,149,031 at the close of the most recent fiscal year.

City of Wanamingo's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 1,902,498	\$ 2,350,974	\$ 191,870	\$ (7,254)	\$ 2,094,368	\$ 2,343,720
Capital assets	3,610,798	3,777,939	4,547,499	5,575,047	8,158,297	9,352,986
Total assets	<u>5,513,296</u>	<u>6,128,913</u>	<u>4,739,369</u>	<u>5,567,793</u>	<u>10,252,665</u>	<u>11,696,706</u>
Long-term liabilities						
outstanding	5,175,806	5,470,192	2,555,594	3,721,234	7,731,400	9,191,426
Other liabilities	146,033	147,400	226,201	268,623	372,234	416,023
Total liabilities	<u>5,321,839</u>	<u>5,617,592</u>	<u>2,781,795</u>	<u>3,989,857</u>	<u>8,103,634</u>	<u>9,607,449</u>
Net assets:						
Invested in capital assets, net of related debt	(1,565,008)	(1,692,253)	1,837,505	1,660,813	272,497	(31,440)
Restricted	1,596,012	1,794,181			1,596,012	1,794,181
Unrestricted	160,453	409,393	120,069	(82,877)	280,522	326,516
Total net assets	<u>\$ 191,457</u>	<u>\$ 511,321</u>	<u>\$ 1,957,574</u>	<u>\$ 1,577,936</u>	<u>\$ 2,149,031</u>	<u>\$ 2,089,257</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 \$280,522 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 \$319,864.

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

Business-type activities. Business-type activities increased the City of Wanamingo's net assets by \$379,638. 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.

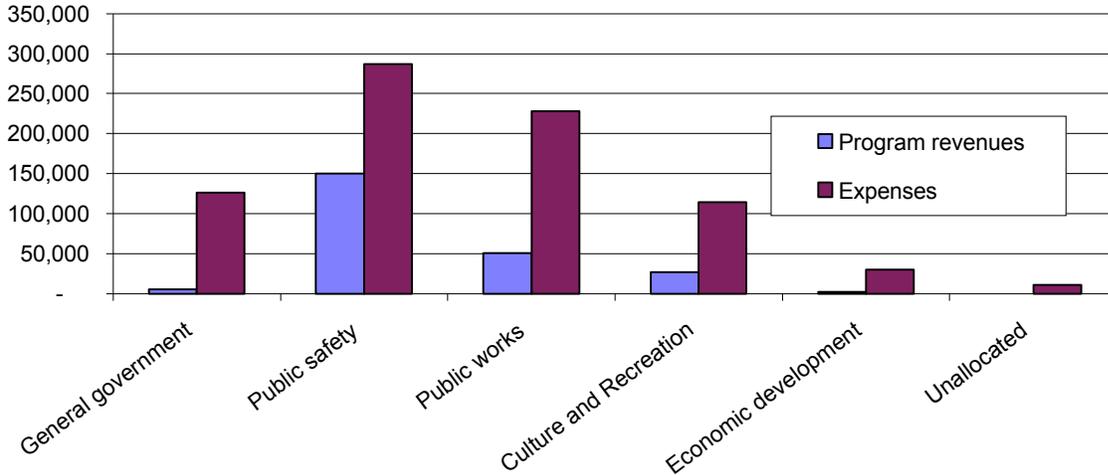
A condensed version of the Statement of Activities follows:

City of Wanamingo's Change in Net Assets						
	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenue:						
Program revenues:						
Charges for services	\$ 115,097	\$ 110,011	\$ 705,614	\$ 694,473	\$ 820,711	\$ 804,484
Operating grants and contributions	69,479	18,000			69,479	18,000
Capital grants and contributions	50,825	33,973			50,825	33,973
General revenues:						
Property taxes	378,445	330,166		27,847	378,445	358,013
Tax increments	32,860	56,308			32,860	56,308
Grants and contributions not restricted to specific programs	245,403	238,424		2,866	245,403	241,290
Other	34,295	47,021	180,719	17,165	215,014	64,186
Total revenues	926,404	833,903	886,333	742,351	1,812,737	1,576,254
Expenses:						
General government	126,113	143,160			126,113	143,160
Public safety and transportation	286,920	244,472			286,920	244,472
Public works	228,120	242,818			228,120	242,818
Culture and recreation	113,683	105,055			113,683	105,055
Economic development	30,374	33,695			30,374	33,695
Interest on long-term debt	251,070	268,591			251,070	268,591
Unallocated	11,170	12,742			11,170	12,742
Water			235,874	222,728	235,874	222,728
Waste water			220,204	236,027	220,204	236,027
Sanitation			51,434	48,527	51,434	48,527
Medical Center			61,104	61,070	61,104	61,070
Senior housing			136,897	144,752	136,897	144,752
Total expenses	1,047,450	1,050,533	705,513	713,104	1,752,963	1,763,637
Increase (Decrease) in net assets before transfers	(121,046)	(216,630)	180,820	29,247	59,774	(187,383)
Transfers	(198,818)		198,818			
Decrease in net assets	(319,864)	(216,630)	379,638	29,247	59,774	(187,383)
Net assets, beginning of year	511,321	727,951	1,577,936	1,548,689	2,089,257	2,276,640
Net assets, end of year	\$ 191,457	\$ 511,321	\$ 1,957,574	\$ 1,577,936	\$ 2,149,031	\$ 2,089,257

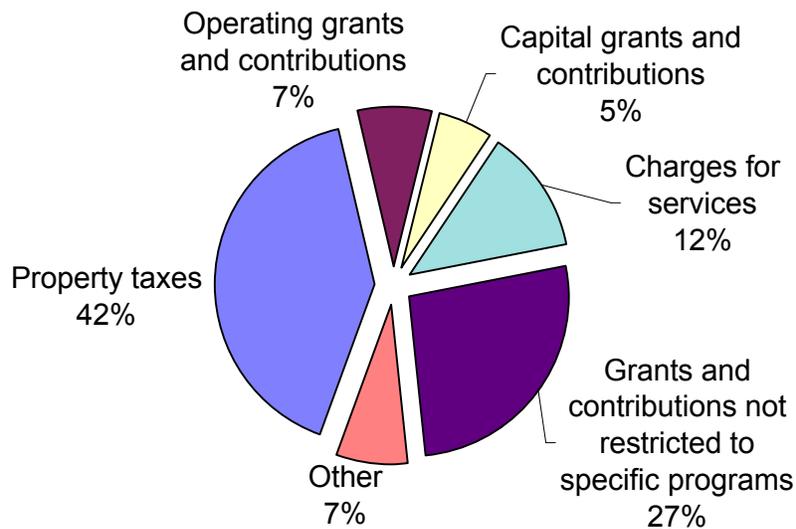
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

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

Expenses and Program Revenues - Governmental Activities



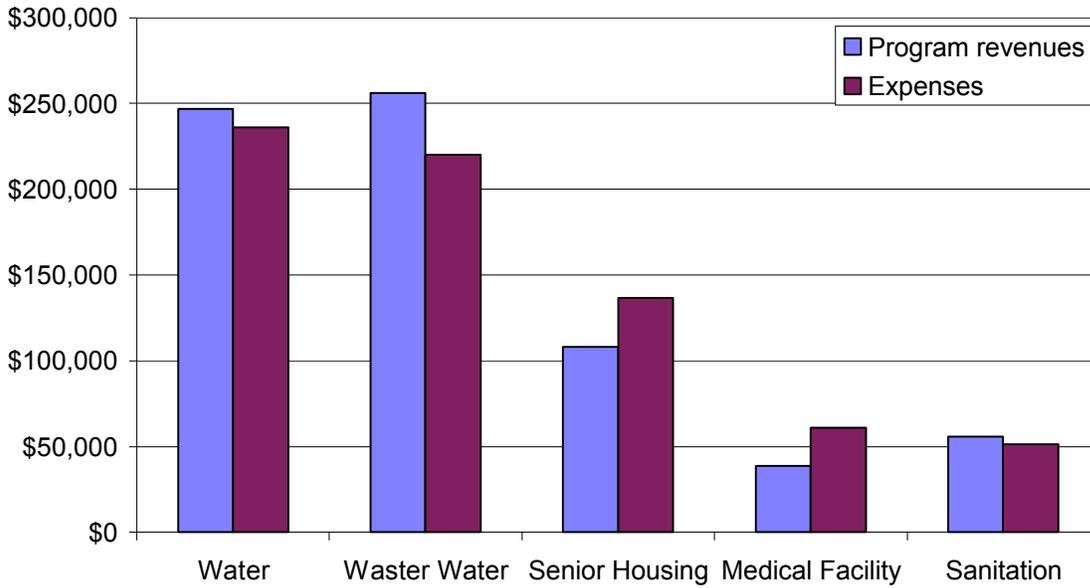
Revenues by Source - Governmental Activities



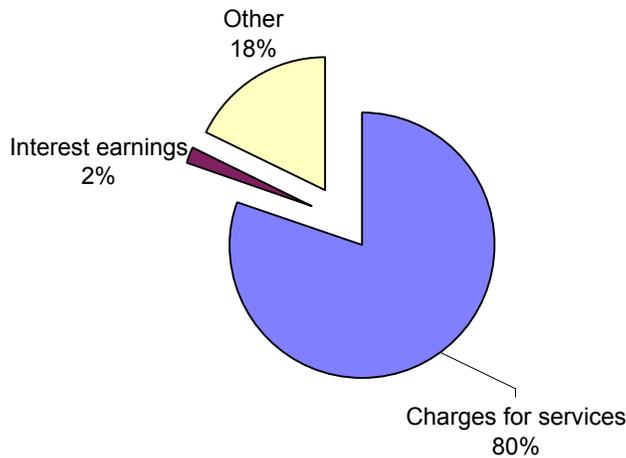
**CITY OF WANAMINGO, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following graphs relate the various business-type activities' program revenues with their expenditures. Since all five of these activities require significant physical assets to operate, any excess revenues are held for planned capital expenditures 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 \$411,664, a decrease of \$463,194. Approximately 31 percent of this total amount or \$128,701 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 (\$60,193).

The general fund's total fund balance decreased by \$248,767 during the current fiscal year as a result of a decrease in local government aid and funded the cash shortfall on disposition of the Senior Housing Facility. It is the City's plan to increase the levy in future years to restore the General Fund's reserves used to fund the disposition of the Senior Housing Facility.

The 2007 Refunding Fund decreased its fund balance by \$101,161 as fund reserves were used for debt service.

**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 - \$2,588, Waste water - \$94,261, Sanitation - \$21,966, and Medical center - \$9,712.

The water utility fund's increase of \$24,161 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 \$37,623 was a planned effort to increase cash reserves.

The senior housing fund was closed due to the 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 12 on page 53 of this report.

General Fund Budgetary Highlights

The City approved the 2009 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 \$102,352 above final budget while actual revenues were over final budget by \$33,443. The fund showed a decrease in net assets totaling \$248,767 for the year ending December 31, 2009.

General fund revenues were over budget by \$33,443 primarily due to a Fire Department grant for the acquisition of equipment.

General fund expenditures were over budget by \$102,352 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.
- City administration was over budget by \$7,844 primarily due to increases in insurance and technology costs.
- Police protection was over budget by \$19,522 primarily due to increased contractual services 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 2009.
- Swimming pool repairs and maintenance were primarily funded with community contributions.

**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, 2009, amounts to \$8,158,297 (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 \$303,937, or 3 percent.

City of Wanamingo's Capital Assets

(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Land	\$ 114,068	\$ 114,068	\$ 10,000	\$ 85,977	\$ 124,068	\$ 200,045
Buildings and improvements	1,042,803	1,075,495	4,467,291	5,403,900	5,510,094	6,479,395
Improvements other than buildings	2,135,790	2,198,448			2,135,790	2,198,448
Machinery and equipment	318,137	389,928	70,208	85,170	388,345	475,098
Total	\$ 3,610,798	\$ 3,777,939	\$ 4,547,499	\$ 5,575,047	\$ 8,158,297	\$ 9,352,986

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 \$7,928,387 in bonds and notes outstanding. Of this amount, \$7,188,387 comprises debt backed by the full faith and credit of the government and \$709,500 represents bonds or notes secured solely by specified revenue sources.

City of Wanamingo's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
General obligation bonds	\$ 3,430,000	\$ 3,581,000	\$ 1,644,000	\$ 2,788,000	\$ 5,074,000	\$ 6,369,000
General obligation TIF bonds	740,000	745,000			740,000	745,000
Revenue bonds	709,500	796,500			709,500	796,500
General obligation equipment certificates	144,500	181,000			144,500	181,000
Capital lease obligation	173,387	190,719			173,387	190,719
General obligation notes			1,087,000	1,167,100	1,087,000	1,167,100
Total	\$ 5,197,387	\$ 5,494,219	\$ 2,731,000	\$ 3,955,100	\$ 7,928,387	\$ 9,449,319

CITY OF WANAMINGO, MINNESOTA MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-term debt (continued). The City of Wanamingo's total bonds and notes payable decreased by \$1,520,932 during the current fiscal year. The refunding of the General Obligation TIF Bond is expected to save the city approximately \$40,000 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 anticipates little growth in the residential housing market.
- The City is reviewing staffing needs in an effort to reduce costs.
- The City is considering selling non-productive properties to relieve a portion of the City's debt.
- A combination of state aid reductions, the disposition of the senior housing facility and increasing debt service requirements will have a significant upward impact on the general tax levy.

All of these factors were considered in preparing the City of Wanamingo's budget for the 2010 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, 2009

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CITY OF WANAMINGO, MINNESOTA
STATEMENT OF NET ASSETS

December 31, 2009

With Comparative Totals for December 31, 2008

	Governmental Activities	Business-Type Activities	Totals	
			2009	2008
ASSETS				
Cash and investments	\$ 316,808	\$ 125,750	\$ 442,558	\$ 696,343
Receivables	1,438,356	169,474	1,607,830	1,604,359
Deposits	25,000		25,000	
Due from other governmental units	18,980		18,980	43,018
Internal balances	103,354	(103,354)		
Capital assets:				
Nondepreciable	114,068	10,000	124,068	200,045
Depreciable, net	3,496,730	4,537,499	8,034,229	9,152,941
Total Assets	5,513,296	4,739,369	10,252,665	11,696,706
LIABILITIES				
Accounts payable	49,172	6,089	55,261	44,989
Accrued liabilities	4,618	184	4,802	8,675
Accrued interest payable	84,874	57,070	141,944	148,757
Compensated absences	7,369	8,458	15,827	14,078
Customer deposits				6,524
Noncurrent liabilities				
Due within one year	312,540	154,400	466,940	428,761
Due in more than one year	4,863,266	2,555,594	7,418,860	8,955,665
Total Liabilities	5,321,839	2,781,795	8,103,634	9,607,449
NET ASSETS				
Invested in capital assets, net of related debt	(1,565,008)	1,837,505	272,497	(31,440)
Restricted for:				
Debt service	1,596,012		1,596,012	1,794,181
Unrestricted	160,453	120,069	280,522	326,516
Total Net Assets	\$ 191,457	\$ 1,957,574	\$ 2,149,031	\$ 2,089,257

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>
Governmental activities:			
General government	\$ 126,113	\$ 5,096	\$
Public safety	286,920	95,103	54,809
Public works	228,120		50,825
Culture and recreation	113,683	12,498	14,670
Economic development	30,374	2,400	
Unallocated	11,170		
Interest on long-term debt	251,070		
Total governmental activities	<u>1,047,450</u>	<u>115,097</u>	<u>69,479</u>
Business-Type activities:			
Water	235,874	246,844	
Waste water	220,204	256,082	
Sanitation	51,434	55,741	
Medical center	61,104	38,828	
Senior housing	136,897	108,119	
Total business-type activities	<u>705,513</u>	<u>705,614</u>	
Total	<u>\$ 1,752,963</u>	<u>\$ 820,711</u>	<u>\$ 69,479</u>

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 2009	2008
\$ (121,017)	\$	\$ (121,017)	\$ (138,430)
(137,008)		(137,008)	(134,325)
(177,295)		(177,295)	(208,845)
(86,515)		(86,515)	(92,933)
(27,974)		(27,974)	(32,683)
(11,170)		(11,170)	(12,742)
<u>(251,070)</u>		<u>(251,070)</u>	<u>(268,591)</u>
<u>(812,049)</u>		<u>(812,049)</u>	<u>(888,549)</u>
	10,970	10,970	31,807
	35,878	35,878	5,201
	4,307	4,307	3,329
	(22,276)	(22,276)	(12,722)
	<u>(28,778)</u>	<u>(28,778)</u>	<u>(46,246)</u>
	101	101	(18,631)
<u>(812,049)</u>	<u>101</u>	<u>(811,948)</u>	<u>(907,180)</u>
378,445		378,445	358,013
32,860	7,818	40,678	64,503
245,403		245,403	241,290
8,997	15,558	24,555	28,093
25,298	157,343	182,641	27,898
<u>(198,818)</u>	<u>198,818</u>		
<u>492,185</u>	<u>379,537</u>	<u>871,722</u>	<u>719,797</u>
(319,864)	379,638	59,774	(187,383)
<u>511,321</u>	<u>1,577,936</u>	<u>2,089,257</u>	<u>2,276,640</u>
<u>\$ 191,457</u>	<u>\$ 1,957,574</u>	<u>\$ 2,149,031</u>	<u>\$ 2,089,257</u>

CITY OF WANAMINGO, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2009
With Comparative Totals for December 31, 2008

	101 General	306 1998 G.O. Tax Increment	308 2000 G.O. Improvement
ASSETS			
Cash and investments	\$	\$	\$ 54,716
Accounts receivable			
Taxes receivable delinquent	35,279	4,023	2,159
Special assessments receivable:			
Deferred	2,788	545,933	117,029
Delinquent			355
Loan receivable			
Deposits			
Advance to other funds			
Due from other funds			15,119
Due from other governmental units	18,980		
TOTAL ASSETS	\$ 57,047	\$ 549,956	\$ 189,378
 LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts payable	\$ 49,172	\$	\$
Accrued expenses	4,129		
Deferred revenue	38,067	549,956	119,543
Advance from other funds			
Due to other funds	25,872	140,291	
Total Liabilities	117,240	690,247	119,543
Fund Balance:			
Reserved for:			
Interfund advances			
Debt service		(140,291)	69,835
Unreserved, undesignated, reported in:			
General fund	(60,193)		
Special revenue fund			
Capital projects fund			
Total Fund Balance	(60,193)	(140,291)	69,835
TOTAL LIABILITIES AND FUND BALANCE	\$ 57,047	\$ 549,956	\$ 189,378

See Notes to Financial Statements

FORM B-1

328 2007 G.O. Refunding	Other Governmental Funds	Total Governmental Funds	
		2009	2008
\$	\$ 262,092	\$ 316,808	\$ 672,580
	1,312	1,312	981
	19,506	60,967	43,125
352,012	249,238	1,267,000	1,296,490
66,930	2,394	69,679	47,674
	39,398	39,398	42,609
	25,000	25,000	
	24,290	24,290	27,601
116,795	239,540	371,454	428,413
		18,980	40,837
<u>\$ 535,737</u>	<u>\$ 862,770</u>	<u>\$ 2,194,888</u>	<u>\$ 2,600,310</u>
\$	\$	\$ 49,172	\$ 42,654
	489	4,618	3,560
418,942	310,536	1,437,044	1,429,902
	24,290	24,290	27,601
	101,937	268,100	221,738
<u>418,942</u>	<u>437,252</u>	<u>1,783,224</u>	<u>1,725,455</u>
	24,290	24,290	27,601
116,795	212,334	258,673	462,758
		(60,193)	188,574
	46,065	46,065	16,701
	142,829	142,829	179,224
<u>116,795</u>	<u>425,518</u>	<u>411,664</u>	<u>874,858</u>
<u>\$ 535,737</u>	<u>\$ 862,770</u>	<u>\$ 2,194,888</u>	<u>\$ 2,600,313</u>

CITY OF WANAMINGO, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	101 General	306 1998 G.O. Tax Increment	308 2000 G.O. Improvement
REVENUES			
General property taxes	\$ 195,322	\$ 8,722	\$ 13,083
Tax increment		605	
Special assessments			19,603
Licenses and permits	17,948		
Intergovernmental revenues	246,903	839	1,258
Charges for services	75,724		
Fines and forfeits	1,631		
Investment income	4,107		87
Miscellaneous revenues	88,411		
Total Revenues	<u>630,046</u>	<u>10,166</u>	<u>34,031</u>
EXPENDITURES			
General government	108,442		
Public safety	220,540		
Public works	143,269		
Culture and recreation	115,444		
Unallocated	11,170		
Economic development			
Debt service		790,774	30,520
Capital outlay			
Total Expenditures	<u>598,865</u>	<u>790,774</u>	<u>30,520</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,181</u>	<u>(780,608)</u>	<u>3,511</u>
OTHER FINANCING SOURCES (USES)			
Bond proceeds		740,000	
Transfers in	50,000	20,907	
Transfers out	(329,948)		
Total other financing sources (uses)	<u>(279,948)</u>	<u>760,907</u>	
Net change in fund balances	(248,767)	(19,701)	3,511
Fund Balance - beginning	188,574	(120,590)	66,324
Fund Balance - ending	<u>\$ (60,193)</u>	<u>\$ (140,291)</u>	<u>\$ 69,835</u>

See Notes to Financial Statements

FORM B-2

328 2007 G.O. Refunding	Other Governmental Funds	Total Governmental Funds	
		2009	2008
\$	\$ 143,476	\$ 360,603	\$ 308,869
	32,255	32,860	56,308
13,308	25,399	58,310	80,646
		17,948	16,095
	13,797	262,797	253,533
		75,724	71,652
		1,631	6,143
1,945	2,858	8,997	19,675
	11,981	100,392	46,923
<u>15,253</u>	<u>229,766</u>	<u>919,262</u>	<u>859,844</u>
		108,442	132,394
		220,540	179,174
		143,269	156,521
		115,444	112,555
		11,170	12,742
	22,239	22,239	23,739
116,414	356,691	1,294,399	1,181,384
	8,135	8,135	9,956
<u>116,414</u>	<u>387,065</u>	<u>1,923,638</u>	<u>1,808,465</u>
<u>(101,161)</u>	<u>(157,299)</u>	<u>(1,004,376)</u>	<u>(948,621)</u>
		740,000	
	131,130	202,037	135,377
	(70,907)	(400,855)	(135,377)
	<u>60,223</u>	<u>541,182</u>	
(101,161)	(97,076)	(463,194)	(948,621)
<u>217,956</u>	<u>522,594</u>	<u>874,858</u>	<u>1,823,479</u>
<u>\$ 116,795</u>	<u>\$ 425,518</u>	<u>\$ 411,664</u>	<u>\$ 874,858</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, 2009**

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

Total governmental fund balances (page 18)	\$ 411,664
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Governmental funds - capital assets	\$ 5,362,218
Less: Accumulated depreciation	<u>(1,751,420)</u>
	3,610,798
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	\$ 130,646
Deferred special assessments	1,267,000
Leases and notes receivable	<u>39,398</u>
	1,437,044
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	\$(5,183,175)
Accrued interest	<u>(84,874)</u>
	<u>(5,268,049)</u>
Net assets of governmental activities (page 14)	<u>\$ 191,457</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, 2009**

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

Net change in fund balances - total governmental funds (page 20) \$ (463,194)

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-capital project funds	\$ 8,135	
Capital outlay-other governmental funds	2,506	
Depreciation expense	<u>(177,782)</u>	(167,141)

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, 2009	\$ 1,437,044	
Deferred revenue, December 31, 2008	<u>(1,429,902)</u>	7,142

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		2,130
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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	\$ 6,813	
Proceeds on issuance of bonds	(740,000)	
Principal retirement on long-term debt	<u>1,034,386</u>	<u>301,199</u>

Change in net assets of governmental activities (pages 15 and 16) \$ (319,864)

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
REVENUES					
Property Taxes	\$ 210,129	\$ 210,129	\$ 195,322	\$ (14,807)	\$ 191,821
Licenses and Permits					
Business	200	200	3,020	2,820	3,100
Nonbusiness	15,375	15,375	14,928	(447)	12,995
Total Licenses and Permits	15,575	15,575	17,948	2,373	16,095
Intergovernmental Revenues					
Local government aid	229,970	229,970	208,540	(21,430)	204,066
Market value credit	19,121	19,121	18,871	(250)	19,258
Other state aid	2,658	2,658	2,098	(560)	2,191
Fire aid	19,025	19,025	17,394	(1,631)	15,109
Total Intergovernmental Revenues	270,774	270,774	246,903	(23,871)	240,624
Charges For Services					
Township fire contributions	55,000	55,000	58,130	3,130	54,800
Swimming pool fees	7,100	7,100	12,498	5,398	12,122
Other	2,150	2,150	5,096	2,946	4,730
Total Charges For Services	64,250	64,250	75,724	11,474	71,652
Fines and Forfeits					
Court fines	2,500	2,500	1,631	(869)	6,143
Investment Income					
	2,000	2,000	4,107	2,107	6,252
Miscellaneous Revenues					
Fire department contribution	20,000	20,000	54,809	34,809	18,000
Other contributions	6,250	6,250	14,670	8,420	3,025
Other refunds and reimbursements	500	500	12,490	11,990	2,315
Other	4,625	4,625	6,442	1,817	11,405
Total Miscellaneous Revenues	31,375	31,375	88,411	57,036	34,745
TOTAL REVENUES	\$ 596,603	\$ 596,603	\$ 630,046	\$ 33,443	\$ 567,332

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, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
EXPENDITURES					
General Government					
Mayor and Council					
Employee services	\$ 10,850	\$ 10,850	\$ 11,221	\$ (371)	\$ 11,591
Insurance	450	450		450	
Total Mayor and Council	<u>11,300</u>	<u>11,300</u>	<u>11,221</u>	<u>79</u>	<u>11,591</u>
Election and Voter Registration	<u>2,435</u>	<u>2,435</u>	<u>523</u>	<u>1,912</u>	<u>965</u>
City Administration					
Employee services	24,500	24,500	24,376	124	28,612
Employee benefits and retirement	4,645	4,645	5,540	(895)	5,090
Materials and supplies	5,750	5,750	3,843	1,907	6,830
Telephone	2,300	2,300	3,035	(735)	3,379
Printing and publishing	5,000	5,000	4,715	285	5,785
Contracted services			1,459	(1,459)	3,126
Insurance	10,395	10,395	12,716	(2,321)	12,416
Other charges	10,625	10,625	10,647	(22)	15,093
Capital outlay	3,500	3,500	8,228	(4,728)	11,722
Total City Administration	<u>66,715</u>	<u>66,715</u>	<u>74,559</u>	<u>(7,844)</u>	<u>92,053</u>
Professional Services					
Legal	6,000	6,000	4,289	1,711	8,716
Accounting and audit	17,000	17,000	17,850	(850)	19,070
Total Professional Services	<u>23,000</u>	<u>23,000</u>	<u>22,139</u>	<u>861</u>	<u>27,786</u>
Total General Government	<u>\$ 103,450</u>	<u>\$ 103,450</u>	<u>\$ 108,442</u>	<u>\$ (4,992)</u>	<u>\$ 132,395</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, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Safety					
Police Protection					
Contractual services	\$ 88,000	\$ 88,000	\$ 101,209	\$ (13,209)	\$ 92,396
Legal services			5,078	(5,078)	13,362
Utilities	50	50	1,285	(1,235)	1,271
Total Police Protection	88,050	88,050	107,572	(19,522)	107,029
Ambulance					
Contractual services	4,028	4,028	4,028		4,028
Fire Protection					
State fire aid	19,000	19,000	17,394	1,606	15,109
Materials and supplies	6,300	6,300	18,431	(12,131)	4,869
Utilities	9,800	9,800	9,922	(122)	7,536
Repairs and maintenance	10,000	10,000	28,840	(18,840)	15,566
Insurance	10,560	10,560	8,124	2,436	9,177
Other charges	4,850	4,850	7,033	(2,183)	5,311
Capital outlay	3,000	3,000	7,812	(4,812)	
Total Fire Protection	63,510	63,510	97,556	(34,046)	57,568
Building Inspection					
Contractual services	15,000	15,000	11,384	3,616	10,547
Total Public Safety	\$ 170,588	\$ 170,588	\$ 220,540	\$ (49,952)	\$ 179,172

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, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
EXPENDITURES					
Public Works					
Highways, Streets and Alleys					
Employee services	\$ 56,500	\$ 56,500	\$ 33,801	\$ 22,699	\$ 33,674
Employee benefits and retirement	15,000	15,000	10,269	4,731	9,496
Materials and supplies	4,750	4,750	5,400	(650)	14,493
Repairs and maintenance	11,000	11,000	12,656	(1,656)	29,573
Utilities	3,900	3,900	10,306	(6,406)	5,929
Telephone	750	750	1,378	(628)	1,241
Insurance	3,770	3,770	5,660	(1,890)	5,748
Other charges	2,850	2,850	7,216	(4,366)	3,141
Capital outlay	1,000	1,000		1,000	9,878
Total Highways Streets and Alleys	99,520	99,520	86,686	12,834	113,173
Snow Removal	10,685	10,685	29,743	(19,058)	23,525
Street Lights	22,500	22,500	26,840	(4,340)	19,821
Total Public Works	\$ 132,705	\$ 132,705	\$ 143,269	\$ (10,564)	\$ 156,519

CITY OF WANAMINGO, MINNESOTA
GENERAL FUND
STATEMENTS OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

For the Year Ended December 31, 2009

With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
EXPENDITURES					
Culture and Recreation					
Community center					
Material and supplies	\$ 650	\$ 650	\$ 28	\$ 622	\$ 96
Utilities	2,000	2,000	4,589	(2,589)	2,997
Capital outlay	500	500		500	13,313
Other charges	3,100	3,100	3,103	(3)	7,525
Total Community center	6,250	6,250	7,720	(1,470)	23,931
Parks					
Employee services	8,000	8,000	2,419	5,581	3,914
Employee benefits and retirement	1,400	1,400	348	1,052	547
Materials and supplies	1,400	1,400	665	735	94
Repairs and maintenance	1,300	1,300	654	646	935
Utilities	1,150	1,150	1,492	(342)	593
Insurance	2,060	2,060	2,869	(809)	2,438
Contracted services			19,983	(19,983)	21,321
Capital outlay	500	500		500	10,582
Total Parks	15,810	15,810	28,430	(12,620)	40,424
Swimming Pool					
Employee services	28,250	28,250	35,189	(6,939)	23,547
Employee benefits and retirement	2,700	2,700	3,109	(409)	2,145
Materials and supplies	4,950	4,950	7,795	(2,845)	4,961
Repairs and maintenance	6,500	6,500	10,633	(4,133)	5,010
Utilities	5,500	5,500	10,468	(4,968)	8,159
Insurance	1,560	1,560	2,716	(1,156)	2,655
Other charges	1,500	1,500	3,751	(2,251)	1,726
Capital outlay	6,000	6,000	5,633	367	
	56,960	56,960	79,294	(22,334)	48,203
Total Culture and Recreation	\$ 79,020	\$ 79,020	\$ 115,444	\$ (36,424)	\$ 112,558

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, 2009

With Comparative Totals for the Year Ended December 31, 2008

	Budgeted Amounts		2009 Actual Amounts	Variance with Final Budget - Positive (Negative)	2008 Actual Amounts
	Original	Final			
EXPENDITURES					
Unallocated Expense					
Professional Services	\$ 1,750	\$ 1,750	\$ 2,863	\$ (1,113)	\$ 4,942
Miscellaneous	9,000	9,000	8,307	693	7,800
Total Unallocated	10,750	10,750	11,170	(420)	12,742
TOTAL EXPENDITURES	496,513	496,513	598,865	(102,352)	593,386
Excess (deficiency of revenues over (under) expenditures	100,090	100,090	31,181	(68,909)	(26,054)
Other Financing Sources (Uses)					
Transfers in			50,000	(50,000)	
Transfers out	(100,000)	(100,000)	(329,948)	(229,948)	(104,800)
Total other financing sources (uses)	(100,000)	(100,000)	(279,948)	(279,948)	(104,800)
Net change in fund balances	90	90	(248,767)	(248,857)	(130,854)
FUND BALANCE - beginning	188,574	188,574	188,574		319,428
FUND BALANCE - ending	\$ 188,664	\$ 188,664	\$ (60,193)	\$ (248,857)	\$ 188,574

See Notes to Financial Statements

CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Business - Type Activities - Enterprise Funds					Totals	
	Water	Waste Water	Sanitation	Medical Center	Senior Housing	2009	2008
ASSETS							
Current Assets							
Cash and investments	\$	\$ 74,623	\$ 14,863	\$ 36,264	\$	\$ 125,750	\$ 23,763
Accounts receivable	37,375	34,655	7,103			79,133	74,637
Taxes receivable delinquent				37		37	3,143
Special assessments receivable current	10,465					10,465	10,465
Special assessments receivable delinquent	1,906					1,906	1,182
Due from other governmental units							2,181
Total Current Assets	49,746	109,278	21,966	36,301		217,291	115,371
Noncurrent Assets							
Capital assets							
Nondepreciable		10,000				10,000	85,977
Depreciable	3,652,467	2,737,511		619,586		7,009,564	8,139,537
Less: Accumulated depreciation	1,165,496	1,194,269		112,300		2,472,065	2,650,467
Total Capital Assets	2,486,971	1,553,242		507,286		4,547,499	5,575,047
Other Assets							
Special assessments receivable long-term	77,933					77,933	84,050
Total Noncurrent Assets	2,564,904	1,553,242		507,286		4,625,432	5,659,097
TOTAL ASSETS	\$ 2,614,650	\$ 1,662,520	\$ 21,966	\$ 543,587	\$	\$ 4,842,723	\$ 5,774,468
LIABILITIES							
Current Liabilities							
Accounts payable	\$ 2,615	\$ 2,555		\$ 919	\$	\$ 6,089	\$ 2,335
Accrued expenses	19,122	12,462		25,670		57,254	62,185
Customer deposits							6,524
Due to other funds	103,354					103,354	206,675
Current maturities of bonds payable	29,900	27,500		15,000		72,400	114,000
Current maturities of note payable	82,000					82,000	79,000
Total Current Liabilities	236,991	42,517		41,589		321,097	470,719
Noncurrent Liabilities							
Bonds payable, net of current maturities discount, and issuance costs	444,137	517,457		589,000		1,550,594	2,657,134
Note payable, net of current maturities	1,005,000					1,005,000	1,064,100
Compensated absences payable	4,229	4,229				8,458	4,579
Total Noncurrent Liabilities	1,453,366	521,686		589,000		2,564,052	3,725,813
TOTAL LIABILITIES	1,690,357	564,203		630,589		2,885,149	4,196,532
NET ASSETS							
Invested in capital assets, net of related debt	921,705	1,004,056		(96,714)		1,829,047	1,656,234
Unrestricted	2,588	94,261	21,966	9,712		128,527	(78,298)
TOTAL NET ASSETS	\$ 924,293	\$ 1,098,317	\$ 21,966	\$ (87,002)	\$	\$ 1,957,574	\$ 1,577,936

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, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Business - Type Activities - Enterprise Funds						
	Water	Waste Water	Sanitation	Medical Center	Senior Housing	Total	
						2009	2008
Operating Revenues							
Sales	\$ 246,844	\$ 256,082	\$ 55,741	\$ 38,828	\$ 108,119	\$ 705,614	\$ 693,973
Operating Expenses							
Employee services	38,247	63,860			11,255	113,362	115,975
Employee benefits and retirements	8,735	16,483			1,891	27,109	25,298
Materials and supplies	11,785				624	12,409	2,050
Repairs and maintenance	10,047	6,065		586	2,958	19,656	30,086
Utilities	10,878	23,102		6,637	21,244	61,861	55,960
Depreciation	102,372	61,745		15,490	24,744	204,351	211,047
Contracted services			50,880			50,880	48,487
Other charges	14,691	19,733	554	12,514	27,553	75,045	63,717
Total Operating Expenses	196,755	190,988	51,434	35,227	90,269	564,673	552,620
Operating Income	50,089	65,094	4,307	3,601	17,850	140,941	141,353
Nonoperating Revenues (Expenses)							
Interest income	13,191	1,690		175	502	15,558	8,418
Tax increment				7,818		7,818	8,195
Miscellaneous income		55				55	552
Gain on sale of assets					157,288	157,288	
Water meter fee							500
Property taxes							27,847
Intergovernmental							2,866
Interest expense	(39,119)	(29,216)		(25,877)	(46,628)	(140,840)	(160,484)
Total Nonoperating Revenues (Expenses)	(25,928)	(27,471)		(17,884)	111,162	39,879	(112,106)
Net Income (Loss) Before Transfers	24,161	37,623	4,307	(14,283)	129,012	180,820	29,247
Transfers in					198,818	198,818	
Net Increase (Decrease) in Net Assets	24,161	37,623	4,307	(14,283)	327,830	379,638	29,247
TOTAL NET ASSETS - Beginning of Year	900,132	1,060,694	17,659	(72,719)	(327,830)	1,577,936	1,548,689
TOTAL NET ASSETS - End of Year	\$ 924,293	\$ 1,098,317	\$ 21,966	\$ (87,002)	\$	\$ 1,957,574	\$ 1,577,936

See Notes to the Financial Statements

CITY OF WANAMINGO, MINNESOTA
PROPRIETARY FUND
STATEMENT OF CASH FLOW
For the Year Ended December 31, 2009
With Comparative Totals for the Year Ended December 31, 2008

	Business - Type Activities - Enterprise Funds						
	Water	Waste Water	Sanitation	Medical Center	Senior Housing	Total	
						2009	2008
Cash Flows From Operating Activities							
Cash received from customers	\$ 248,313	\$ 251,209	\$ 54,649	38,828	\$ 101,595	\$ 694,594	\$ 667,660
Cash received from other sources							(6,587)
Cash paid to suppliers	(48,799)	(47,346)	(51,434)	(19,709)	(54,491)	(221,779)	(208,660)
Cash paid to employees	(46,982)	(80,271)			(11,255)	(138,508)	(139,130)
Net Cash Provided By Operating Activities	152,532	123,592	3,215	19,119	35,849	334,307	313,283
Cash Flows From Noncapital Financing Activities							
Increase (decrease) in due to other funds	(23,904)				(79,417)	(103,321)	(25,999)
Cash Flows From Capital and Related Financing Activities							
Special assessment collections	5,393					5,393	19,017
Tax increment collections				7,781		7,781	8,195
Water meter fee collections							500
Principal paid on long-term debt	(109,100)	(25,000)			(1,090,000)	(1,224,100)	(187,000)
Interest and fiscal agent fees	(38,112)	(28,433)		(207)	(71,076)	(137,828)	(159,311)
Property tax collections					5,324	5,324	25,389
Proceeds from sale of capital assets					1,000,000	1,000,000	
Transfer in from other funds					198,818	198,818	
Net Cash Used In Capital and Related Financing Activities	(141,819)	(53,433)		7,574	43,066	(144,612)	(293,210)
Cash Flows From Investing Activities							
Investment income	13,191	1,745		175	502	15,613	8,934
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		71,904	3,215	26,868		101,987	3,008
CASH AND CASH EQUIVALENTS - Beginning of Year		2,719	11,648	9,396		23,763	20,755
CASH AND CASH EQUIVALENTS - End of Year	\$	\$ 74,623	\$ 14,863	\$ 36,264	\$	\$ 125,750	\$ 23,763

See Notes to the Financial Statements

**RECONCILIATION OF OPERATING INCOME (LOSS)
TO NET CASH PROVIDED BY OPERATING ACTIVITIES**

	Business - Type Activities - Enterprise Funds							
	Water	Waste Water	Sanitation	Medical Center	Senior Housing	Total		
						2009	2008	
Operating Income	\$ 50,089	\$ 65,094	\$ 4,307	\$ 3,601	\$ 17,850	\$ 140,941	\$ 141,353	
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:								
Depreciation	102,372	61,745		15,490	24,744	204,351	211,047	
Other Income							(6,587)	
(Increase) Decrease In:								
Accounts receivable	1,469	(4,873)	(1,092)			(4,496)	(26,647)	
Increase (Decrease) In:								
Accounts payable	2,394	1,554		28	(221)	3,755	(5,268)	
Customer deposits					(6,524)	(6,524)	334	
Accrued expenses	(3,792)	72				(3,720)	(949)	
Net Cash Provided By Operating Activities	\$ 152,532	\$ 123,592	\$ 3,215	\$ 19,119	\$ 35,849	\$ 334,307	\$ 313,283	

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CITY OF WANAMINGO, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

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

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

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. Summary of Significant Accounting Policies (Continued)

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 *1998 G.O. Tax Increment fund* accounts for the financial resources to be used for repayment of bonds with interest.

The *2000 G.O. Improvement fund* accounts for the financial resources to be used for repayment of bonds with interest.

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

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.

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)

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)

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.

	<u>Useful Life 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, 2009, 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	\$ 298,088
Money Market Mutual Fund	None	Unrated	45,680
Negotiable CD's	May 2009 - November 2010	Unrated	<u>98,790</u>
			<u>\$ 442,558</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>
Certificate of Deposit	Unrated	100%

3. Due From Other Governmental Units

Amounts due from other governmental units as of December 31, 2009 are as follows:

<u>Fund</u>	<u>Goodhue County</u>
General	\$ 18,980

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets

Capital asset activity for the year ended December 31, 2009 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	<u>114,068</u>	<u></u>	<u></u>	<u>114,068</u>
Capital assets, being depreciated:				
Buildings	1,636,650			1,636,650
Improvements other than buildings	2,442,343			2,442,343
Machinery and equipment	1,158,516	10,641		1,169,157
Total capital assets, being depreciated	<u>5,237,509</u>	<u>10,641</u>	<u></u>	<u>5,248,150</u>
Less accumulated depreciation for:				
Buildings	561,155	32,692		593,847
Improvements other than buildings	243,895	62,658		306,553
Machinery and equipment	768,588	82,432		851,020
Total accumulated depreciation	<u>1,573,638</u>	<u>177,782</u>	<u></u>	<u>1,751,420</u>
Total capital assets, being depreciated, net	<u>3,663,871</u>	<u>(167,141)</u>	<u></u>	<u>3,496,730</u>
Governmental activities capital assets, net	<u>\$ 3,777,939</u>	<u>\$ (167,141)</u>	<u>\$</u>	<u>\$ 3,610,798</u>
Business-Type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 85,977	\$	\$ 75,977	\$ 10,000
Total capital assets, not being depreciated	<u>85,977</u>	<u></u>	<u>75,977</u>	<u>10,000</u>
Capital assets, being depreciated:				
Buildings and improvements	7,857,251		1,118,068	6,739,183
Machinery and equipment	282,286		11,905	270,381
Total capital assets, being depreciated	<u>8,139,537</u>	<u></u>	<u>1,129,973</u>	<u>7,009,564</u>
Less accumulated depreciation for:				
Buildings and improvements	2,453,351	189,389	370,848	2,271,892
Machinery and equipment	197,116	14,962	11,905	200,173
Total accumulated depreciation	<u>2,650,467</u>	<u>204,351</u>	<u>382,753</u>	<u>2,472,065</u>
Total capital assets, being depreciated, net	<u>5,489,070</u>	<u>(204,351)</u>	<u>747,220</u>	<u>4,537,499</u>
Business-type activities capital assets, net	<u>\$ 5,575,047</u>	<u>\$ (204,351)</u>	<u>\$ 823,197</u>	<u>\$ 4,547,499</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. Capital Assets (Continued)

Governmental Activities:	
General government	\$ 17,671
Public safety	71,399
Public works	84,851
Culture and recreation	<u>3,861</u>
Total depreciation expense - governmental activities	<u>\$ 177,782</u>
Business-Type Activities:	
Water	\$ 102,372
Sewer	61,745
Senior Housing	24,744
Medical Facility	<u>15,490</u>
Total depreciation expense - business-type activities	<u>\$ 204,351</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, 2009 balances are as follows:

	Range of Interest Rates	Final Maturity	Balance December 31, 2009
General Obligation Improvement Bonds:			
Series 1999 Refunding	4.0%-5.0%	5/1/2014	\$ 140,000
Series 2002	3.15%-5.25%	2/1/2023	1,105,000
Series 2005A Refunding	4.2%-4.6%	2/1/2023	320,000
Series 2005B	3.1%-4.75%	2/1/2026	835,000
Series 2007A Refunding	4.0%-4.85%	2/1/2037	1,775,000
General Obligation Tax Increment Bonds:			
Series 2009A Refunding	2.2%-4.55%	5/1/2025	740,000
Revenue Bonds:			
Series 2004 Refunding	1.75%-4.5%	3/1/2015	420,000
Series 2006B	4.5%-4.75%	2/1/2017	158,500
Series 2007B	4.70%	2/1/2018	131,000
General Obligation Equipment Certificates:			
Series 2006A	4.10%	2/1/2011	55,000
Series 2006D	4.50%	2/1/2016	89,500
Capital Lease Obligation:			
Series 2007	4.75%	8/1/2017	173,387
General Obligation Revenue Bonds:			
Medical Facility Bonds, series 2003	4.25%	1/1/2033	604,000
2006C Water Refunding	3.85%-4.2%	2/1/2020	295,000
General Obligation Revenue Notes:			
2001 Public Facilities Authority Water	1.81%	8/20/2021	1,087,000
Compensated Absences			<u>15,827</u>
	Total		7,944,214
Less: Unamortized Discount and Issue Costs			<u>(42,587)</u>
	Total Long Term Debt		<u>\$ 7,901,627</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, 2009 are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
GOVERNMENTAL ACTIVITIES					
General Obligation Improvement Bonds:					
Series 1994A	\$ 25,000	\$	\$ 25,000	\$	\$
Series 1999 Refunding	165,000		25,000	140,000	25,000
Series 2002	376,000		16,000	360,000	17,600
Series 2005A Refunding	335,000		15,000	320,000	15,000
Series 2005B	870,000		35,000	835,000	35,000
Series 2007A Refunding	1,810,000		35,000	1,775,000	35,000
Revenue Bonds:					
Series 2004 Refunding - Fire Hall	480,000		60,000	420,000	65,000
Series 2006B	174,500		16,000	158,500	16,750
Series 2007B	142,000		11,000	131,000	12,000
General Obligation Tax Increment Bonds:					
Series 1998	745,000		745,000		
Series 2009A Refunding		740,000		740,000	35,000
General Obligation Equipment Certificates:					
Series 2006A	81,000		26,000	55,000	27,000
Series 2006D	100,000		10,500	89,500	11,000
Capital Lease Obligation:					
Series 2007	190,719		17,332	173,387	18,190
Unamortized Discount and Issue Costs	(24,027)		(2,446)	(21,581)	
Compensated Absences	9,499		2,130	7,369	
Governmental Activities					
Long-term Liabilities	<u>5,479,691</u>	<u>740,000</u>	<u>1,036,516</u>	<u>5,183,175</u>	<u>312,540</u>
BUSINESS-TYPE ACTIVITIES					
General Obligation Improvement Bonds:					
Series 2002	779,000		34,000	745,000	37,400
General Obligation Revenue Bonds:					
1999 Housing Development Refunding	1,090,000		1,090,000		
Medical Facility Bonds, series 2003	604,000			604,000	15,000
2006C Water Refunding	315,000		20,000	295,000	20,000
General Obligation Revenue Notes:					
2001 Public Facilities Authority Water	1,167,100		80,100	1,087,000	82,000
Unamortized Discount and Issue Costs	(40,866)		(19,860)	(21,006)	
Compensated Absences	4,579	3,879		8,458	
Business-type Activities					
Long-term Liabilities	<u>3,918,813</u>	<u>3,879</u>	<u>1,204,240</u>	<u>2,718,452</u>	<u>154,400</u>
Total	<u>\$ 9,398,504</u>	<u>\$ 743,879</u>	<u>\$ 2,240,756</u>	<u>\$ 7,901,627</u>	<u>\$ 466,940</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, 2009 are summarized below:

Years	General Obligation Improvement Bonds		General Obligation Tax Increment Bonds		General Obligation Revenue Bonds / Notes		Other	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
<u>Governmental Activities</u>								
2010	\$ 127,600	\$ 153,544	\$ 35,000	\$ 34,940	\$ 38,000	\$ 5,787	\$ 111,940	\$ 38,496
2011	134,200	148,171	35,000	33,590	39,500	4,163	114,590	33,962
2012	144,200	142,335	40,000	32,180	12,000	2,475	121,535	29,158
2013	150,800	136,003	40,000	30,535	13,000	1,890	124,277	23,858
2014	150,800	129,404	40,000	28,890	13,500	1,282	131,318	18,316
2015-2019	703,000	557,128	215,000	116,097	28,500	653	279,227	21,817
2020-2024	794,400	381,447	270,000	58,000				
2025-2029	475,000	227,501	65,000	3,250				
2030-2034	435,000	129,828						
2035-2039	315,000	23,376						
Totals	<u>\$ 3,430,000</u>	<u>\$ 2,028,736</u>	<u>\$ 740,000</u>	<u>\$ 337,482</u>	<u>\$ 144,500</u>	<u>\$ 16,250</u>	<u>\$ 882,887</u>	<u>\$ 165,605</u>
<u>Business-Type Activities</u>								
2010	\$ 37,400	\$ 36,961			\$ 117,000	\$ 56,893		
2011	40,800	34,459			123,000	53,906		
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		
2015-2019	272,000	107,800			710,000	168,347		
2020-2024	265,600	29,088			353,000	85,711		
2025-2029					152,000	50,858		
2030-2034					146,000	15,852		
Totals	<u>\$ 745,000</u>	<u>\$ 302,156</u>			<u>\$ 1,986,000</u>	<u>\$ 574,302</u>		

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

6. Segment Information for Enterprise Funds

The City maintains five enterprise funds including water, waste water, sanitation, medical center, and senior housing funds. Segment information for the year ended December 31, 2009 is as follows:

	Water Fund	Waste Water Fund	Sanitation Fund	Medical Center Fund	Senior Housing Fund
Operating Revenues	\$ 246,844	\$ 256,082	\$ 55,741	\$ 38,828	\$ 108,119
Operating Expenses:					
Depreciation	102,372	61,745		15,490	24,744
Other	94,383	129,243	51,434	19,737	65,525
Operating Income (loss)	50,089	65,094	4,307	3,601	17,850
Net Income (Loss)	24,161	37,623	4,307	(14,283)	327,830
Net Working Capital	(187,245)	66,761	21,966	(5,288)	
Total Assets	2,614,650	1,662,520	21,966	543,587	
Bonds and Notes Payable	1,561,037	544,957		604,000	
Total Equity	924,293	1,098,317	21,966	(87,002)	

7. Individual Fund Disclosures

As of December 31, 2009, the following funds had deficit fund balances:

General Fund	\$ 60,193
Debt Service Funds:	
1998 G.O. Tax Increment	140,291
2002 G.O. Improvement	18,159
1994 G.O. Improvement	6,934
1999 G.O. Refunding Improvement	8,043
2006A Equipment Certificate	1,947
Capital Projects Funds	
Tax Increment District #4-2 Fulton	83,224
Tax Increment District #4-3 Masters	7,920

During 2009, the General Fund had excess expenditures over appropriations of \$102,352.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Individual Fund Disclosures (Continued)

Transfers during the year ended December 31, 2009 were as follows:

	Transfers In	Transfers Out
General Fund	\$ 50,000	\$ 329,948
Special Revenue:		
Economic Development	20,000	
Senior Housing Reserve	25,000	
Debt Service:		
1998 G.O. Tax Increment	20,907	
2004 Public Project Refunding	58,130	
Pumper Lease	28,000	
Capital Project:		
Capital Improvement		50,000
TIF District #2-2 Benson		7,445
TIF District #2-4 Doffing		8,282
TIF District #2-5 Meyers		5,180
Enterprise Funds:		
Senior Housing	198,818	
Totals	<u>\$ 400,855</u>	<u>\$ 400,855</u>

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

7. Individual Fund Disclosures (Continued)

The amounts due to and due from other funds as of December 31, 2009 follow below:

	Due From Other Funds	Due To Other Funds
General Fund	\$	\$ 25,872
Debt Service Funds:		
2007 G.O. Refunding	116,795	
2008 G.O. Improvement	15,119	
2005 Improvement	106,073	
1998 G.O. Tax Increment		140,291
1994 G.O. Improvement		6,934
1999 G.O. Refunding Improvement		8,043
2002 G.O. Improvement		18,159
2006A Equipment Certificate		1,947
Capital Project Funds:		
WAC/SAC	23,295	
Capital Improvement Fund	55,017	
Fire Capital	55,155	
Tax Increment District #4-2 Fulton		58,934
Tax Increment District #4-3 Masters		7,920
Enterprise Funds:		
Water fund		103,354
	<u>\$ 371,454</u>	<u>\$ 371,454</u>

The amounts advanced to and advanced from other funds as of December 31, 2009 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)

8. 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, 2009 is as follows:

Reserved for Debt Service

Debt Service Funds	
1998 G.O. Tax Increment	\$ (140,291)
2004 Public Project Refunding	59,345
2000 G.O. Improvement	69,835
City Shop Lease Purchase	17,667
1994 G.O. Improvement	(6,934)
1999 G.O. Refunding Improvement	(8,043)
2002 G.O. Improvement	(18,159)
2005 Improvement	163,360
City Hall Lease Purchase	2,777
2007 G.O. Refunding	116,795
Pumper Lease	1,634
2006A Equipment Certificate	(1,947)
2006D Equipment Certificate	2,634

Reserved for Interfund Advances

Capital Projects Fund	
Capital Improvement Fund	24,290

9. 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 Public Employees Retirement Fund (PERF), 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)

9. Defined Benefit Pension Plans - Statewide (continued)

PERF 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 PERF'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 PERF 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 PERF. 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.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

9. Defined Benefit Pension Plans - Statewide (Continued)

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. PERF 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 2009. The City is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 6.75% for Coordinated PERF Plan Members, 14.1% for PEPFF members. The City's contributions to Public Employees Retirement Fund for the years ending December 31, 2009, 2008, and 2007 were \$12,605, \$12,155, and \$14,635 respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

10. 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.

CITY OF WANAMINGO, MINNESOTA

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

11. 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 2009.

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 2009. 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.

12. 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, 2009 totaled \$1,145,000.

In addition, the City has agreed to fund an operating reserve totaling \$50,000. The City transferred \$25,000 to the fund as of December 31, 2009, which was recorded by the City as a deposit in the Senior Housing Reserve Fund. The remaining \$25,000 is due by August 1, 2010. 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, 2009 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, 2009

**CITY OF WANAMINGO, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2009**

	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	316 2002 G.O. Improvement
ASSETS						
Cash and investments	\$ 2,572	\$ 18,982	\$	\$	\$	\$
Accounts receivable						
Taxes receivable delinquent				3,601	4,318	2,159
Special assessments receivable:						
Deferred				29,588		92,569
Delinquent						55
Loan receivable		32,539				
Operating Reserve			25,000			
Advance to other funds						
Due from other funds						
TOTAL ASSETS	\$ 2,572	\$ 51,521	\$ 25,000	\$ 33,189	\$ 4,318	\$ 94,783
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accrued expenses	\$ 489		\$	\$ 33,189	\$ 4,318	\$ 94,783
Deferred revenue		32,539				
Advance from other funds						
Due to other funds				6,934	8,043	18,159
Total Liabilities	489	32,539		40,123	12,361	112,942
Fund Balance:						
Reserved for interfund advances						
Reserved for debt service				(6,934)	(8,043)	(18,159)
Unreserved	2,083	18,982	25,000			
Total Fund Balance (Deficit)	2,083	18,982	25,000	(6,934)	(8,043)	(18,159)
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,572	\$ 51,521	\$ 25,000	\$ 33,189	\$ 4,318	\$ 94,783

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
\$ 59,345	\$ 57,287	\$ 17,667	\$ 1,634	\$ 2,777		\$ 2,634
		4,606		2,519		2,303
	127,081					
	2,339					
	106,073					
<u>\$ 59,345</u>	<u>\$ 292,780</u>	<u>\$ 22,273</u>	<u>\$ 1,634</u>	<u>\$ 5,296</u>		<u>\$ 4,937</u>
\$	\$	\$	\$	\$	\$	\$
	129,420	4,606		2,519		2,303
					1,947	
	129,420	4,606		2,519	1,947	2,303
59,345	163,360	17,667	1,634	2,777	(1,947)	2,634
59,345	163,360	17,667	1,634	2,777	(1,947)	2,634
<u>\$ 59,345</u>	<u>\$ 292,780</u>	<u>\$ 22,273</u>	<u>\$ 1,634</u>	<u>\$ 5,296</u>		<u>\$ 4,937</u>

**CITY OF WANAMINGO, MINNESOTA
 COMBINING BALANCE SHEET (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 December 31, 2009**

	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	\$ 15,429	\$ 24,712	\$ 23,518	\$ 35,535	\$
Accounts receivable			1,312		
Taxes receivable delinquent					
Special basements receivable:					
Delinquent					
Deferred					
Loan receivable					
Operating Reserve					
Advance to other funds	24,290				
Due from other funds	55,017	55,155		23,295	
TOTAL ASSETS	\$ 94,736	\$ 79,867	\$ 24,830	\$ 58,830	\$
LIABILITIES AND FUND BALANCE					
Liabilities:					
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	79,867	24,830	58,830	
Total Fund Balance (Deficit)	94,736	79,867	24,830	58,830	
TOTAL LIABILITIES AND FUND BALANCE	\$ 94,736	\$ 79,867	\$ 24,830	\$ 58,830	\$

FORM E-1

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	Total Nonmajor Governmental Funds 2009
\$	\$	\$	\$	\$	\$ 262,092
					1,312
					19,506
					249,238
					2,394
		6,859			39,398
					25,000
					24,290
					239,540
\$	\$	\$ 6,859	\$	\$	\$ 862,770
\$	\$	\$	\$	\$	\$ 489
			6,859		310,536
	24,290				24,290
	58,934	7,920			101,937
	83,224	14,779			437,252
					24,290
					212,334
	(83,224)	(7,920)			188,894
	(83,224)	(7,920)			425,518
\$	\$	\$ 6,859	\$	\$	\$ 862,770

**CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009**

	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	316 2002 G.O. Improvement
REVENUES						
Property taxes	\$	\$	\$	\$ 21,805	\$ 26,166	\$ 13,083
Tax increments						
Special assessments						13,385
Intergovernmental revenue				2,097	2,516	1,258
Investment income	6	1,531		130	71	
Miscellaneous revenues	2,400	2,666				
Total Revenues	2,406	4,197		24,032	28,753	27,726
EXPENDITURES						
Economic development	22,239					
Debt service				26,750	32,576	34,107
Capital outlay						
Total Expenditures	22,239			26,750	32,576	34,107
Excess (deficiency) of revenues over (under) expenditures	(19,833)	4,197		(2,718)	(3,823)	(6,381)
OTHER FINANCING SOURCES (USES)						
Transfers in	20,000		25,000			
Transfers out						
Total other financing sources (uses)	20,000		25,000			
Net change in fund balances	167	4,197	25,000	(2,718)	(3,823)	(6,381)
Fund Balance - beginning	1,916	14,785		(4,216)	(4,220)	(11,778)
Fund Balance - ending	\$ 2,083	\$ 18,982	\$ 25,000	\$ (6,934)	\$ (8,043)	\$ (18,159)

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
\$	\$	\$ 27,910	\$	\$ 15,263	\$ 25,294	\$ 13,955
	12,014	2,684		1,468	2,432	1,342
954						
954	12,014	30,594		16,731	27,726	15,297
78,424	73,434	23,756	26,593	17,415	28,788	14,848
78,424	73,434	23,756	26,593	17,415	28,788	14,848
(77,470)	(61,420)	6,838	(26,593)	(684)	(1,062)	449
58,130			28,000			
58,130			28,000			
(19,340)	(61,420)	6,838	1,407	(684)	(1,062)	449
78,685	224,780	10,829	227	3,461	(885)	2,185
\$ 59,345	\$ 163,360	\$ 17,667	\$ 1,634	\$ 2,777	\$ (1,947)	\$ 2,634

**CITY OF WANAMINGO, MINNESOTA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES (CONTINUED)
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended December 31, 2009**

	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					1,917
Special assessments					
Intergovernmental revenue					
Investment income	166				
Miscellaneous revenues			6,915		
Total Revenues	166		6,915		1,917
EXPENDITURES					
Economic development					
Debt service					
Capital outlay			45		1,917
Total Expenditures			45		1,917
Excess (deficiency) of revenues over (under) expenditures	166		6,870		
OTHER FINANCING SOURCES (USES)					
Transfers in					
Transfers out	(50,000)				
Total other financing sources (uses)	(50,000)				
Net change in fund balances	(49,834)		6,870		
Fund Balance - beginning	144,570	79,867	17,960	58,830	
Fund Balance - ending	\$ 94,736	\$ 79,867	\$ 24,830	\$ 58,830	\$

FORM E-2

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	Total Nonmajor Governmental Funds 2009
\$ 8,272	\$ 3,593	\$ 3,300	\$ 9,202	\$ 5,971	\$ 143,476
					32,255
					25,399
					13,797
					2,858
					11,981
8,272	3,593	3,300	9,202	5,971	229,766
					22,239
827	885	2,750	920	791	356,691
					8,135
827	885	2,750	920	791	387,065
7,445	2,708	550	8,282	5,180	(157,299)
(7,445)			(8,282)	(5,180)	131,130
					(70,907)
(7,445)			(8,282)	(5,180)	60,223
	2,708	550			(97,076)
	(85,932)	(8,470)			522,594
\$	\$ (83,224)	\$ (7,920)	\$	\$	\$ 425,518

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CITY OF WANAMINGO, MINNESOTA

SUPPLEMENTAL INFORMATION

DECEMBER 31, 2009

**CITY OF WANAMINGO, MINNESOTA
WATER FUND
Balance Sheet
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Current Assets		
Accounts receivable	\$ 37,375	\$ 38,844
Special assessments receivable current	10,465	10,465
Special assessments receivable delinquent	1,906	1,182
Total Current Assets	<u>49,746</u>	<u>50,491</u>
Noncurrent Assets		
Capital assets		
Depreciable	3,652,467	3,652,467
Less: Accumulated depreciation	1,165,496	1,063,124
Total Capital Assets	<u>2,486,971</u>	<u>2,589,343</u>
Other Assets		
Special assessments receivable long-term	77,933	84,050
Total Noncurrent Assets	<u>2,564,904</u>	<u>2,673,393</u>
TOTAL ASSETS	<u>\$ 2,614,650</u>	<u>\$ 2,723,884</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,615	\$ 221
Accrued expenses	19,122	25,087
Due to other funds	103,354	127,258
Current maturities of bonds payable	29,900	24,000
Current maturities of note payable	82,000	79,000
Total Current Liabilities	<u>236,991</u>	<u>255,566</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities, discount, and issuance costs	444,137	502,030
Compensated absences payable	4,229	2,056
Note payable, net of current maturities	1,005,000	1,064,100
Total Noncurrent Liabilities	<u>1,453,366</u>	<u>1,568,186</u>
Total Liabilities	<u>1,690,357</u>	<u>1,823,752</u>
Net Assets		
Invested in capital assets, net of related debt	925,934	920,213
Unrestricted	(1,641)	(20,081)
Total Net Assets	<u>\$ 924,293</u>	<u>\$ 900,132</u>

**CITY OF WANAMINGO, MINNESOTA
WATER FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Operating Revenue		
User fees	\$ 116,329	\$ 120,453
Debt service charge	130,515	133,583
Total	<u>246,844</u>	<u>254,036</u>
Operating Expenses		
Employee services	38,247	35,964
Employee benefits and retirements	8,735	7,474
Materials and supplies	11,785	1,863
Repairs and maintenance	10,047	13,822
Utilities	10,878	6,679
Depreciation	102,372	102,828
Other charges	14,691	8,024
Total	<u>196,755</u>	<u>176,654</u>
Operating Income	<u>50,089</u>	<u>77,382</u>
Nonoperating Revenues (Expenses)		
Interest income	13,191	4,120
Miscellaneous income		36
Water meter fee		500
Interest expense	(39,119)	(46,075)
Total Nonoperating Revenues (Expenses)	<u>(25,928)</u>	<u>(41,419)</u>
Net Income	24,161	35,963
TOTAL NET ASSETS - Beginning of Year	<u>900,132</u>	<u>864,169</u>
TOTAL NET ASSETS - End of Year	<u>\$ 924,293</u>	<u>\$ 900,132</u>

**CITY OF WANAMINGO, MINNESOTA
WASTEWATER FUND
Balance Sheet
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Current Assets		
Cash and investments	\$ 74,623	\$ 2,719
Accounts receivable	34,655	29,782
Total Current Assets	109,278	32,501
Noncurrent Assets		
Capital assets		
Nondepreciable	10,000	10,000
Depreciable	2,737,511	2,737,511
Less: Accumulated depreciation	1,194,269	1,132,524
Total Capital Assets	1,553,242	1,614,987
TOTAL ASSETS	\$ 1,662,520	\$ 1,647,488
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 2,555	\$ 1,001
Accrued expenses	12,462	14,096
Current maturities of bonds payable	27,500	25,000
Total Current Liabilities	42,517	40,097
Noncurrent Liabilities		
Bonds payable, net of discount and issuance costs	517,457	544,174
Compensated absences payable	4,229	2,523
Total Liabilities	564,203	586,794
Net Assets		
Invested in capital assets, net of related debt	1,008,285	1,045,813
Unrestricted	90,032	14,881
Total Net Assets	\$ 1,098,317	\$ 1,060,694

**CITY OF WANAMINGO, MINNESOTA
WASTEWATER FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Operating Revenue		
Sales	\$ 152,375	\$ 132,614
Debt service charge	103,707	108,616
Total	<u>256,082</u>	<u>241,230</u>
Operating Expenses		
Employee services	63,860	67,589
Employee benefits and retirements	16,483	15,971
Repairs and maintenance	6,065	10,008
Utilities	23,102	22,026
Depreciation	61,745	63,036
Other charges	19,733	27,340
Total	<u>190,988</u>	<u>205,970</u>
Operating Income	<u>65,094</u>	<u>35,260</u>
Nonoperating Revenues (Expenses)		
Interest income	1,690	2,765
Interest expense	(29,216)	(30,058)
Miscellaneous income	55	516
Total Nonoperating Revenues (Expenses)	<u>(27,471)</u>	<u>(26,777)</u>
Net Income	37,623	8,483
TOTAL NET ASSETS - Beginning of Year	<u>1,060,694</u>	<u>1,052,211</u>
TOTAL NET ASSETS - End of Year	<u>\$ 1,098,317</u>	<u>\$ 1,060,694</u>

**CITY OF WANAMINGO, MINNESOTA
SANITATION FUND
Balance Sheet
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Current Assets		
Cash and investments	\$ 14,863	\$ 11,648
Accounts receivable	7,103	6,011
TOTAL ASSETS	\$ 21,966	\$ 17,659
 Net Assets		
Unrestricted	\$ 21,966	\$ 17,659

**CITY OF WANAMINGO, MINNESOTA
SANITATION FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Operating Revenues		
Sales	\$ 55,741	\$ 51,856
Operating Expenses		
Contracted services	50,880	48,487
Other charges	554	40
Total	<u>51,434</u>	<u>48,527</u>
Net Income	4,307	3,329
TOTAL NET ASSETS - Beginning of Year	<u>17,659</u>	<u>14,330</u>
TOTAL NET ASSETS - End of Year	<u><u>\$ 21,966</u></u>	<u><u>\$ 17,659</u></u>

**CITY OF WANAMINGO, MINNESOTA
MEDICAL CENTER
Balance Sheet
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Current Assets		
Cash and investments	\$ 36,264	\$ 9,396
Delinquent taxes receivable	37	
Total Current Assets	<u>36,301</u>	<u>9,396</u>
Noncurrent Assets		
Capital assets		
Depreciable	619,586	619,586
Less: Accumulated depreciation	112,300	96,810
Total Capital Assets	<u>507,286</u>	<u>522,776</u>
TOTAL ASSETS	<u>\$ 543,587</u>	<u>\$ 532,172</u>
LIABILITIES		
Current Liabilities		
Accounts payable	\$ 919	\$ 891
Accrued expenses	25,670	
Current maturities of bonds payable	15,000	14,000
Total Current Liabilities	<u>41,589</u>	<u>14,891</u>
Noncurrent Liabilities		
Bonds payable, net of current maturities	<u>589,000</u>	<u>590,000</u>
Total Liabilities	<u>630,589</u>	<u>604,891</u>
Net Assets		
Invested in capital assets, net of related debt	(96,714)	(81,224)
Unrestricted	9,712	8,505
Total Net Assets	<u>\$ (87,002)</u>	<u>\$ (72,719)</u>

**CITY OF WANAMINGO, MINNESOTA
MEDICAL CENTER
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Operating Revenues		
Facility rent	\$ 38,828	\$ 48,348
Operating Expenses		
Repairs and maintenance	586	797
Utilities	6,637	7,171
Depreciation	15,490	15,490
Other charges	12,514	10,630
Total Operating Expenses	<u>35,227</u>	<u>34,088</u>
Operating Income	<u>3,601</u>	<u>14,260</u>
Other Revenues (Expenses)		
Tax increment	7,818	8,195
Interest income	175	303
Interest expense	(25,877)	(26,982)
Total Other Revenues (Expenses)	<u>(17,884)</u>	<u>(18,484)</u>
Net Loss	(14,283)	(4,224)
TOTAL NET ASSETS - Beginning of Year	<u>(72,719)</u>	<u>(68,495)</u>
TOTAL NET ASSETS - End of Year	<u>\$ (87,002)</u>	<u>\$ (72,719)</u>

**CITY OF WANAMINGO, MINNESOTA
SENIOR HOUSING FUND
Balance Sheet
December 31, 2009 and 2008**

	2009	2008
ASSETS		
Current Assets		
Delinquent taxes recievable	\$	\$ 3,143
Due from other governmental units		2,181
		<hr/>
Total Noncurrent Assets		5,324
		<hr/>
Noncurrent Assets		
Capital assets		
Nondepreciable		75,977
Depreciable		1,129,973
Less: Accumulated depreciation		358,009
Net Capital Assets		<hr/> 847,941 <hr/>
 TOTAL ASSETS	 \$	 \$ 853,265
		<hr/> <hr/>
LIABILITIES		
Current Liabilities		
Accounts payable	\$	\$ 221
Accrued expenses		23,003
Due to other funds		79,417
Customer deposits		6,524
Current maturities of bonds payable		50,000
Total Current Liabilities		<hr/> 159,165 <hr/>
Noncurrent Liabilities		
Bonds payable, net of current maturities discount, and issuance costs		<hr/> 1,021,930 <hr/>
Total Liabilities		<hr/> 1,181,095 <hr/>
 Net Assets		
Unrestricted	\$	\$ (327,830)
		<hr/> <hr/>

**CITY OF WANAMINGO, MINNESOTA
SENIOR HOUSING FUND
Statement of Revenues, Expenses
and Changes in Net Assets
For the Years Ended December 31, 2009 and 2008**

	2009	2008
Operating Revenue		
Rental income	\$ 108,119	\$ 98,506
Operating Expenses		
Employee services	11,255	12,423
Employee benefits and retirements	1,891	1,854
Materials and supplies	624	186
Repairs and maintenance	2,958	5,483
Utilities	21,244	20,084
Depreciation	24,744	29,693
Other charges	27,553	18,014
Total	<u>90,269</u>	<u>87,737</u>
Operating Income	<u>17,850</u>	<u>10,769</u>
Nonoperating Revenues (Expenses)		
Property taxes		27,847
Gain on sale of property	157,288	
Intergovernmental		2,866
Interest income	502	1,230
Interest expense	(46,628)	(57,015)
Total Nonoperating Revenues (Expenses)	<u>111,162</u>	<u>(25,072)</u>
Net Income (Loss) Before Transfers	129,012	(14,303)
Transfers in	<u>198,818</u>	
Net Income (Loss)	327,830	(14,303)
TOTAL NET ASSETS - Beginning of Year	<u>(327,830)</u>	<u>(313,527)</u>
TOTAL NET ASSETS - End of Year	<u>\$</u>	<u>\$ (327,830)</u>