

# CITY OF WASECA, MINNESOTA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

YEAR ENDED DECEMBER 31, 2006

MEMBER OF THE GOVERNMENT FINANCE OFFICER'S  
ASSOCIATION  
OF THE UNITED STATES AND CANADA

**CITY OF WASECA, MINNESOTA**  
**Comprehensive Annual Financial Report**  
Year Ended December 31, 2006

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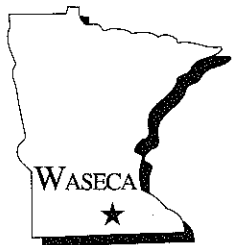
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# City of Waseca, Minnesota

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**June 27, 2007**

## **To the City Council and Citizens of the City of Waseca**

The City of Waseca annually issues a report on the financial position and activities of the community, prepared in accordance with the Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with generally accepted auditing standards in the United States of America by an independent certified public accounting firm pursuant to the state requirements. We hereby issue the comprehensive annual financial report of the City of Waseca for the fiscal year ended December 31, 2006.

This report consists of management's representations concerning the finances of the City of Waseca. The management assumes full responsibility for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, the management has established a comprehensive internal framework that is designed both to protect the government's assets from loss, theft or misuse and to complete sufficient, reliable information for the preparation of the City's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits, therefore, the City of Waseca's comprehensive framework of internal controls has been designed to provide reasonable, rather than the absolute assurance, that the financial statements will be free from material misstatement. As management, we assert that to the best of knowledge and belief, this financial report is complete and reliable in all material respect.

The City of Waseca's financial statements have been audited by LarsonAllen LLP. The goal of an independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year end are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Waseca's financial statements for the fiscal year ended December 31, 2006, are fairly presented in conformity with GAAP. The independent

auditor's report is presented as the first component of the financial section of this report.

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

### **Profile of the Government**

The City of Waseca is organized under a home rule charter in accordance with applicable Minnesota State Statutes. The charter prescribes a Council/Manager form of organization. The City provides a full range of services, including police and fire, construction and maintenance of highways, streets and infrastructure, economic development, parks, lakes and recreational activities. In addition, the City provides water, electric, sanitary sewer, and airport enterprise services. The City also contributes to the regional library system, senior center operations, limited community transportation services, and several other important community based events and projects.

The City of Waseca is located in the south central region of the state and covers approximately 6.8 square miles. The community is fortunate to be the home of several large manufacturing operations and varied commercial activity, yet is located in the midst of an aesthetically appealing lake and recreation area that is popular to tourists in a multi-state area.

The annual budget serves as the foundation for the City of Waseca's financial planning control. All departments of the City of Waseca submit budget requests for the appropriations for the following year to the City Manager in the summer of each year. These requests serve as a starting point for the development of a proposed budget. These requests are then presented to Council for review by the end of August. Under the requirements of the state law, Council is required to hold hearings and obtain input on the proposed budget and then proceeds to adopt a final budget and property tax levy no later than December 31 of the close of the fiscal year. The budget of the City of Waseca is prepared by fund and function, (i.e., public safety and police department). Departments may request transfers of appropriations within line items in the department; however, special approval may be required of the City Council. The City did not amend the original 2006 budget.

## **Financial Condition**

2006 was an active and positive year for local, regional and state economies. The 2005 and 2006 legislative session actions had a positive impact on the Local Government Aid revenue source. Consequently, the City was able to maintain its' planned operations as budgeted. The 2006 tax levy provided the City with the resources needed to fund on-going projects related to the planning of retail, commercial, and residential growth.

The City of Waseca has continued to experience a steady pattern of construction and growth. Although the 2006 growth decreased from 2005, it remains consistent with prior years. The significant increase for 2005 was a result of the expansion of several new housing subdivisions, the commercial expansion of several existing businesses (Brown Printing, Miller Enterprises), as well as the construction of a Wal-Mart Supercenter and Murphy Oil site.

Over the past two years, the City has benefited from a Small Cities Development Grant (SCDG) program, which provides matching funds for homeowners, rental property and commercial sites to improve and upgrade their buildings and facilities. A strong emphasis of this program is to re-create and maintain the original historic perspective of the buildings and the surrounding areas. Funds from Federal and State grant sources have been utilized to undertake this major downtown project. This grant program, initiated in 2002, was completed in early 2006. The visible downtown enhancements have created interest and participation in related building and site improvements. The grant program has also sparked interest in further downtown improvements, which included a major streetscaping project in 2006, funded by Tax Increment Financing (TIF) District #23 increment revenues. The Streetscaping project is a revitalization of the downtown area. It includes improvements such as gutters, paver accent strips, obelisks, trees and landscaping. This project, initiated in 2006, is set for completion in 2007.

The community passed a referendum to fund a water park in 2005. In 2006, the City issued debt for the Waseca Aquatic Center. This facility, to be completed in 2007, is located near the Northeast Park and will enhance the commercial and residential growth of the community. The City Council has worked with local businesses and citizen groups to develop plans for growth and expansion of the community, including several newly annexed areas at the edge of the city limits. The City purchased acreage near the Junior High /Senior High campus area to assist in the commercial development of Market Place. The long term plan for this property is to provide

additional housing options in the northwest quadrant of the community.

Staff and Council have worked to address the accompanying infrastructure needs of planned developments. During 2007, the City will continue to address the funding needs and coordination of construction for the projects related to residential and commercial development.

### **Cash Management Policy and Practice**

Idle cash during the year was invested in Certificates of Deposits. Investment income for 2006 was significantly higher than previous years due to the continued increase in overall interest rates. The amount of available funds for investment was maintained at the previous historical level, as there has been no significant increase or decrease in investment cash.

The slow, but steady increase in interest rates will enhance the interest earnings of the City. Available funds continue to be invested to the full extent possible, and the City anticipates increasing revenues based on the consistent investment practices of available City funds.

### **Risk Management**

The City has actively worked to limit both liability risk and insurance costs for many years. The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT) for both workers compensation and property and liability issues.

The City has increased the deductible to \$50,000 for property and liability coverage, as a method of reducing up-front costs to governmental departments. The City has placed a strong emphasis on the implementation and utilization of an active Safety Committee as a means to reduce the increasing costs of workers compensation coverage. This committee meets to plan for proactive training, discuss report of injury, and study areas of risk and potential loss on a departmental level. The City hopes to find ways to reduce the incidence of injury among workers and adjust work place environments to better meet the mandates of safety criteria.

Funding for the insurance programs has historically been provided through departmental charges and has built an available fund position for the Property and Liability Insurance fund to provide flexibility in dealing with the unique or unplanned circumstances that can impact cities.

The Property and Liability Insurance fund continues to utilize cash position to absorb premium charges and the General fund departments will not be charged.

### **Major Initiatives**

The City continues to place a high priority on planning for the community needs as growth and expansion issues impact the City operations. In 2006, a comprehensive utility rate study was completed, which provided Council with the information needed to prepare for the existing and future utility operations, capital debt service, and expansion requirements for customer expectations. In 2006, a rate increase allowed for consistent application of revenue collection, as well as the basis for variance identification as the operation of costs (fuel, chemicals, purchased power) drive and alter planned expense estimates.

The availability of land, infrastructure and services continue to drive the community development focus of the City. As the northwest/northeast areas of the City experience growth in commercial/residential/recreational sectors, funding for project work is a priority of planning and budgeting.

The City will also need to plan for the future completion of the Highway 14 Bypass construction, which will establish prime commercial sites in the southern portion of the community. As the state continues to determine funding years for this complex project, the City will need to be poised to respond to these events.

### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) has awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Waseca for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2005. This is the twenty-second consecutive year that the City has received this prestigious award. In order to be awarded this Certificate of Achievement, the government published an easily readable and efficiently organized CAFR and has satisfied both GAAP and applicable legal requirements. The Certificate of Achievement is valid for a period of only one year and we believe that our current CAFR continues to meet the Certificate of Achievement program requirements. We are submitting this report to the GFOA to determine eligibility for another certificate.



Preparation of this report would not have been possible without the effective and dedicated services of Teresa Walters, Finance Director, our Finance Department staff, Lorene Worke, Nancy Bennett, and our auditors LarsonAllen LLP who have assisted and contributed to the preparation of this report. We appreciate the cooperation and support from other City departments both in preparation of this report and in budget management throughout the year. Credit is also given to the Mayor, City Council, and the City Manager for their support in maintaining the highest standards of professionalism in the management of the City of Waseca's financial future.

Respectively Submitted,

A handwritten signature in cursive script, reading "Kris M. Busse".

Kris M. Busse

City Manager

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Waseca  
Minnesota

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
December 31, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

CITY OF WASECA, MINNESOTA  
OFFICIALS

December 31, 2006

CITY COUNCIL

Roy Srp	Mayor
Larry Johnson	Council-First Ward
Matt Johansen	Council-First Ward
Robin Terrell	Council-Second Ward
Allan Rose	Council-Second Ward
Mike Parry	Council-Third Ward
Fran Zwach	Council-Third Ward

Kris M. Busse, City Manager

## ORGANIZATIONAL CHART- 2006

City of Waseca

CITIZENS

City Council

City Manager

### Administration

*Administrative Assistant*

- (1)
- (1) Records Secretary
- (1) Secretary

### Community Development Director

- (1)
- (1) Assistant Planner
- (1) Administrative Assistant

### Director of Engineering

*Maintenance Superintendent*  
*Street & Sewer Supervisor*

*Park Director*

*Building Official*

- (1)
- (1) Assistant City Engineer
- (1) GIS Coordinator
- (2) Engineering Technician
- (1)
- (1) Mechanic
- (8) Public Works Maintenance Worker
- (1)
- (3) Public Works Maintenance Worker
- Seasonal Workers
- (1)

### Finance Director

- (1)
- (2) Finance Assistant
- (1) Utility Project Coordinator
- (3) Utility Billing Clerk

### Fire Chief (Part-time)

- (1)
- (3) Firefighter/Motor Operator
- (36) Part-time Firefighter

### Chief of Police

*Captain*  
*Sergeant*

- (1)
- (1)
- (1)
- (2) Investigators
- (7) Patrol Officer
- (1) School Liaison Patrol Officer
- (5) Part-time Patrol Officer
- (2) Records Clerk
- (6) Crossing Guards

### Director of Utilities

- (1)
- (1) Water Distribution Operator
- (4) Water/Wastewater Treatment Plant Operator
- (1) Utility Person
- (1) Line Foreperson
- (4) Lineworker
- (1) Part-time Meter Reader

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www.larsonallen.com

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waseca, Minnesota as of and for the year ended December 31, 2006, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Waseca's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Waseca, Minnesota as of December 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof 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 a report dated June 27, 2007, on our consideration of the City of Waseca, Minnesota's internal control over financial reporting and 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. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.



LarsonAllen LLP is a member of Nexia International, a worldwide network of independent accounting and consulting firms.

The management's discussion and analysis on pages 13 through 23 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming opinions on the financial statements that collectively comprise the City of Waseca, Minnesota's basic financial statements. The introductory section, combining statements, capital assets used in the operation of the governmental funds and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining statements and capital assets used in the operation of the governmental funds 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 statistical section 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.

*LarsonAllen LLP*

**LarsonAllen LLP**

Austin, Minnesota  
June 27, 2007

## **Management's Discussion and Analysis**

As management of the City of Waseca, we offer readers of the City of Waseca's financial statements this narrative overview and analysis of the financial activities of the City of Waseca for the fiscal year ended December 31, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report.

### **Financial Highlights**

- > The assets of the City of Waseca exceeded its liabilities at the close of the most recent fiscal year by \$46,278,836 (net assets). Of this amount, \$14,366,890 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and vendors in accordance with the City's fiscal policies.
- > Capital assets, less depreciation, total \$44,850,339 representing a broad base of city-wide infrastructure.
- > As of the close of the current fiscal year, the City of Waseca's governmental funds reported combined ending fund balances of \$8,941,903. Over 67 percent of this total amount, \$6,008,279 is available for use within the City's designations.
- > At the end of the current fiscal year, unreserved fund balance for the general fund was \$2,823,693 or 58 percent of total general fund expenditures.
- > The City of Waseca increased the existing debt principal by \$2,040,000 during the current fiscal year.

### **Overview of the Financial Statements**

The discussion and analysis are intended to serve as an introduction to the City of Waseca's basic financial statements. The City of Waseca's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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



The Statement of Net Assets presents information on all of the City of Waseca's assets and liabilities, with the difference 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 Waseca is improving or deteriorating. The 2006 statement provides for an increase in net assets, as the investment in capital assets in both the Governmental and Business-Type Activities increased.

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 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 unused vacation leave).

The government-wide financial statements include not only the City of Waseca (known as the *primary government*), but also a legally separate Economic Development Authority for which the City of Waseca is financially accountable. Financial information for this *component unit* is reported separately from the financial information presented for the primary government.

The government-wide financial statements distinguish functions of the City of Waseca 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 Waseca include general government, public safety, highways and streets, economic development and culture and recreation. The business-type activities of the City of Waseca include the water, sewer, electric utilities and airport services.

The government wide financial statements can be found on pages 25-26 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 Waseca, 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 Waseca 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 City's near-term financial decisions. The Governmental Funds Balance Sheet and Governmental Funds 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 Waseca maintains twenty-six individual Governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General fund, Debt Service fund and Water Park Construction fund, all of which are considered to be major funds. Data from the other twenty-three Governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Waseca adopts an annual appropriated budget for its General fund, certain Special Revenue funds and certain Capital Project funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

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

**Proprietary Funds.** The City of Waseca maintains two different types of Proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the governmental-wide financial statements. The City of Waseca uses Enterprise funds to account for its water, sewer, electric and airport operations. Internal Service funds are accounting devices used to accumulate and allocate costs internally among the City of Waseca's various functions. The City of Waseca uses Internal Service funds to account for its workers' compensation insurance, property and liability insurance, central garage services, and equipment replacement needs. Because these funds predominantly serve to benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide

separate information for the enterprise funds, all of which are considered to be major funds of the City of Waseca. Conversely, the Internal Service funds are combined into a single, aggregated presentation in the Proprietary fund financial statements. Individual fund data for the Internal Service funds is provided in the form of combining statements elsewhere in this report.

The basic Proprietary fund financial statements can be found on pages 33-35 of this report.

**Notes to the Financial Statements.** The notes provided 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 37-69 of this report.

**Other Information.** The combining statements referred to earlier in connection with nonmajor governmental funds and Internal Service funds are presented herewith. Combining and individual fund statements and schedules can be found on pages 73-85 of this report.

### **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 Waseca, assets exceeded liabilities by \$46,278,836 at the close of the most recent fiscal year. This is a slight increase over the 2005 amount, as capital assets were increased by purchase and construction.

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

During 2006, non-current liabilities increased in the Governmental Activities to reflect debt issued for the Waseca Aquatic Center. This is offset by the increased value of capital assets in the Governmental Activities. During 2006, non-current liabilities decreased in the Proprietary Activities to reflect the refunding of the Series 1995A Revenue Bonds.

The City has committed significant time and funding toward the development of the necessary infrastructure for community growth. The financial statements reflect the trend of funding for not only operational functions of City operations, but also funding needed for

growth projects. Waseca has the available land for growth of both commercial and residential sites, and the City Council has placed the goal of assisting and encouraging growth as a high priority in 2006 and beyond. As infrastructure programs are reviewed, the need to meet growth needs is a critical component of the planning process.

A condensed version of the State of Net Assets at December 31, 2006 follows:

**CITY OF WASECA'S NET ASSETS**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
<b>Current and other assets</b>	\$10,998,656	\$12,113,933	\$ 5,325,781	\$ 6,394,298	\$16,324,437
<b>Capital assets</b>	24,417,144	21,282,965	20,433,195	19,590,644	44,850,339
<b>Total assets</b>	<u>35,415,800</u>	<u>33,396,898</u>	<u>25,758,976</u>	<u>25,984,942</u>	<u>61,174,776</u>
 <b>Long-term liabilities outstanding</b>	 8,578,919	 7,312,151	 4,905,264	 6,983,913	 13,484,183
<b>Other liabilities</b>	569,968	654,970	841,789	1,018,656	1,411,757
<b>Total liabilities</b>	<u>9,148,887</u>	<u>7,967,121</u>	<u>5,747,053</u>	<u>8,002,569</u>	<u>14,895,940</u>
 <b>Net assets:</b>					
<b>Invested in capital assets, net of related debt</b>	16,236,644	16,335,872	15,675,302	14,577,318	31,911,946
<b>Unrestricted</b>	10,030,269	9,093,905	4,336,621	3,405,055	14,366,890
<b>Total Net Assets</b>	<u>\$26,266,913</u>	<u>\$25,429,777</u>	<u>\$20,011,923</u>	<u>\$17,982,373</u>	<u>\$46,278,836</u>

The City of Waseca's unrestricted net assets may be used to meet the City's ongoing obligations to citizens and vendors.

At the end of the current fiscal year, the City of Waseca is able to report positive balances in both categories of net assets as the City establishes the groundwork for community expansion. The net assets of the City, specifically in the business type activities, will continue to grow as the fundamental infrastructure of the City is increased and extended into existing rural areas.

## Governmental Activities

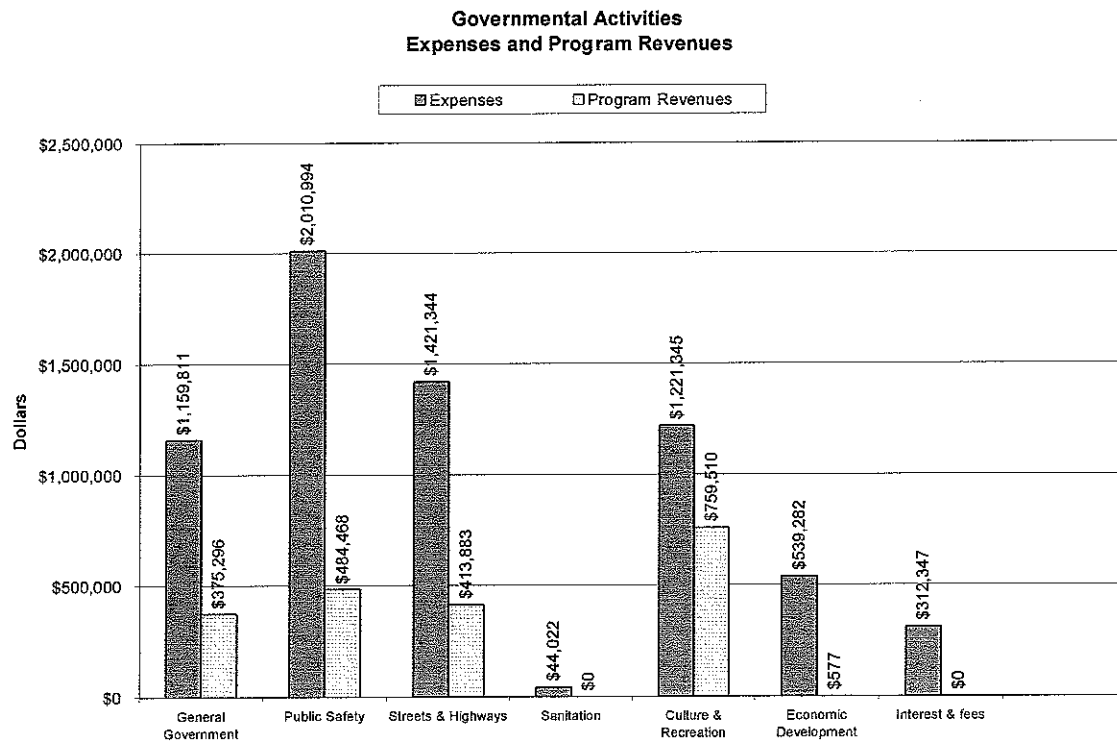
Governmental activities increased the City of Waseca's net assets by \$837,136.

Key elements of this increase are as follows:

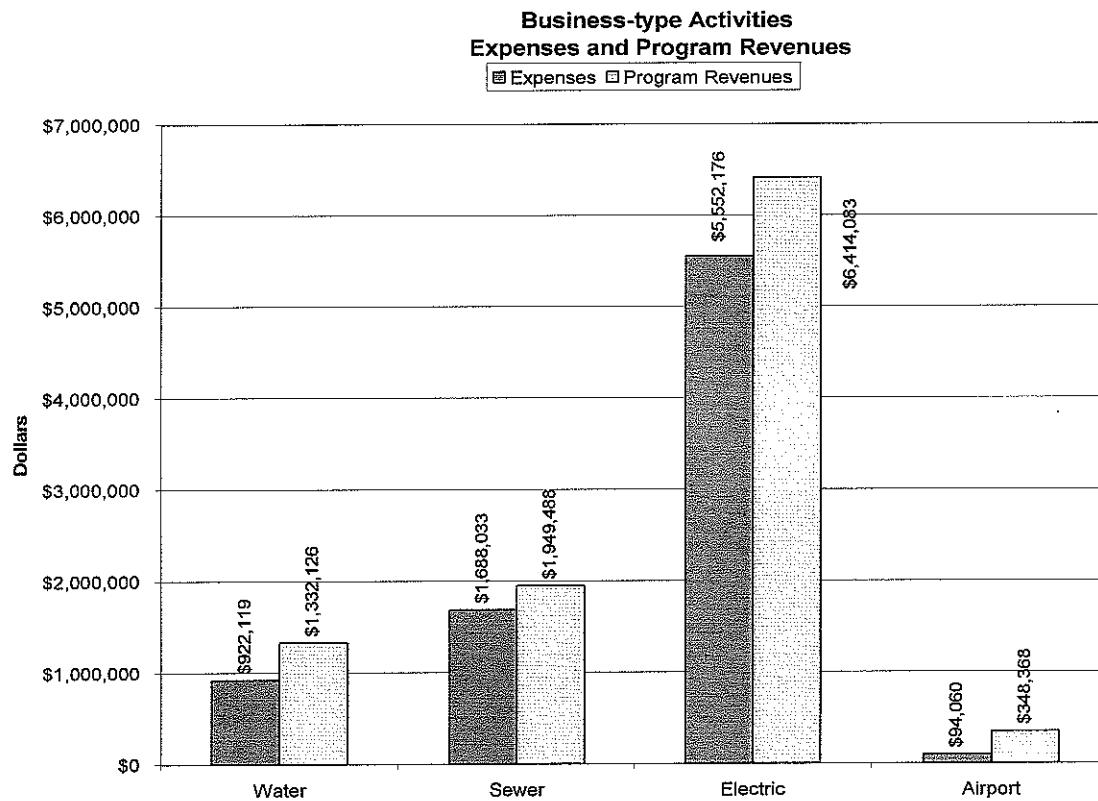
### CITY OF WASECA'S CHANGES IN NET ASSETS

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
<b>Revenues:</b>					
<b>Program revenues</b>					
Charges for services	\$ 360,411	\$ 578,136	\$ 9,039,033	\$ 8,343,482	\$ 9,399,444
Operating grants and contributions	1,313,662	1,775,034	355,861	246,303	1,669,523
Capital grants and contributions	359,661	1,192,075	649,171	0	1,008,832
<b>General revenues</b>					
Taxes	2,482,823	2,298,671	0	0	2,482,823
Other	391,564	366,807	0	0	391,564
Grants and contributions not restricted to specific programs	2,331,377	2,119,870	0	0	2,331,377
Unrestricted investment earnings	383,959	226,697	164,697	143,443	548,656
Gain on disposal of assets	0	230,111	0	0	0
<b>Total revenues</b>	<u>7,623,457</u>	<u>8,787,401</u>	<u>10,208,762</u>	<u>8,733,228</u>	<u>17,832,219</u>
<b>Expenses:</b>					
General government	1,159,811	1,091,996	0	0	1,159,811
Public safety	2,010,994	1,861,117	0	0	2,010,994
Streets and highways	1,421,344	2,043,056	0	0	1,421,344
Economic Development	539,282	1,129,979	0	0	539,282
Other	356,369	211,824	0	0	356,369
Culture and recreation	1,221,345	852,982	0	0	1,221,345
Water	0	0	922,119	947,391	922,119
Sewer	0	0	1,688,033	1,535,319	1,688,033
Electric	0	0	5,552,176	5,076,255	5,552,176
Airport	0	0	94,060	74,107	94,060
<b>Total expenses</b>	<u>6,709,145</u>	<u>7,190,954</u>	<u>8,256,388</u>	<u>7,633,072</u>	<u>14,965,533</u>
<b>Excess before transfers</b>	914,312	1,596,447	1,952,374	1,100,156	2,866,686
<b>Transfers</b>	<u>(77,176)</u>	<u>(826,637)</u>	<u>77,176</u>	<u>826,637</u>	<u>0</u>
<b>Change in net assets</b>	837,136	769,810	2,029,550	1,926,793	2,866,686
<b>Net Assets – January 1, 2006</b>	<u>25,429,777</u>	<u>24,659,967</u>	<u>17,982,373</u>	<u>16,055,580</u>	<u>43,412,150</u>
<b>Net Assets – December 31, 2006</b>	<u>\$26,266,913</u>	<u>\$25,429,777</u>	<u>\$20,011,923</u>	<u>\$17,982,373</u>	<u>\$46,278,836</u>

Below are specific graphs, which provide comparisons of the governmental activities revenues and expenditures.



**Business-type Activities.** Business-type activities increased by \$2,029,550. Below are graphs showing the business-type activities revenue and expense comparisons.



## **Financial Analysis of the Government's Funds**

**Governmental Funds.** The focus of the City of Waseca'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 Waseca's financial 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.

At the end of the current fiscal year, the City of Waseca's governmental funds reported combined ending fund balances of \$8,941,903. The unreserved fund balance constitutes approximately \$6,008,279 of the total combined ending fund balance. The remainder of the fund balance is reserved, and is not available for new spending because it has already been committed to debt service payments in the amount of \$1,458,908, loans in the amount of \$3,000, land held for resale in the amount of \$1,142,609, advances to a component unit in the amount of \$29,107 and advances to other funds in the amount of \$300,000.

**Proprietary Funds.** The City of Waseca's Proprietary funds have unrestricted net assets as follows:

Water fund	\$1,652,334
Sanitary Sewer fund	\$2,197,103
Electric fund	\$ 475,899
Airport fund	\$ 105,999

## **General Fund Budgetary Highlights**

The 2006 City budget allowed for the increase in property tax revenue and Local Government Aid (LGA) to undertake several important community projects, such as the completion of the 11<sup>th</sup> Avenue corridor construction and commercial site development. The City utilized funds from the equipment replacement fund, the CIP fund, and the levy to fund a significant amount of equipment purchases in 2006, resulting in an increase to the General fund budget.

The City continued to fund the Capital Improvement fund (CIP) with a \$900,000 allocation, but the funding was below the requested project costs, requiring a slight use of fund balance from the CIP. To meet the needs of the street plan and comply with a Pavement Condition Index (PCI) report, future budget years may require the City to more fully fund the CIP fund, and increase the property tax levy and accompanying transfer to the CIP to allow for the increased costs of infrastructure. This will allow the City to address the growth needs of the community. Continuing increases in budget projections for Public Safety will be a competing need for resources, as occurred during the 2006 fiscal year.

## **Capital Asset and Debt Administration**

**Capital Assets.** The City of Waseca's investment in capital assets for its governmental and business type activities as of December 31, 2006, amounts to \$44,850,339 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure.

More detailed information on the City's capital assets is presented in the Notes to the Financial Statements at Note IV, C.

Major capital asset events during the current fiscal year included the following:

- > Initiated construction of the Water Park.
- > Utility planning related to the Waseca County/City Clear Lake bike trail joint project.
- > Northeast Park enhancements.
- > Completion of the 11<sup>th</sup> Avenue corridor development and lift station construction.
- > Wetland mitigation in connection with the 11<sup>th</sup> Avenue and Northeast Park projects.
- > Continuing development of the Northwest commercial site, providing lot and infrastructure for future development sites.

**Long Term Debt.** At the end of the fiscal year, the City of Waseca had total long-term debt of \$13,484,183. This debt has been issued to finance the special assessment construction of the City's street and pavement program. Debt has also been issued for revenue bonds, which are in place to finance water main and sewer line infrastructure construction and improvements. The City has also issued General Obligation Equipment Certificates to finance the acquisition of capital equipment. Debt has been issued for the construction of the Waseca Aquatic Park.

The City of Waseca has received a bond rating of A2 from Moody's on its general obligation debt. State statutes limits the amount of general obligation debt a Minnesota city may issue to 2% (percent) of the total estimated market value. The current debt limitation for the City of Waseca is \$7,635,608 and \$5,845,000 of the City's outstanding debt is counted within the statutory limitation, as the balance of the City's debt is either wholly or partially financed by revenues other than a general tax levy.

More detailed information on the City's long-term debt is presented in the Notes to the Financial Statements at Note IV, F.



**Economic Factors and Budget Information.** The City of Waseca is experiencing an unemployment rate of approximately 4.4 percent, which is somewhat higher than the states unemployment rate of approximately 4.2 percent.

The City building permit values and numbers continue to indicate steady growth in both commercial and residential property improvements and construction. The City also is working with developers to provide unique residential housing options. The City will continue to work on several new housing subdivisions in 2007 in order to benefit from a growing property base. Although building permit revenue did not increase in 2006 over 2005, it remained consistent with prior years. In 2005, a 108 percent increase in permit revenue was a result of commercial entity expansions including the \$50 million expansion of the city's largest employer, Brown Printing. Also included in the permit revenue was the construction of a Wal-Mart Supercenter and Murphy Oil site.

The 2006 budget-year presented challenges as the City attempted to provide general governmental services, as well as providing the needed infrastructure required for community growth. The primary concern and focus of the 2006 fiscal year was high prioritization of cash flow management required to fund infrastructure and capital project planning. The Council and Staff will continue to prioritize the needs of the community, and yet, stay within the limitations of state aid and property tax revenues. The water, sanitary sewer, and electric funds had utility rates increases in 2006 to strategically move these funds towards meeting working capital goals and future operational needs. The City has reviewed integration of utility projects with other City needs, specifically in the area of capital planning and debt structure.

The City has dedicated funds from Tax Increment Financing (TIF) and grants for the maintenance of the historic properties in downtown Waseca. The commitment to downtown preservation will create a unique and appealing atmosphere for future downtown revitalization and expansion. In 2006, the City initiated the streetscape project, providing the downtown community with enhanced infrastructure and aesthetic visual elements.

The City of Waseca is continuing to pursue new joint ventures and inter-governmental cooperative actions that will provide the citizens of Waseca with a different and unique way to address governmental needs and meet the mandate of effective services at less cost. This may require re-allocation of funding from traditional community groups, or the development of new revenue sources and fees to cover costs of site-specific projects or programs.

### **Requests for Information**

This financial report is designed to provide a general overview of the City of Waseca's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Waseca, 508 South State Street, Waseca, MN, 56093.

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**CITY OF WASECA, MINNESOTA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	Primary Government			Component Unit EDA
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 1,412,938	\$ 545,139	\$ 1,958,077	\$ 104,123
Investments	6,700,000	3,000,000	9,700,000	-
Receivables:				
Taxes	66,059	-	66,059	1,115
Accounts	69,732	898,158	967,890	-
Utility	-	8,617	8,617	-
Mobile home tax	4,058	-	4,058	-
Computer program	1,252	-	1,252	-
Assessments	1,054,343	398,534	1,452,877	-
Interest	25,247	8,355	33,602	-
Loans	76,903	-	76,903	-
Advance to component unit	29,107	-	29,107	-
Internal balances	294,714	(294,714)	-	-
Inventory	-	173,180	173,180	-
Land held for resale	1,142,609	-	1,142,609	327,479
Restricted assets:				
Customer deposits	-	150,829	150,829	-
Capital assets				
Land	1,099,848	285,995	1,385,843	-
Infrastructure	28,266,873	-	28,266,873	-
Construction in progress	2,375,985	50,824	2,426,809	-
Buildings	1,595,017	3,437,621	5,032,638	-
Improvements other than buildings	3,297,834	27,181,759	30,479,593	-
Machinery and equipment	3,761,289	6,951,533	10,712,822	-
Accumulated depreciation	(15,979,702)	(17,474,537)	(33,454,239)	-
Service territory (net of amortization)	-	377,964	377,964	-
Other assets	121,694	59,719	181,413	-
Total assets	<u>35,415,800</u>	<u>25,758,976</u>	<u>61,174,776</u>	<u>432,717</u>
<b>LIABILITIES</b>				
Accounts payable	333,595	569,386	902,981	72,798
Customer deposits	-	150,829	150,829	-
Accrued wages	95,860	37,918	133,778	-
Accrued interest	138,936	75,039	213,975	-
Advance from primary government	-	-	-	29,107
Non-current liabilities:				
Due within one year	1,020,000	490,000	1,510,000	-
Due in more than one year	7,558,919	4,415,264	11,974,183	-
Unearned revenue-utility	1,577	8,617	10,194	-
Total liabilities	<u>9,148,887</u>	<u>5,747,053</u>	<u>14,895,940</u>	<u>101,905</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	16,236,644	15,675,302	31,911,946	-
Unrestricted	10,030,269	4,336,621	14,366,890	330,812
Total net assets	<u>\$ 26,266,913</u>	<u>\$ 20,011,923</u>	<u>\$ 46,278,836</u>	<u>\$ 330,812</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2006

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets				Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Total	
					Governmental Activities	Business-Type Activities	Total		
Primary Government:									
Governmental Activities:									
General Government	\$ 1,159,811	\$ 215,934	\$ 94,037	\$ 65,325	\$ (784,515)	\$ -	\$ -	\$ (784,515)	\$ -
Public Safety	2,010,994	122,199	362,269	-	(1,526,526)	-	-	(1,526,526)	-
Streets and Highways	1,421,344	12,631	107,006	294,246	(1,007,461)	-	-	(1,007,461)	-
Sanitation	44,022	-	-	-	(44,022)	-	-	(44,022)	-
Culture and Recreation	1,221,345	9,070	750,350	90	(461,835)	-	-	(461,835)	-
Economic Development	539,282	577	-	-	(538,705)	-	-	(538,705)	-
Interest and fees	312,347	-	-	-	(312,347)	-	-	(312,347)	-
Total Governmental Activities	6,709,145	360,411	1,313,662	359,661	(4,675,411)	-	-	(4,675,411)	-
Business-Type Activities:									
Water	922,119	1,146,093	-	186,033	-	-	410,007	410,007	-
Sewer	1,688,033	1,715,748	54,152	179,588	-	-	261,455	261,455	-
Electric	5,552,176	6,127,135	3,398	283,550	-	-	861,907	861,907	-
Airport	94,060	50,057	298,311	-	-	-	254,308	254,308	-
Total Business-Type Activities	8,256,388	9,039,033	355,861	649,171	-	-	1,787,677	1,787,677	-
Total Primary Government	\$ 14,965,533	\$ 9,399,444	\$ 1,669,523	\$ 1,008,832	\$ (4,675,411)	\$ 1,787,677	\$ (2,887,734)	\$ -	\$ -
Total Component Unit	\$ 102,760	\$ -	\$ 50,000	\$ -	\$ -	\$ -	\$ -	\$ (52,760)	\$ -
General Revenues:									
Taxes					\$ 2,482,823	\$ -	\$ 2,482,823	\$ 43,133	
TIF Revenue					238,302	-	238,302	-	
Franchise Taxes					153,262	-	153,262	-	
Grants and Contributions not Restricted to Specific Programs					2,331,377	-	2,331,377	-	
Unrestricted Investment Earnings					383,959	164,697	548,656	3,380	
Gain on Disposal of Assets					-	-	-	2,946	
Transfers					(77,176)	77,176	-	-	
Total General Revenues and Transfers					5,512,547	241,873	5,754,420	49,459	
Change in Net Assets					837,136	2,029,550	2,866,686	(3,301)	
Net Assets - Beginning					25,429,777	17,982,373	43,412,150	334,113	
Net Assets - Ending					\$ 26,266,913	\$ 20,011,923	\$ 46,278,836	\$ 330,812	

The notes to the financial statements are an integral part of this statement.

# MAJOR FUNDS

## **Major Funds**

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### **Governmental**

#### **General Fund**

This fund accounts for the financial operations of the City that are not accounted for in any other fund. Principal sources of revenue are state aid and county-shared revenue and property taxes.

#### **Debt Service Fund**

This fund accounts for the payment of interest and principal on the special assessment bond issues.

#### **Water Park Construction Fund**

This fund accounts for the construction costs of the Water Park.

### **Proprietary**

The City's Enterprise Funds are used to account for self-supporting activities that render services to the general public on a user charge basis.

#### **Water Fund**

This fund accounts for the municipal water system.

#### **Sanitary Sewer Fund**

This fund accounts for the operation of the wastewater treatment plant and the sanitary sewer system.

#### **Electric Fund**

This fund accounts for the municipal electric utility operation. The City owns and operates the electric distribution system and buys all of its power requirements on a wholesale basis.

#### **Airport Fund**

This fund accounts for the municipal airport operations.

CITY OF WASECA, MINNESOTA  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
DECEMBER 31, 2006

	General	Debt Service	Water Park Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 69,889	\$ -	\$ 70,217	\$ 1,108,637	\$ 1,248,743
Investments	2,700,000	1,400,000	-	2,500,000	6,600,000
Receivables					
Taxes	60,702	-	-	5,357	66,059
Accounts	48,691	5,668	-	14,942	69,301
Mobile home taxes	1,252	-	-	-	1,252
Computer program receivable	4,058	-	-	-	4,058
Assessments					
Receivables	-	1,050,208	-	-	1,050,208
Delinquent	-	2,558	-	-	2,558
Deferred	-	1,577	-	-	1,577
Interest	2,684	4,702	-	17,785	25,171
Loans	-	-	-	76,903	76,903
Land held for resale	-	-	-	1,142,609	1,142,609
Advance to other funds	200,000	100,000	-	-	300,000
Advance to component unit	-	-	-	29,107	29,107
Due from other funds	147,115	-	-	-	147,115
Total assets	<u>\$ 3,234,391</u>	<u>\$ 2,564,713</u>	<u>\$ 70,217</u>	<u>\$ 4,895,340</u>	<u>\$ 10,764,661</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 80,021	\$ -	\$ 124,325	\$ 108,895	\$ 313,241
Accrued wages payable	92,449	-	-	573	93,022
Advance from other funds	-	-	-	100,000	100,000
Due to other funds	-	71,124	-	74,430	145,554
Deferred revenue	38,228	1,054,343	-	78,370	1,170,941
Total liabilities	<u>210,698</u>	<u>1,125,467</u>	<u>124,325</u>	<u>362,268</u>	<u>1,822,758</u>
Fund balances:					
Reserved for:					
Loans	-	-	-	3,000	3,000
Advance to other funds	200,000	100,000	-	-	300,000
Advance to component unit	-	-	-	29,107	29,107
Land held for resale	-	-	-	1,142,609	1,142,609
Debt service	-	1,339,246	-	119,662	1,458,908
Unreserved, designated, reported in:					
General fund	2,823,693	-	-	-	2,823,693
Special revenue funds	-	-	-	733,652	733,652
Capital projects funds	-	-	-	2,407,497	2,407,497
Unreserved, undesignated, reported in:					
Special revenue funds	-	-	-	156,311	156,311
Debt service funds	-	-	-	(37,180)	(37,180)
Capital projects funds	-	-	(54,108)	(21,586)	(75,694)
Total fund balances	<u>3,023,693</u>	<u>1,439,246</u>	<u>(54,108)</u>	<u>4,533,072</u>	<u>8,941,903</u>
Total liabilities and fund balances	<u>\$ 3,234,391</u>	<u>\$ 2,564,713</u>	<u>\$ 70,217</u>	<u>\$ 4,895,340</u>	

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

Capital assets (net of accumulated depreciation) used in governmental activities are not financial resources and, therefore, are not reported in the funds.	24,417,144
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,169,364
Internal service fund assets and liabilities are included in governmental activities in the statement of net assets.	334,663
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(8,596,161)
Net assets of governmental activities	<u>\$ 26,266,913</u>



**CITY OF WASECA, MINNESOTA**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2006**

	General	Debt Service	Water Park Construction Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Taxes	\$ 2,473,240	\$ -	\$ -	\$ 352,298	\$ 2,825,538
Licenses	42,568	-	-	-	42,568
Permits and fees	132,482	-	-	3,720	136,202
Intergovernmental	2,618,313	-	-	275,309	2,893,622
Charges for services	40,357	-	-	-	40,357
Fines	30,883	-	-	-	30,883
Assessments	-	55,204	-	-	55,204
Interest on assessments	-	66,467	-	-	66,467
Contributions	-	-	750,000	-	750,000
Miscellaneous	217,622	70,224	15,010	414,241	717,097
Total revenues	<u>5,555,465</u>	<u>191,895</u>	<u>765,010</u>	<u>1,045,568</u>	<u>7,557,938</u>
<b>EXPENDITURES</b>					
Current:					
General government	1,026,769	-	-	-	1,026,769
Public safety	1,799,213	-	-	-	1,799,213
Streets and highways	1,107,890	-	-	-	1,107,890
Sanitation	44,022	-	-	-	44,022
Cultural and recreation	651,729	-	-	-	651,729
Personal Services	-	-	-	573	573
Materials and supplies	-	-	4,070	7,570	11,640
Separation contribution	-	-	-	2,099	2,099
Services and charges	-	(151)	431,030	463,306	894,185
Other services	235,345	-	-	-	235,345
Debt service:					
Bond principal	-	385,000	-	410,000	795,000
Interest and fiscal charges	-	109,598	-	130,654	240,252
Capital outlay	-	-	2,328,288	1,146,830	3,475,118
Total expenditures	<u>4,864,968</u>	<u>494,447</u>	<u>2,763,388</u>	<u>2,161,032</u>	<u>10,283,835</u>
Excess of revenues over (under) expenditures	<u>690,497</u>	<u>(302,552)</u>	<u>(1,998,378)</u>	<u>(1,115,464)</u>	<u>(2,725,897)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	744,000	-	-	1,145,824	1,889,824
Issuance of bonds	-	-	2,035,369	4,631	2,040,000
Bond discounts	-	-	(3,516)	-	(3,516)
Transfers out	(957,000)	-	-	(710,000)	(1,667,000)
Total other financing sources (uses)	<u>(213,000)</u>	<u>-</u>	<u>2,031,853</u>	<u>440,455</u>	<u>2,259,308</u>
Net change in fund balances	<u>477,497</u>	<u>(302,552)</u>	<u>33,475</u>	<u>(675,009)</u>	<u>(466,589)</u>
Fund balances - beginning	<u>2,546,196</u>	<u>1,741,798</u>	<u>(87,583)</u>	<u>5,208,081</u>	<u>9,408,492</u>
Fund balances - ending	<u>\$ 3,023,693</u>	<u>\$ 1,439,246</u>	<u>\$ (54,108)</u>	<u>\$ 4,533,072</u>	<u>\$ 8,941,903</u>

The notes to the financial statements are an integral part of this statement.

**CITY OF WASECA, 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, 2006**

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

Net change in fund balances-total governmental funds	\$	(466,589)
Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the asset.		
Capital outlay	4,203,034	
Depreciation expense	<u>(1,068,855)</u>	3,134,179
Revenues (special assessment and loan receivable deferred revenue) in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		61,000
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This is the amount repayments (\$795,000) and premiums (\$509) are less than proceeds (\$2,040,000), issuance costs (\$31,373) and discounts (\$475) in the current period.		
		(1,212,643)
Some expenses (changes in accrued interest and compensated absences) 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.		
		(333,440)
The net loss of the Internal Service funds is reported with governmental activities.		
		<u>(345,371)</u>
Change in net assets of governmental activities	\$	<u>837,136</u>

CITY OF WASECA, MINNESOTA  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES-  
BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,510,192	\$ 2,510,192	\$ 2,473,240	\$ (36,952)
Licenses	42,000	42,000	42,568	568
Permits and fees	165,500	165,500	132,482	(33,018)
Intergovernmental	2,526,324	2,526,324	2,618,313	91,989
Charges for services	55,550	55,550	40,357	(15,193)
Fines	31,200	31,200	30,883	(317)
Miscellaneous	158,000	158,000	217,622	59,622
Total revenues	<u>5,488,766</u>	<u>5,488,766</u>	<u>5,555,465</u>	<u>66,699</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,131,763	1,131,763	1,026,769	104,994
Public safety	1,768,576	1,768,576	1,799,213	(30,637)
Streets and highways	1,209,157	1,209,157	1,107,890	101,267
Sanitation	32,340	32,340	44,022	(11,682)
Cultural and recreation	664,116	664,116	651,729	12,387
Other services	226,500	226,500	235,345	(8,845)
Total expenditures	<u>5,032,452</u>	<u>5,032,452</u>	<u>4,864,968</u>	<u>167,484</u>
Excess of revenues over (under) expenditures	<u>456,314</u>	<u>456,314</u>	<u>690,497</u>	<u>234,183</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	444,000	444,000	744,000	300,000
Transfers out	(957,000)	(957,000)	(957,000)	-
Total other financing sources (uses)	<u>(513,000)</u>	<u>(513,000)</u>	<u>(213,000)</u>	<u>300,000</u>
Net change in fund balances	<u>(56,686)</u>	<u>(56,686)</u>	<u>477,497</u>	<u>\$ 534,183</u>
Fund balances - beginning	2,546,196	2,546,196	2,546,196	
Fund balances - ending	<u>\$ 2,489,510</u>	<u>\$ 2,489,510</u>	<u>\$ 3,023,693</u>	

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF NET ASSETS  
 DECEMBER 31, 2006

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric Fund	Airport Fund	Totals	
<b>ASSETS</b>						
Current assets:						
Cash and cash equivalents	\$ 120,610	\$ 285,769	\$ 28,068	\$ 110,692	\$ 545,139	\$ 164,195
Investments	1,300,000	1,700,000	-	-	3,000,000	100,000
Restricted cash and cash equivalents:						
Customer deposits	-	-	150,829	-	150,829	-
Accounts receivable	93,153	160,744	579,442	64,819	898,158	431
Utility receivable	5,170	3,447	-	-	8,617	-
Interest receivable	3,781	4,574	-	-	8,355	76
Assessments receivable	194,957	203,577	-	-	398,534	-
Inventories	-	-	173,180	-	173,180	-
Total current assets	1,717,671	2,358,111	931,519	175,511	5,182,812	264,702
Noncurrent assets:						
Capital assets:						
Land	10,585	12,700	88,130	174,580	285,995	-
Buildings	148,634	2,656,198	476,243	156,546	3,437,621	-
Improvements	8,726,137	9,570,546	7,981,371	903,705	27,181,759	-
Construction in progress	-	-	-	50,824	50,824	-
Machinery and equipment	504,325	5,219,091	1,213,822	14,295	6,951,533	-
Less accumulated depreciation	(4,454,681)	(6,958,253)	(5,650,821)	(410,782)	(17,474,537)	-
Total capital assets (net of accumulated depreciation)	4,935,000	10,500,282	4,108,745	889,168	20,433,195	-
Other assets:						
Service territory (net of amortization)	-	-	377,964	-	377,964	-
Deferred bond issuance costs	7,369	52,350	-	-	59,719	-
Total other assets	7,369	52,350	377,964	-	437,683	-
Total noncurrent assets	4,942,369	10,552,632	4,486,709	889,168	20,870,878	-
Total assets	\$ 6,660,040	\$ 12,910,743	\$ 5,418,228	\$ 1,064,679	\$ 26,053,690	\$ 264,702
<b>LIABILITIES</b>						
Current liabilities:						
Accounts payable	\$ 14,826	\$ 79,116	\$ 405,932	\$ 69,512	\$ 569,386	\$ 20,354
Accrued wages payable	6,596	14,554	16,768	-	37,918	2,838
Accrued interest payable	27,122	47,917	-	-	75,039	-
Due to other funds	-	-	-	-	-	1,561
Customer deposits payable	-	-	150,829	-	150,829	-
Revenue bonds payable	195,000	215,000	-	-	410,000	-
Unearned revenue-utility	5,170	3,447	-	-	8,617	-
Total current liabilities	248,714	360,034	573,529	69,512	1,251,789	24,753
Noncurrent liabilities:						
Revenue bonds payable	1,411,296	2,996,316	-	-	4,407,612	-
Compensated absences payable	11,623	15,974	60,055	-	87,652	-
Advance from other funds	-	-	200,000	-	200,000	-
Total noncurrent liabilities	1,422,919	3,012,290	260,055	-	4,695,264	-
Total liabilities	1,671,633	3,372,324	833,584	69,512	5,947,053	24,753
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	3,336,073	7,341,316	4,108,745	889,168	15,675,302	-
Unrestricted	1,652,334	2,197,103	475,899	105,999	4,431,335	239,949
Total net assets	\$ 4,988,407	\$ 9,538,419	\$ 4,584,644	\$ 995,167	20,106,637	\$ 239,949
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(94,714)	
Net assets of business-type activities					\$ 20,011,923	

The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric Fund	Airport Fund	Totals	
<b>OPERATING REVENUES</b>						
Charges for services	\$ 1,133,859	\$ 1,715,748	\$ 6,101,983	\$ 49,258	\$ 9,000,848	\$ 367,007
Intergovernmental	-	-	-	-	-	13,906
Miscellaneous	12,234	-	25,152	799	38,185	-
Total operating revenues	<u>1,146,093</u>	<u>1,715,748</u>	<u>6,127,135</u>	<u>50,057</u>	<u>9,039,033</u>	<u>380,913</u>
<b>OPERATING EXPENSES</b>						
Power purchased	91,780	-	4,040,311	-	4,132,091	-
Personal services	224,213	430,199	736,412	-	1,390,824	106,357
Supplies	117,997	144,915	257,419	4,377	524,708	108,737
Services and charges	94,176	494,197	123,988	50,845	763,206	10,001
Depreciation	311,708	481,656	347,668	35,782	1,176,814	-
Insurance payment	-	-	-	-	-	22,045
Insurance premium	-	-	-	-	-	211,988
Total operating expenses	<u>839,874</u>	<u>1,550,967</u>	<u>5,505,798</u>	<u>91,004</u>	<u>7,987,643</u>	<u>459,128</u>
Operating income (loss)	<u>306,219</u>	<u>164,781</u>	<u>621,337</u>	<u>(40,947)</u>	<u>1,051,390</u>	<u>(78,215)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>						
Operating grant	-	-	-	14,854	14,854	-
Federal grant	-	-	-	283,457	283,457	-
Loss on disposal of capital assets	-	-	(3,128)	-	(3,128)	-
Interest income	77,930	81,294	5,235	238	164,697	13,821
Interest expense	(72,357)	(126,029)	(10,753)	-	(209,139)	-
Refunds and reimbursements	-	54,152	3,398	-	57,550	-
Agent fee	(1,130)	(633)	-	-	(1,763)	-
Amortization expense	(2,839)	(6,565)	(26,288)	-	(35,692)	-
Total nonoperating revenues (expenses)	<u>1,604</u>	<u>2,219</u>	<u>(31,536)</u>	<u>298,549</u>	<u>270,836</u>	<u>13,821</u>
Income (loss) before contributions and transfers	307,823	167,000	589,801	257,602	1,322,226	(64,394)
Capital contributions	186,033	179,588	283,550	-	649,171	-
Transfers in	-	710,000	-	-	710,000	-
Transfers out	(95,613)	(83,781)	(453,430)	-	(632,824)	(300,000)
Change in net assets	<u>398,243</u>	<u>972,807</u>	<u>419,921</u>	<u>257,602</u>	<u>2,048,573</u>	<u>(364,394)</u>
Total net assets-beginning	<u>4,590,164</u>	<u>8,565,612</u>	<u>4,164,723</u>	<u>737,565</u>		<u>604,343</u>
Total net assets-ending	<u>\$ 4,988,407</u>	<u>\$ 9,538,419</u>	<u>\$ 4,584,644</u>	<u>\$ 995,167</u>		<u>\$ 239,949</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds					(19,023)	
Change in net assets of business-type activities					<u>\$ 2,029,550</u>	

CITY OF WASECA, MINNESOTA  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2006

	Business-Type Activities-Enterprise Funds					Governmental Activities- Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Airport	Totals	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash received from (paid to) customers	\$ 1,168,167	\$ 1,741,997	\$ 6,027,023	\$ 58,459	\$ 8,995,646	\$ -
Cash received from other funds and reimbursements	-	-	-	-	-	380,482
Cash payments to suppliers	(297,650)	(974,155)	(4,363,309)	10,641	(5,624,473)	-
Cash payments to employees	(218,244)	(415,778)	(726,995)	-	(1,361,017)	(103,519)
Cash payments for interfund services used	-	-	-	-	-	(394,640)
Net cash provided (used) by operating activities	<u>652,273</u>	<u>352,064</u>	<u>936,719</u>	<u>69,100</u>	<u>2,010,156</u>	<u>(117,677)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>						
Due to other funds	-	-	(112,206)	-	(112,206)	1,561
Refunds and reimbursements	-	54,152	3,398	-	57,550	-
State aid-maintenance	-	-	-	14,854	14,854	-
Federal grant	-	-	-	283,457	283,457	-
Transfers from other funds	-	710,000	-	-	710,000	-
Transfers to other funds	(95,613)	(83,781)	(453,430)	-	(632,824)	(300,000)
Net cash provided (used) by noncapital financing activities	<u>(95,613)</u>	<u>680,371</u>	<u>(562,238)</u>	<u>298,311</u>	<u>320,831</u>	<u>(298,439)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Investment with bond escrow agent	-	1,810,161	-	-	1,810,161	-
Principal paid on bonds	(145,000)	(1,930,000)	-	-	(2,075,000)	-
Acquisition and construction of capital assets	(430,813)	(253,656)	(341,501)	(347,352)	(1,373,322)	-
Acquisition of service territory	-	-	(264,740)	-	(264,740)	-
Agent fee	(1,130)	(633)	-	-	(1,763)	-
Advance from other funds	-	-	200,000	-	200,000	-
Interest expense	(77,684)	(179,221)	(10,753)	-	(267,658)	-
Net cash used by capital and related financing activities	<u>(654,627)</u>	<u>(553,349)</u>	<u>(416,994)</u>	<u>(347,352)</u>	<u>(1,972,322)</u>	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Purchase of investments	-	(350,000)	-	-	(350,000)	-
Proceeds from sale of investments	100,000	-	65,000	75,000	240,000	385,000
Interest on investments	78,752	99,700	5,581	584	184,617	16,792
Net cash provided (used) by investing activities	<u>178,752</u>	<u>(250,300)</u>	<u>70,581</u>	<u>75,584</u>	<u>74,617</u>	<u>401,792</u>
Net increase (decrease) in cash and cash equivalents	80,785	228,786	28,068	95,643	433,282	(14,324)
Cash and cash equivalents, January 1	39,825	56,983	-	15,049	111,857	178,519
Cash and cash equivalents, December 31	<u>\$ 120,610</u>	<u>\$ 285,769</u>	<u>\$ 28,068</u>	<u>\$ 110,692</u>	<u>\$ 545,139</u>	<u>\$ 164,195</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities:</b>						
Operating income (loss)	\$ 306,219	\$ 164,781	\$ 621,337	\$ (40,947)	\$ 1,051,390	\$ (78,215)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities						
Depreciation	311,708	481,656	347,668	35,782	1,176,814	-
Change in assets and liabilities						
(Increase) decrease in accounts receivable	(1,262)	(1,223)	(100,112)	8,402	(94,195)	(431)
Increase in utility receivable	(225)	(150)	-	-	(375)	-
Decrease in assessments receivable	23,336	27,472	-	-	50,808	-
Increase in inventory	-	-	(27,243)	-	(27,243)	-
Increase (decrease) in accounts payable	6,303	(335,043)	85,652	65,863	(177,225)	(41,869)
Increase in accrued wages payable	6,596	14,554	16,768	-	37,918	2,838
Decrease in compensated absences payable	(627)	(133)	(7,351)	-	(8,111)	-
Increase in unearned revenue - utility	225	150	-	-	375	-
Total adjustments	<u>346,054</u>	<u>187,283</u>	<u>315,382</u>	<u>110,047</u>	<u>958,766</u>	<u>(39,462)</u>
Net cash provided (used) by operating activities	<u>\$ 652,273</u>	<u>\$ 352,064</u>	<u>\$ 936,719</u>	<u>\$ 69,100</u>	<u>\$ 2,010,156</u>	<u>\$ (117,677)</u>
<b>Noncash investing, capital, and financing activities:</b>						
Amortization of bond issuance costs	\$ 2,839	\$ 6,565	\$ -	\$ -	\$ 9,404	\$ -
Amortization of service territory	-	-	26,288	-	26,288	-
Capital contributions	186,033	179,588	283,550	-	649,171	-
Loss on disposal of capital assets	-	-	(3,128)	-	(3,128)	-

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**CITY OF WASECA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2006**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Waseca have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP statements include all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the City's policies are described below.

The City has implemented GASB Statement 44 Economic Condition Reporting: The Statistical Section. This statement is intended to improve consistency and comparability in the information provided in the statistical section. The objectives of statistical section information are to provide financial statement users with additional historical perspective, context, and detail to assist in understanding and assessing a government's economic condition.

**A. Reporting Entity**

The City of Waseca, incorporated in 1868 and under Article XII, Section 4, of the Minnesota Constitution, is chartered as a Home Rule City. The Charter established a Mayor-Council form of government. The governing body consists of six elected council members and a mayor. The City Manager administers policies and coordinates the activities of the City. The heads of the various departments, formed to provide various services, are under the direct supervision of the City Manager.

The accompanying financial statements present the City and its component unit (The Economic Development Authority of the City of Waseca), an entity for which the government is considered financially accountable. The discretely presented component unit is reported in a separate column in the basic financial statements to emphasize that it is legally separate from the government. The discretely presented component unit has a December 31 year-end.



## **Individual Component Unit Disclosures**

**Discretely Presented Component Unit** – The Economic Development Authority of the City of Waseca is governed by five members who are appointed by the Waseca City Council. The City is considered financially accountable for The Economic Development Authority because the City can impose its will and financial assistance is made by the City. The Economic Development Authority of the City of Waseca is comprised of two funds, the general fund and the land development fund. Separately issued financial statements are available upon request from The Economic Development Authority of the City of Waseca at 508 South State Street, Waseca, MN.

### **B. Basic Financial Statements**

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally 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.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges between the City's enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. These statements focus on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Assets and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. 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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the City has only governmental and proprietary type funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated in a single column in the financial section of the basic financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as 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. Internal service fund activity is eliminated to avoid "doubling up" of revenues and expenses, however, interfund services provided and used are not eliminated in the process of consolidation.

Governmental fund financial statements are reported using the current financial resources management 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 year-end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal 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:

*General Fund*

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

*Debt Service Fund*

This is used to accumulate special assessment revenues collected for payment of special assessment principal and interest. These debt issues were sold to finance construction of various projects that were deemed to benefit only those residents in the immediate area of the projects and are paid for by those residents through assessments against their property.

*Water Park Construction Fund*

This accounts for the construction of the water park, which is being financed from external contributions and bond proceeds.

The City reports the following major proprietary funds:

*Water Fund*

This accounts for the water service charges, which are used to finance the water system operating expenses.

*Sanitary Sewer Fund*

This accounts for the sanitary sewer service charges, which are used to finance the sanitary sewer system operating expenses.

*Electric Fund*

This accounts for the electric service charges, which are used to finance the electric system operating expenses.

*Airport Fund*

This accounts for the income and expenses of the municipal airport operations.

Additionally, the City reports the following fund type:

Internal Service funds account for services and/or commodities provided to other departments of the City on a cost reimbursement basis. The City has four Internal Service funds. The property and liability insurance fund provides for risk management activities for property and liability insurance. The workers compensation insurance fund provides for risk management activities for workers compensation insurance. The equipment replacement fund provides for purchases of capital equipment, and the use of this fund has been substantially reduced, as the City issues capital equipment notes, due to the reduced interest rates. The City also initiated a central garage fund, which accounts for all activity of the servicing of City vehicles and equipment.

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 the business-type activities and enterprise funds, subject to this same limitation. The City has elected to follow subsequent private-sector guidance except those that conflict with or contradict GASB 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 charges between the City's enterprise funds and various other functions of government. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 and expenses of the City's enterprise funds and internal service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

#### **D. Assets, Liabilities, and Net Assets or Equity**

##### **1. Deposits and Investments**

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit as authorized by resolution of the City Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments.

Investments are stated at fair value as of the end of the year, except for non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, the enterprise and internal service funds consider cash on hand, demand deposits, and short-term investments with original maturities of three months or less when purchased to be cash and cash equivalents.

**2. Property Tax Receivables**

The City levies its property tax for the subsequent year in October. This levy is certified to the County of Waseca, as they are the collection agency for taxes within the County. Taxes are recognized as receivables in the current year when the City is notified by the County of the amounts. They become a lien against the property on the date of levy. Taxes are due and payable at the County on May 15 and October 15, and collections are remitted to the City in June and November. Adjustments are made to delinquent taxes based on the records of the County Auditor.

**3. Interfund Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. Short-term interfund loans are classified as "due to/from other funds". All short-term interfund receivables and payables at year-end are planned to be eliminated in the subsequent year. Long-term interfund loans are classified as "advances to/from other funds. Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Interfund loan receivables, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

**4. Accounts Receivables – Utilities**

The utilities provide an allowance for bad debts using the allowance method, based on management's judgment. Services are sold on an unsecured basis. Payment is generally required within 15 days of the date of billing. Accounts past due are individually analyzed for collectibility. The amount of uncollectible accounts is not considered significant.

**5. Inventories**

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded as an expenditure/expense when consumed rather than when purchased.

**6. Land Held for Resale**

Land held for resale is valued at cost which approximates fair value.

**7. Restricted Assets**

Customer Deposits – The City of Waseca electric utility collects a deposit fee from residential rental and commercial customers upon application for utility service. This deposit is a safeguard against higher risk delinquent accounts, and is returned to the customer upon cancellation of service by the customer or maintenance of adequate credit history for a one-year period. These deposits are restricted to the extent of the customer deposits payable.

**8. 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. Infrastructure assets acquired prior to the implementation of GASB 34 have been reported. Capital assets are defined by the City as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value as of the date of the donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Assets. Depreciation of property, plant, and equipment is provided on the straight line basis over the following estimated useful lives:

Buildings	20-50 Years
Improvements Other than Buildings	5-50 Years
Water Distribution System	30-70 Years
Sewer Collection System	30-70 Years
Electric Distribution System	20-50 Years
Machinery and Equipment	6-50 Years
Vehicles	4-20 Years
Infrastructure	30-70 Years

**9. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and the portion of sick pay allowable as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements. The current portion for these amounts is calculated based on historical trends.

**10. 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 rate method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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



## **11. Fund Equity**

In the fund financial statements, governmental funds 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.

## **12. Use of Estimates**

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates that affect the amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

# **II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

## **Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains, “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.”

The details of this difference are as follows:

Bonds and capital equipment notes	\$ 8,302,194
Less: deferred issuance costs	(121,694)
Compensated absences payable	276,725
Accrued interest payable	138,936
Total difference	<u>\$ (8,596,161)</u>

### **III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **A. Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund, the following special revenue funds: EDPG Clear Lake Press, TIF Funds, Waseca Housing Fund, Police Separation, Police Reserve, and Fire Relief, and the following capital project funds: Municipal State Aid Maintenance Fund, Capital Improvement Fund, Special Assessment Fund, and Annexation & Growth Fund. Any modifications in the adopted budget can be made upon request of and approval by the City Council. All annual appropriations lapse at fiscal year-end. Defined project financial plans are adopted on a 5-year capital improvement plan.

On or before mid-July each year, all agencies of the City submit requests for appropriations to the City Manager so that a budget may be prepared. The budget is prepared by function and activity and includes information on the preceding two fiscal years, current year estimates of expenditures, budget and requested, recommended and adopted appropriations for the next fiscal year.

The proposed budget is presented to the City Council for review at their first meeting in September. The City Council holds public hearings and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues as estimated by the City Manager. The City Council must adopt the annual budget by December 28<sup>th</sup> of each year.

Expenditures may not legally exceed budgeted appropriations at the total level for each function or activity. Management cannot amend the adopted budget, but must request the City Council to transfer funds between functions or activities or adopt supplemental appropriations when the need arises. There were no supplemental appropriations in 2006.

## B. Excess of Expenditures Over Appropriations

The following funds had an excess of expenditures over appropriations in the following amounts:

	<u>Budget</u>	<u>Actual</u>
<u>Special Revenue Funds</u>		
Parkview Estates	\$ 14,700	\$ 15,113
Colony Court III	4,500	29,657
Police Separation	1,000	2,099
Police Reserve	500	5,657
Fire Relief	71,000	71,147
 <u>Capital Project Funds</u>		
Municipal State Aid Maintenance Fund	105,500	118,595
Annexation & Growth Fund	45,000	50,244

As TIF revenue is received for the Parkview Estates TIF Fund, payments are made to the developer equal to the amount of the tax increment. Actual revenues and expenditures received and incurred for 2006 exceeded budgeted amounts.

The Colony Court III TIF Fund received additional TIF revenue in 2006. Also in 2006, the agreement with the developer was amended to allow payments to the developer equal to the net amount of the tax increment, less any administrative expenses allowed within the agreement.

In 2006, the Police Separation Fund experienced the early separation of two reservists from the volunteer unit, requiring payment of the defined separation allowance.

The Police Reserve Fund was utilized for many community events, allowing for unbudgeted costs of service.

The Fire Relief Fund receives a state aid allotment for pension funding. This amount in 2006 was higher than budgeted, resulting in pension expenditures higher than budgeted.

The Municipal State Aid Maintenance Fund funded the completion of the 11<sup>th</sup> Avenue NW corridor project as well as general street maintenance. These projects were slightly higher than budgeted, resulting in unbudgeted expenditures.

The Annexation & Growth Fund was utilized for an aerial photo project completed every five to ten years. Actual expenditures were higher than anticipated.

### **C. Deficit Fund Equity**

The Water Park Construction Fund had a deficit fund balance of \$54,108 as of December 31, 2006, as a result of the payments for project costs of the construction project which began in 2006. The City issued debt in 2006 and will establish a fee/revenue plan in 2007 for the operation of the water park, which will provide coverage for the remaining project costs and eliminate this deficit.

The Equipment Certificates – 2003 and Equipment Certificates – 2005 Funds had deficit fund balances of \$18,779 and \$18,401, respectively, as of December 31, 2006 as a result of the debt service expenditures for 2006. The City will eliminate these deficit fund balances with taxes collected from future levies.

The Special Assessment Fund had a deficit fund balance of \$21,586 as of December 31, 2006, as a result of expenditures related to the Pondview housing site development. The City will be preparing a final assessment roll for the construction work related to the street and drainage project to be completed in early 2007 and eliminate this deficit.

#### **IV. DETAILED NOTES ON ALL FUNDS**

##### **A. Deposits and Investments**

*Deposits.* State statutes require that all deposits in financial institutions in excess of the \$100,000 insured by the Federal Depositary Insurance Corporation (FDIC) be collateralized at 110% by U.S. Government obligations or its agencies and instrumentalities or direct obligations of any state or local government with taxing powers which is rated "A" or better by a national bond rating service. Collateral pledged by the various banks is held in safekeeping departments of banks other than the pledging bank or the Federal Reserve Bank and held in the name of the City. It is required that the City sign authorizations releasing collateral once it is pledged. The City's deposits, including certificates of deposit, were fully insured or collateralized as required by State Statutes at December 31, 2006. At year end, the carrying amount of the City's deposits was \$11,808,906 and the bank balance was \$12,354,235. Of the total bank balance, the FDIC covered \$201,086. The remainder was covered by collateral with a value of \$14,497,154.

*Investments.* State statutes and city resolutions authorize the City's investments. The City is authorized by state statutes to invest in U.S. Government obligations and its agencies or instrumentalities, state, or local securities meeting certain rating guidelines, commercial paper, insured or collateralized certificates of deposit, and certain high-risk mortgage backed securities. The City is authorized by council resolution to invest in U.S. Government obligations and its agencies or instrumentalities, state or local securities meeting certain rating guidelines, commercial paper, and insured or collateralized certificates of deposit in various financial institutions. This policy is the same for all fund types reported herein. The City held no investments at December 31, 2006.

The deposits and investments of the City are presented in the financial statements as follows:

Deposits	\$ 11,808,906
Total cash, cash equivalents, and investments	<u>\$ 11,808,906</u>
Cash and cash equivalents - governmental activities	\$ 1,412,938
Investments - governmental activities	6,700,000
Cash and cash equivalents - business-type activities	545,139
Investments - business-type activities	3,000,000
Customer deposits	150,829
	<u>\$ 11,808,906</u>

*Interest Rate Risk:* The City's investment policy states that the City will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates by structuring the investment portfolio so that the securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and investing operating funds primarily in shorter-term securities, money market mutual funds, or similar investment pools.

## **B. Receivables**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include franchise fees and miscellaneous rental charges. Business-type activities report utility earnings as their major receivables.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current year, the three components of deferred revenue reported in the governmental funds were for delinquent taxes receivable not yet available (general, special revenue and debt service funds) special assessments not yet available (debt service fund) and loans receivable not yet due (special revenue fund) for the amounts of \$42,695, \$1,054,343 and \$73,903, respectively.

### C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2006 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 1,099,848	\$ -	\$ -	\$ 1,099,848
Construction in progress	47,697	2,328,288	-	2,375,985
Depreciable capital assets:				
Buildings	1,595,017	-	-	1,595,017
Improvements other than buildings	3,267,128	30,706	-	3,297,834
Equipment	3,722,162	65,958	26,831	3,761,289
Infrastructure	26,488,791	1,778,082	-	28,266,873
Total depreciable	35,073,098	1,874,746	26,831	36,921,013
Accumulated depreciation:				
Buildings	1,148,948	43,385	-	1,192,333
Improvements other than buildings	1,563,887	98,059	-	1,661,946
Equipment	1,908,135	270,500	26,831	2,151,804
Infrastructure	10,316,708	656,911	-	10,973,619
Total accumulated depreciation	14,937,678	1,068,855	26,831	15,979,702
Governmental activities capital assets, net	\$ 21,282,965	\$ 3,134,179	\$ -	\$ 24,417,144

Depreciation expense for governmental activities is charged to functions as follows:

General Government	\$ 54,752
Public Safety	107,308
Streets and Highways	784,771
Culture and Recreation	122,024
Total depreciation for governmental activities	<u>\$ 1,068,855</u>

Capital Asset activity for business-type activities for the year ended December 31, 2006 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Land	\$ 285,995	\$ -	\$ -	\$ 285,995
Construction in progress	369,429	50,824	369,429	50,824
Depreciable capital assets				
Buildings	3,437,798	5,516	5,693	3,437,621
Improvements other than buildings	25,003,831	2,254,393	76,465	27,181,759
Equipment	7,159,116	81,188	288,771	6,951,533
Total depreciable	35,600,745	2,341,097	370,929	37,570,913
Accumulated depreciation				
Buildings	1,156,670	57,616	5,693	1,208,593
Improvements Other than Buildings	12,228,087	833,323	73,337	12,988,073
Equipment	3,280,767	285,875	288,771	3,277,871
Total accumulated depreciation	16,665,524	1,176,814	367,801	17,474,537
Business-type activities capital assets, net	\$ 19,590,645	\$ 1,215,107	\$ 372,557	\$ 20,433,195

Depreciation expense for business-type activities is charged to functions as follows:

Water	\$ 311,708
Sewer	481,656
Electric	347,668
Airport	35,782
Total depreciation for business-type activities	\$ 1,176,814

#### D. Interfund Balances and Transfers

The composition of interfund balances as of December 31, 2006 is as follows:

##### Due to/from Other Funds

Receivable Fund	Payable Fund	Amount
General Fund	Debt Service Fund	\$ 71,124
General Fund	Nonmajor Governmental Funds	74,430
General Fund	Internal Service Fund	1,561
		<u>\$ 147,115</u>



Interfund receivables and payables represent lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year until the 2007 revenue flow provides for costs.

#### Advances to/from Other Funds

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 200,000
Debt Service Fund	Nonmajor Governmental Fund	<u>100,000</u>
		<u>\$ 300,000</u>

The General Fund made an advance to the Electric Fund to fund the purchase of service territory. This advance will be repaid over time from charges for services. The Debt Service Fund made an advance to a nonmajor governmental fund to finance the remaining project costs related to the downtown streetscaping project. This advance will be repaid over time through tax increments received in future years.

#### Advances to/from Primary Government and Component Unit

<u>Receivable Entity</u>	<u>Payable Entity</u>	<u>Amount</u>
Primary Government	Component Unit	
Nonmajor Governmental Fund	Economic Development Authority	
	Land Development Fund	<u>\$ 29,107</u>

#### Interfund Transfers

	Transfers Out						Total
	General Fund	Nonmajor Governmental Funds	Water Fund	Sewer Fund	Electric Fund	Internal Service Funds	
Transfers In:							
Governmental Fund Type							
General Fund	\$ -	\$ -	\$ 48,000	\$ 48,000	\$ 348,000	\$ 300,000	\$ 744,000
Capital Improvement Fund	-	-	-	-	-	-	-
Nonmajor Governmental Funds	957,000	-	47,613	35,781	105,430	-	1,145,824
Sewer Fund	-	710,000	-	-	-	-	710,000
	<u>\$ 957,000</u>	<u>\$ 710,000</u>	<u>\$ 95,613</u>	<u>\$ 83,781</u>	<u>\$ 453,430</u>	<u>\$ 300,000</u>	<u>\$ 2,599,824</u>

Through the course of the year, the City has to make occasional interfund transfers. These transfers are usually approved so that the fund receiving the money can continue to operate.

The General Fund transferred \$900,000 to the Capital Improvement Fund to provide funding for the 11<sup>th</sup> Avenue NW street project, the NE Park and Land Improvements project, and the Lakes and Marsh Improvements project.

The Capital Improvement Fund transferred \$710,000 to the Sanitary Sewer Fund to provide funding for the NW Lift Station construction project.

#### **E. Other Assets**

Other assets within the Governmental and Enterprise funds for December 31, 2006 are as follows:

	General	Water	Sewer	Electric	Total
Deferred Bond Issuance Costs (Net of Amortization)	\$ 121,694	\$ 7,369	\$ 52,350	\$ -	\$ 181,413
Service Territory (Net of Amortization)	-	-	-	377,964	377,964
Total Other Assets	<u>\$ 121,694</u>	<u>\$ 7,369</u>	<u>\$ 52,350</u>	<u>\$ 377,964</u>	<u>\$ 559,377</u>

The City acquired service territory in 2002 in the original amount of \$139,512. This resulted from long-term negotiations with Xcel Energy, as the City acquired adjoining property in various fringe areas of the community that had not previously been served by the Waseca Utility. The agreements between the City and Xcel Energy establish the criteria for future territory acquisition and exchange for residential and commercial properties, as the City boundaries continue to grow and change.

The City is obligated to remit payment to Xcel Energy by January 31 of each year for the years 2004 through 2012 equal to \$788 per building permit issued within properties acquired as part of the service territory. The charge of \$788 per building permit increases 3% (percent) per year beginning in 2003. The service territory is being amortized over the ten-year term of the agreement.

In 2006, the City acquired additional service territory in the amount of \$264,740. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as the Pondview of Waseca Subdivision and the Tower Industrial Park Second Addition. This service territory is being amortized over a period of ten years.

## **F. Long-Term Debt**

### **General Obligation Bonds**

General Obligations Bonds are issued to provide financing for the acquisition, improvement, and construction of major capital facilities having a relatively long life. They are payable from taxes levied upon all taxable property in the City and tax abatement revenues from certain parcels of property in the City and are backed by the full faith and credit of the City. One general obligation bond issue with an original issue amount of \$1,035,000 is currently outstanding as follows:

General Obligation Series 2005D	2005-2016	3.71%	\$ 1,035,000
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Annual debt service requirements to maturity for general obligation bonds are as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 40,000	\$ 36,733
2008	100,000	34,283
2009	115,000	30,520
2010	115,000	26,495
2011	120,000	22,382
2012 - 2016	545,000	46,171
	<u>\$ 1,035,000</u>	<u>\$ 196,584</u>

### **General Obligation Tax Increment Financing Bonds**

General Obligation Tax Increment Financing Bonds are issued to provide financing for tax increment financing districts. They are payable from tax increments which are calculated to be the difference between the current amounts levied for taxes less the amount which was levied prior to the time of redevelopment and are backed by the full faith and credit of the City. One general obligation tax increment financing bond with an original issue amount of \$1,100,000 is currently outstanding as follows:

General Obligation Tax Increment Series 2005E	4.25%	\$ 1,100,000
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Annual debt service requirements to maturity for general obligation tax increment financing bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2007	\$ -	\$ 45,493
2008	25,000	44,993
2009	30,000	43,892
2010	30,000	42,692
2011	35,000	41,393
2012 - 2016	230,000	181,862
2017 - 2021	315,000	128,088
2022 - 2026	435,000	48,816
	<u>\$ 1,100,000</u>	<u>\$ 577,229</u>

### **General Obligation State-Aid Street Bonds**

General Obligation State-Aid Street Bonds are issued to provide financing for the construction and improvement of various state-aid streets within the City. They are payable from taxes levied upon all taxable property in the City and municipal state-aid highway allotments and are backed by the full faith and credit of the City. One general obligation state-aid street bond with an original issue amount of \$805,000 is currently outstanding as follows:

General Obligation State-Aid Street Series 2005B	2005-2015	3.65%	\$ 720,000
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Annual debt service requirements to maturity for general obligation state-aid street bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2007	\$ 80,000	\$ 22,720
2008	80,000	20,420
2009	80,000	18,020
2010	80,000	15,540
2011	80,000	12,960
2012 - 2015	320,000	23,740
	<u>\$ 720,000</u>	<u>\$ 113,400</u>

### General Obligation Aquatic Center Bonds

General Obligation Aquatic Center Bonds are issued for the construction of a new water park in the City. They are payable from taxes levied upon all taxable property in the City and are backed the full faith and credit of the City. One general obligation aquatic center bond with an original issue amount of \$2,040,000 is currently outstanding as follows:

General Obligation Aquatic Center Series 2006A	2006-2027	4.34%	\$ 2,040,000
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Annual debt service requirements to maturity for general obligation aquatic center bonds are as follows:

Year	Governmental Activities	
	Principal	Interest
2007	\$ -	\$ 99,966
2008	30,000	85,085
2009	75,000	82,985
2010	75,000	79,985
2011	80,000	76,885
2012 - 2016	435,000	334,142
2017 - 2021	535,000	234,216
2022 - 2026	660,000	108,089
2027	150,000	3,300
	<u>\$ 2,040,000</u>	<u>\$ 1,104,653</u>

### Special Assessment Bonds

Special assessment bonds are issued for the construction of major capital improvements having a relatively long life. They are payable from special assessments levied and collected on local improvements to property and are backed by the full faith and credit of the City. Four special assessment bond issues with a total original issue amount of \$3,960,000 are currently outstanding as follows:

Permanent Improvement Series 1994A	1994-2010	5.39%	\$ 190,000
Permanent Improvement Series 2000A	2000-2011	4.97%	390,000
Permanent Improvement Series 2001A	2001-2013	4.68%	660,000
Permanent Improvement Series 2004C	2004-2015	5.08%	1,245,000
			<u>\$ 2,485,000</u>

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

Year	Governmental Activities	
	Principal	Interest
2007	\$ 365,000	\$ 94,738
2008	360,000	80,689
2009	355,000	66,262
2010	360,000	51,710
2011	315,000	37,835
2012 - 2015	730,000	59,555
<u>\$ 2,485,000</u>		<u>\$ 390,789</u>

### Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay debt service. These bonds are recorded in the fund according to the purpose for which they were issued. The Sanitary Sewer Fund is currently carrying bonds payable for the construction of the ATAD facility and sanitary sewer infrastructure. These bonds had an original issue amount of \$3,225,000. The Water Fund is currently carrying bonds for the construction of the water main and water system infrastructure. These had an original issue amount of \$2,660,000. The bonds from these funds are payable from the net revenues of their respective funds for which they were issued and not from an ad valorem tax, but are backed by the full faith and credit of the City.

The revenue bonds currently outstanding are as follows:

Revenue Bonds Series 1993A	1993-2008	4.86%	\$ 165,000
Revenue Bonds Series 2001B	2001-2017	4.46%	1,020,000
Revenue Refunding Bonds Series 2004B	2004-2016	3.58%	1,900,000
Revenue Bonds Series 2005A	2005-2026	4.18%	1,760,000
			<u>\$ 4,845,000</u>

Annual debt service requirements to maturity for the revenue bonds are as follows:

Year	Business-Type Activities	
	Principal	Interest
2007	\$ 410,000	\$ 179,291
2008	415,000	165,636
2009	345,000	150,780
2010	355,000	139,265
2011	370,000	126,694
2012 - 2016	2,050,000	407,790
2017 - 2021	465,000	134,971
2022 - 2026	435,000	49,129
	<u>\$ 4,845,000</u>	<u>\$ 1,353,556</u>

### Capital Equipment Notes

Capital Equipment Notes are issued for the purchase of capital equipment. They are payable from taxes levied upon all taxable property in the City and are backed by the full faith and credit of the City. Three capital equipment notes with a total original issue amount of \$1,350,000 are currently outstanding as follows:

General Obligation Equipment			
Certificates Series 2003A	2003-2008	3.12%	\$ 155,000
General Obligation Equipment			
Certificates Series 2004A	2004-2009	2.18%	470,000
General Obligation Equipment			
Certificates Series 2005C	2005-2009	3.12%	325,000
			<u>\$ 950,000</u>

Annual debt service requirements to maturity for the capital equipment notes are as follows:

Year	Principal	Interest
2007	\$ 335,000	\$ 22,934
2008	345,000	13,978
2009	270,000	5,495
	<u>\$ 950,000</u>	<u>\$ 42,407</u>

## Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2006 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental activities</b>					
Bonds payable					
General obligation bonds	\$ 1,035,000	\$ -	\$ -	\$ 1,035,000	\$ 40,000
Less: bond discount	(2,039)	-	188	(1,851)	-
General obligation tax increment bonds	1,100,000	-	-	1,100,000	-
Less: bond discount	(9,585)	-	475	(9,110)	-
General obligation state-aid street bonds	805,000	-	(85,000)	720,000	80,000
Less: bond discount	(8,265)	-	886	(7,379)	-
General obligation aquatic center bonds	-	2,040,000	-	2,040,000	-
Less: bond discount	-	(3,516)	99	(3,417)	-
Special assessment bonds	2,870,000	-	(385,000)	2,485,000	365,000
Plus: bond premium	1,384	-	(144)	1,240	-
Less: bond discount	(8,012)	-	836	(7,176)	-
Notes payable					
Capital equipment notes	1,275,000	-	(325,000)	950,000	335,000
Plus: bond premium	1,457	-	(364)	1,093	-
Less: bond discount	(1,763)	-	557	(1,206)	-
Compensated absences	253,974	222,955	(200,204)	276,725	200,000
Governmental activities - Long-term liabilities	<u>\$ 7,312,151</u>	<u>\$ 2,259,439</u>	<u>\$ (992,671)</u>	<u>\$ 8,578,919</u>	<u>\$ 1,020,000</u>
<b>Business-Type activities</b>					
Bonds payable					
Revenue bonds	\$ 6,920,000	\$ -	\$ (2,075,000)	\$ 4,845,000	\$ 410,000
Less: bond discounts	(31,850)	-	4,462	(27,388)	-
Compensated absences	95,763	76,993	(85,104)	87,652	80,000
Business-type activities - Long-term liabilities	<u>\$ 6,983,913</u>	<u>\$ 76,993</u>	<u>\$ (2,155,642)</u>	<u>\$ 4,905,264</u>	<u>\$ 490,000</u>

For the governmental activities, compensated absences are generally liquidated by the General Fund.



## **G. Designated Unreserved Fund Balance**

Fund balances of various funds at December 31, 2006 have been designated for the following purposes:

General Fund:

Unreserved and designated for:

Equipment Replacement and Future Operations      \$ 2,823,693

Nonmajor Funds:

Unreserved and designated for:

Subsequent Years Expenditures      \$ 3,141,149

## **V. OTHER INFORMATION**

### **A. 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 accounts for its risk management activities in internal service funds. Revenue to these funds is derived from premium charges to user departments and other funds of the City. These charges are then available to pay claims, administrative costs, and insurance premiums.

There has been no significant reduction in insurance coverage from the previous year in any of the City's policies. In addition, there have been no settlements in excess of the City's insurance coverage in any of the prior three fiscal years.

The City is a member of the League of Minnesota Cities Insurance Trust (LMCIT) and has currently placed coverage with them for its general liability and personal property claims. Coverage is provided up to a maximum of \$1,000,000. This coverage has a deductible of \$50,000 per occurrence and a general aggregate annual deductible of \$100,000. Management believes that any incidence of liability is remote.

The City participates in the LMCIT for its workers compensation insurance which is administered by Berkley Administrators. This is a retrospectively rated policy with the premium being based primarily on the City's loss experience. The City has experienced very favorable rates for workers compensation by participating in the program and maintaining an excellent experience modification factor.

The City carries commercial insurance for employee health, life and disability. The City contributes approximately 90% of the premiums through the fund from which the employee is compensated. The City has no risk in excess of premiums paid.

#### **B. Related Organizations**

The City Council is also responsible for appointing the members of the Waseca Housing and Redevelopment Authority (WHRA), but the City's accountability for the WHRA does not extend beyond making board appointments. Complete financial statements are available upon request from the WHRA office at 308 2<sup>nd</sup> Avenue Northwest, Waseca, MN.

#### **C. Library Services/ Joint Venture**

The City of Waseca entered into an agreement with the County Commissioners of Waseca and LeSueur Counties on December 11, 1974 under authority provided for in the Minnesota Statutes to establish a regional library service and provide financial support from real estate tax funds. For the year 2006, the amount of support provided to the library system by the City was \$185,000.

The property and equipment owned by the City and used by the library system is reflected in the governmental activities capital assets. The agreement is perpetual or until rescinded by the actions of any one of the joint venture parties. In the event of termination, each party shall receive title to any and all assets, which it may have held at the time of the effective date of the agreement. All other assets, including books and library materials, shall be divided among the parties on the basis of each party's respective proportion of the financial support provided. The City's share of net assets is not determined annually. Library services are administered under a joint powers board, consisting of nine members (three from each governmental unit selected by the county boards and City Council), each member serving three-year terms. The Library Board determines policies, carries out the fiscal administration, and prepares an annual budget of the regional library system. In summary, this board is administering the library service as a single library system.

Upon review and approval of an annual library budget, each governmental unit contributes funding based on the increase or decrease from the previous year base budget. This budget is approved by the entire library board, and reviewed and approved by the individual governmental units.

The financial information for the Waseca LeSueur Regional Library as of and for the year ended December 31, 2006 is presented as follows:

Total Revenues	\$ 913,646
Total Expenditures	<u>714,960</u>
Change in Net Assets	198,686
Net Assets, January 1, 2006	<u>726,640</u>
Net Assets, December 31, 2006	<u><u>\$ 925,326</u></u>
Total Assets	<u><u>\$ 981,212</u></u>
Total Liabilities	<u><u>\$ 55,886</u></u>

Financial statements of the Waseca LeSueur Regional Library are available for review at 408 North State Street, Waseca, MN.

#### **D. Utility Power Purchase Commitment**

As a municipal electric utility the City of Waseca provides electricity to most residential, commercial, and industrial electric users in the City. The City does not generate electricity and therefore purchases its entire electrical requirements on a wholesale basis. To ensure a long-term supply of electricity, the City became a charter member of the Southern Minnesota Municipal Power Agency (SMMPA), a municipal corporation of the State of Minnesota formed under Statutes Chapter 453. SMMPA, a consortium of 18 cities with municipal electric utilities, was formed to provide total electrical power and energy requirements for each member as economically as possible.

In May 1981, SMMPA entered into a power sales agreement with all of its participating members to contract for the long-term purchase of electricity. The agreement set forth the terms and conditions to "all requirements" purchase commencing May 1, 1985, and extending to May 1, 1999 after which SMMPA is only required to provide the City's peak demand of that year. Since Council action on August 3, 1999, the City has entered into an amended power sales agreement in which the City will be purchasing power up to the cap at a "base rate". If the City's power needs exceed the peak demand amount, the City will pay an "incremental rate". This incremental rate will apply only to the portion of load that is in excess of base rate billing demand cap (in excess of 491 megawatts). The terms and conditions of the agreement other than "all requirements" will continue until March 1, 2030 and thereafter until terminated by SMMPA or the City.

#### **E. Contingent Liabilities**

In connection with the normal conduct of its affairs, the City is involved in various claims, litigations, and judgments. It is expected that the final settlement of these matters will not materially affect the financial statements of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

#### **F. Employee Retirement Systems**

Substantially all City employees are members of retirement plans. The following disclosures are made in accordance with requirements of the Governmental Accounting Standards Board:

##### Public Employees Retirement Association

##### Cost Sharing Multiple Employer Defined Benefit Pension Plan

##### **1. Plan Description**

All full-time and certain part-time employees of the City of Waseca are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). The PERA administers the Public Employees Retirement Fund (PERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with *Minnesota Statutes*, Chapters 353 and 356.

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. All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the PEPFF. The payroll for employees covered by PERF and PEPFF for the year ended December 31, 2006 was \$2,446,749 and \$850,642, respectively. The City's total payroll was \$3,540,440.

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 received the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and 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 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

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

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

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

## **2. 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 9.10% and 5.50%, respectively, of their annual covered salary in 2006. Contribution rates in the Coordinated Plan will increase in 2007 to 5.75%. PEPFF members are required to contribute 7.00% of their annual covered salary in 2006. That rate will increase to 7.80% in 2007. The City of Waseca is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.00% for Coordinated Plan PERF members, and 10.50% for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 6.25% and 11.70%, respectively, effective January 1, 2007. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2006, 2005, and 2004 were \$149,101, \$131,585, and \$124,156, respectively.

The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2006, 2005, and 2004 were \$89,317, \$77,755, and \$72,357, respectively. The City's contributions were equal to the contractually required contributions for each year, as set by state statute.

### **Defined Contribution Plan**

Six council members of the City of Waseca are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5 percent of salary which is matched by the elected official's employer. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2 percent of employer contributions and twenty-five hundredths of one percent of the assets in each member's account annually.

Total contributions made by the City of Waseca during fiscal year 2006 were:

Contribution Amount		Percentage of Covered Payroll		Required Rates
Employee	Employer	Employee	Employer	
\$2,228	\$2,228	5.00%	5.00%	5.00%

### **3. Waseca Fire Relief Association**

#### **Plan Description**

Public Employee Retirement System (PERS) is a single-employer defined benefit pension plan administered by the Waseca Fire Relief Association. The Plan provides retirement, disability, and death benefits to plan members and beneficiaries. The Waseca Fire Relief Association files an annual state reporting form with the Office of the State Auditor. That report may be obtained by contacting the Waseca Fire Relief Association at 177 2<sup>nd</sup> Avenue Southeast, Waseca, Minnesota.

### **Funding Policy**

The funding policy provides for contributions from the State of Minnesota and the City in amounts sufficient to accumulate sufficient assets to pay benefits when due. The annual contribution is the sum of the normal cost, the state contribution payment, and the provision for administrative expenses. The City was not required to make any contributions for the years ended December 31, 2006, 2005, and 2004, however, the City did make voluntary contributions of \$5,000, \$5,000, and \$14,991, respectively.

Schedule of Contributions and Expenditures Three Year Period				
Year	Minnesota State Aid Contributions	City of Waseca Contributions	Total Contributions	Total Expenditures
2004	\$ 68,473	\$ 14,991	\$ 83,464	\$ 89,023
2005	65,588	5,000	70,588	70,588
2006	66,147	5,000	71,147	71,147

The Waseca Fire Relief Association is comprised of volunteers, therefore, there are no payroll expenditures, nor covered payroll expenditures calculations.



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# **NONMAJOR FUNDS**

## **Nonmajor Governmental Funds**

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### **Special Revenue Funds**

Blandin Partnership Grant Fund-This fund accounts for grant proceeds and grant programs of the Blandin Community Partnership program.

EDPG-Clear Lake Press Fund-This fund accounts for the Small Cities Development Grant activity.

Revolving Loan Fund-This fund was established to account for repayment of grant and loan funds repaid by loan recipients.

TIF (Tax Increment Financing) Funds-This fund accounts for tax increment financing activities relative to various City projects.

Waseca Housing Fund-This fund was established for tax abatement proceeds to be specifically designated for housing development options.

Police Separation Fund-This fund accounts for the recognition of the long-term volunteer police reserve unit.

Police Reserve Fund- This fund accounts for Police Reserve activity for the City of Waseca.

Fire Relief Fund-This fund accounts for the administration of specific property taxes for the Fire Relief Association.

### **Debt Service**

Aquatic Park Debt Service-This fund accounts for the debt issued for the construction of the Water Park.

Equipment Certificates-This fund accounts for the tax levy receipts and debt service payments for the capital equipment debt service.

Northwest Construction Site Fund-This fund accounts for the debt issued in 2005 to construct the commercial sites in the northwest area of the community.

Municipal State Aid Debt Service Fund-This fund was established to provide for the debt service payments related to the 11<sup>th</sup> Ave NW road construction.

Tax Increment Financing #23 Fund-This fund was established to account for the debt service related to the Downtown TIF 23 Street project.

### **Capital Projects**

Municipal State Aid Construction Fund-This fund accounts for the construction of capital assets financed by state aid.

Municipal State Aid Maintenance Fund-This fund accounts for the State aid for eligible maintenance projects.

Tax Increment Financing #23 Fund-This fund accounts for the construction related costs for the 2006 Downtown Streetscaping project.

Capital Improvement Fund-This fund accounts for the construction of streets, sewers, sidewalks and parks.

Special Assessment Fund-This fund account for the acquisition of capital facilities and the construction of major permanent capital improvements having a relatively long life.

Special Assessment Capital 2004-This fund accounts for the capital costs to develop the Pondview residential subdivision.

Northwest Commercial Development Fund-This fund accounts for the infrastructure projects related to the commercial development site in the northwest Waseca.

Annexation and Growth Fund-This fund accounts for the planned growth and potential annexation of the Waseca area.

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2006

Special Revenue									
	Blandin Partnership Grant	EDPG Clear Lake Press	Revolving Loan Fund	TIF Funds	Waseca Housing Fund	Police Separation	Police Reserve	Fire Relief	Total
<b>ASSETS</b>									
Cash and cash equivalents	\$ 20,427	\$ 37,778	\$ 59,701	\$ 104,828	\$ 55,764	\$ 9,577	\$ 1,018	\$ -	\$ 289,093
Investments	400,000	200,000	-	-	-	-	-	-	600,000
Taxes receivable	-	-	-	2,517	-	-	-	-	2,517
Accounts receivable	-	-	-	3,022	-	-	-	-	3,022
Interest receivable	5,000	1,169	-	-	-	-	-	-	6,169
Loans receivable	-	73,903	-	-	3,000	-	-	-	76,903
Land held for resale	-	-	-	-	-	-	-	-	-
Advance to component unit	-	29,107	-	-	-	-	-	-	29,107
<b>Total assets</b>	<b>\$ 425,427</b>	<b>\$ 341,957</b>	<b>\$ 59,701</b>	<b>\$ 110,367</b>	<b>\$ 58,764</b>	<b>\$ 9,577</b>	<b>\$ 1,018</b>	<b>\$ -</b>	<b>\$ 1,006,811</b>
<b>LIABILITIES</b>									
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	573	-	-	-	-	573
Deferred revenue	-	73,903	-	2,517	-	-	-	-	76,420
Advance from other funds	-	-	-	-	-	-	-	-	-
Due to other funds	-	-	-	7,748	-	-	-	-	7,748
<b>Total liabilities</b>	<b>-</b>	<b>73,903</b>	<b>-</b>	<b>10,838</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>84,741</b>
<b>FUND BALANCES</b>									
Reserved for loans	-	-	-	-	3,000	-	-	-	3,000
Reserved for advance to component unit	-	29,107	-	-	-	-	-	-	29,107
Reserved for land held for resale	-	-	-	-	-	-	-	-	-
Reserved for debt service	-	-	-	-	-	-	-	-	-
Unreserved, designated for subsequent years expenditures	425,427	238,947	59,701	-	-	9,577	-	-	733,652
Unreserved, undesignated	-	-	-	99,529	55,764	-	1,018	-	156,311
<b>Total fund balances</b>	<b>425,427</b>	<b>268,054</b>	<b>59,701</b>	<b>99,529</b>	<b>58,764</b>	<b>9,577</b>	<b>1,018</b>	<b>-</b>	<b>922,070</b>
<b>Total liabilities and fund balances</b>	<b>\$ 425,427</b>	<b>\$ 341,957</b>	<b>\$ 59,701</b>	<b>\$ 110,367</b>	<b>\$ 58,764</b>	<b>\$ 9,577</b>	<b>\$ 1,018</b>	<b>\$ -</b>	<b>\$ 1,006,811</b>

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2006

	Debt Service						
	Aquatic Park Debt Service Fund	Equipment Certificates		Northwest Construction Site Fund	Municipal State Aid Debt Service Fund	Increment Financing #23 Fund	Total
		2003	2004				
<b>ASSETS</b>							
Cash and cash equivalents	\$ 11,490	\$ -	\$ 60,799	\$ -	\$ -	\$ 42,210	\$ 114,768
Investments	-	-	-	-	-	-	-
Taxes receivable	-	168	2,551	-	-	-	2,840
Accounts receivable	-	-	-	-	11,920	-	11,920
Interest receivable	-	-	-	-	-	-	-
Loans receivable	-	-	-	-	-	-	-
Land held for resale	-	-	-	-	-	-	-
Advance to component unit	-	-	-	-	-	-	-
Total assets	\$ 11,490	\$ 168	\$ 63,350	\$ 269	\$ 11,920	\$ 42,210	\$ 129,528
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued wages	-	-	-	-	-	-	-
Deferred revenue	-	148	1,721	-	-	-	1,950
Advance from other funds	-	-	-	-	-	-	-
Due to other funds	-	18,799	-	-	7,856	-	45,096
Total liabilities	-	18,947	1,721	-	7,856	-	47,046
<b>FUND BALANCES</b>							
Reserved for loans	-	-	-	-	-	-	-
Reserved for advance to component unit	-	-	-	-	-	-	-
Reserved for land held for resale	-	-	-	-	-	-	-
Reserved for debt service	11,490	-	61,629	269	4,064	42,210	119,662
Unreserved, designated for subsequent years expenditures	-	-	-	-	-	-	-
Unreserved, undesignated	-	(18,779)	-	-	-	-	(37,180)
Total fund balances	11,490	(18,779)	61,629	269	4,064	42,210	82,482
Total liabilities and fund balances	\$ 11,490	\$ 168	\$ 63,350	\$ 269	\$ 11,920	\$ 42,210	\$ 129,528

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS (CONTINUED)  
COMBINING BALANCE SHEET  
DECEMBER 31, 2006

	Capital Projects								Total Nonmajor Governmental Funds
	Municipal State Aid Construction Fund	Municipal State Aid Maintenance Fund	Tax Increment Financing #23 Fund	Capital Improvement Fund	Special Assessment Fund	Special Assessment Capital 2004	Northwest Commercial Development Fund	Annexation & Growth Fund	
ASSETS									
Cash and cash equivalents	\$ 70,225	\$ 80,192	\$ 164,410	\$ 81,807	\$ -	\$ 200,156	\$ 35,902	\$ 72,084	\$ 704,776
Investments	400,000	200,000	-	700,000	-	400,000	100,000	100,000	1,900,000
Taxes receivable	-	-	-	-	-	-	-	-	-
Accounts receivable	-	-	-	-	-	-	-	-	-
Interest receivable	2,425	1,247	-	4,209	-	2,405	665	665	11,616
Loans receivable	-	-	-	-	-	-	-	-	-
Land held for resale	-	-	-	182,142	-	-	960,467	-	1,142,609
Advance to component unit	-	-	-	-	-	-	-	-	-
Total assets	\$ 472,650	\$ 281,439	\$ 164,410	\$ 968,158	\$ -	\$ 602,561	\$ 1,097,034	\$ 172,749	\$ 3,759,001
LIABILITIES									
Accounts payable	\$ -	\$ 7,545	\$ 60,819	\$ 40,463	\$ -	\$ -	\$ 68	\$ -	\$ 108,895
Accrued wages	-	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-	-
Advance from other funds	-	-	100,000	-	-	-	-	-	100,000
Due to other funds	-	-	-	-	21,586	-	-	-	21,586
Total liabilities	-	7,545	160,819	40,463	21,586	-	68	-	230,481
FUND BALANCES									
Reserved for loans	-	-	-	-	-	-	-	-	3,000
Reserved for advance to component unit	-	-	-	-	-	-	-	-	-
Reserved for land held for resale	-	-	-	-	-	-	-	-	29,107
Reserved for debt service	-	-	-	182,142	-	-	960,467	-	1,142,609
Unreserved, designated for subsequent years expenditures	-	-	-	-	-	-	-	-	-
Unreserved, undesignated	472,650	273,894	3,591	745,553	-	602,561	136,499	172,749	2,407,497
Total fund balances	472,650	273,894	3,591	927,695	(21,586)	-	-	-	(21,586)
Total liabilities and fund balances	\$ 472,650	\$ 281,439	\$ 164,410	\$ 968,158	\$ -	\$ 602,561	\$ 1,097,034	\$ 172,749	\$ 3,759,001
								</	

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue							
	Blandin Partnership Grant		EDPG Clear Lake Press		Revolving Loan Fund		TIF Funds	
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget
<b>REVENUES</b>								
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & fees	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Assessments	-	-	-	-	-	-	-	-
Miscellaneous	20,315	1,200	22,117	1,200	35,845	577	-	-
Total revenues	20,315	1,200	22,117	1,200	35,845	203,103	500	1,843
						142,700	14,150	15,493
<b>EXPENDITURES</b>								
Personal services	-	-	-	-	-	573	-	-
Materials and supplies	-	-	-	-	-	-	-	-
Separation contribution	-	-	-	-	-	-	-	-
Services and charges	-	-	-	-	-	138,100	12,000	-
<b>DEBT SERVICE</b>								
Principal	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-
<b>CAPITAL OUTLAY</b>								
Improvements	-	-	-	-	-	-	-	-
Machinery	-	-	-	-	-	-	-	-
Total expenditures	-	-	-	-	-	138,100	12,000	-
						149,370	-	-
Excess of revenues over (under) expenditures	20,315	1,200	22,117	1,200	35,845	54,310	2,150	15,493
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	-	-	-
Issuance of bonds	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Net change in fund balances	20,315	1,200	22,117	1,200	35,845	54,310	2,150	15,493
Fund balances-beginning	405,112	245,937	245,937	245,937	23,856	45,219	43,271	43,271
Fund balances-ending	\$ 425,427	\$ 247,137	\$ 268,054	\$ 247,137	\$ 59,701	\$ 99,529	\$ 45,421	\$ 58,764

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Special Revenue					
	Police Separation		Police Reserve		Fire Relief	
	Budget	Actual	Budget	Actual	Budget	Actual
<b>REVENUES</b>						
Taxes	- \$	- \$	- \$	- \$	- \$	203,103
Permits & fees	-	-	-	-	-	-
Intergovernmental	-	-	-	-	66,000	79,797
Assessments	-	-	-	-	-	-
Miscellaneous	200	310	1,500	5,702	-	86,709
Total revenues	200	310	1,500	5,702	66,000	369,609
<b>EXPENDITURES</b>						
Personal services	-	-	-	-	-	573
Materials and supplies	-	-	-	-	-	-
Separation contribution	1,000	2,099	-	-	-	2,099
Services and charges	-	-	500	5,657	71,000	225,601
<b>DEBT SERVICE</b>						
Principal	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-
<b>CAPITAL OUTLAY</b>						
Improvements	-	-	-	-	-	-
Machinery	-	-	-	-	-	-
Total expenditures	1,000	2,099	500	5,657	71,000	228,273
Excess of revenues over (under) expenditures	(800)	(1,789)	1,000	45	(5,000)	141,336
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	2,000	2,000	-	-	5,000	7,000
Issuance of bonds	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	2,000	2,000	-	-	5,000	7,000
Net change in fund balances	1,200	211	1,000	45	-	148,336
Fund balances-beginning	9,366	9,366	973	973	-	773,734
Fund balances-ending	10,566 \$	9,577 \$	1,973 \$	1,018 \$	- \$	922,070



CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Debt Service									
	Aquatic		Equipment		Northwest		Municipal		Tax	
	Park		Certificates		Construction		State Aid		Increment	
	Fund	2003	2004	2005	Fund	Fund	Fund	#23 Fund	Total	
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	
<b>REVENUES</b>										
Taxes	\$ -	\$ (148)	\$ 142,504	\$ 6,839	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 149,195
Permits & fees	-	-	-	-	-	-	-	-	-	-
Intergovernmental	-	25	5	-	-	-	120,877	-	-	120,907
Assessments	-	-	-	-	-	-	-	-	-	-
Miscellaneous	6,859	-	-	-	592	-	-	-	36,260	43,711
Total revenues	6,859	(123)	142,509	6,839	592	592	120,877	-	36,260	313,813
<b>EXPENDITURES</b>										
Personal services	-	-	-	-	-	-	-	-	-	-
Materials and supplies	-	-	-	-	-	-	-	-	-	-
Separation contribution	-	-	-	-	-	-	-	-	-	-
Services and charges	-	-	-	-	-	-	-	-	-	-
<b>DEBT SERVICE</b>										
Principal	-	75,000	150,000	100,000	-	-	85,000	-	-	410,000
Interest and fiscal charges	-	6,209	11,326	13,812	28,477	28,477	36,280	34,119	-	130,223
<b>CAPITAL OUTLAY</b>										
Improvements	-	-	-	-	-	-	-	-	-	-
Machinery	-	-	-	-	-	-	-	-	-	-
Total expenditures	-	81,209	161,326	113,812	28,477	28,477	121,280	34,119	-	540,223
Excess of revenues over (under) expenditures	6,859	(81,332)	(18,817)	(106,973)	(27,885)	(27,885)	(403)	2,141	-	(226,410)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	25,955	74,297	88,572	-	-	-	-	-	188,824
Issuance of bonds	4,631	-	-	-	-	-	-	-	-	4,631
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	4,631	25,955	74,297	88,572	-	-	-	-	-	193,455
Net change in fund balances	11,490	(55,377)	55,480	(18,401)	(27,885)	(27,885)	(403)	2,141	(32,955)	115,437
Fund balances-beginning	-	36,598	6,149	-	28,154	28,154	4,467	40,069	-	115,437
Fund balances-ending	\$ 11,490	\$ (18,779)	\$ 61,629	\$ (18,401)	\$ 269	\$ 269	\$ 4,064	\$ 42,210	\$ -	\$ 82,482

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Capital Projects									
	Municipal State Aid Construction Fund		Municipal State Aid Maintenance Fund		Tax Increment Financing #23 Fund		Capital Improvement Fund		Special Assessment Fund	
	Actual	Budget	Actual	Budget	Actual	Budget	Budget	Actual	Budget	Actual
<b>REVENUES</b>										
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Permits & fees	-	-	-	-	-	-	-	3,720	-	-
Intergovernmental	-	66,000	69,548	-	-	-	-	5,057	-	-
Assessments	-	-	-	-	-	-	-	-	250,000	-
Miscellaneous	23,099	1,800	15,349	-	36,208	12,000	-	96,045	3,500	-
Total revenues	23,099	67,800	84,897	-	36,208	12,000	-	104,822	253,500	-
<b>EXPENDITURES</b>										
Personal services	-	-	-	-	-	-	-	-	-	-
Materials and supplies	-	-	7,538	-	32	-	-	-	-	-
Separation contribution	-	-	-	-	-	-	-	-	-	-
Services and charges	-	50,500	56,399	-	124,909	25,000	-	6,085	-	-
<b>DEBT SERVICE</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-	-	-	-	-	431
<b>CAPITAL OUTLAY</b>										
Improvements	50,128	-	-	-	943,479	1,085,000	-	98,492	210,000	73
Machinery	-	55,000	54,658	-	-	-	-	-	-	-
Total expenditures	50,128	105,500	118,595	-	1,088,420	1,110,000	-	104,577	210,000	504
Excess of revenues over (under) expenditures	(27,029)	(37,700)	(33,698)	-	(1,032,212)	(1,098,000)	-	245	43,500	(504)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	900,000	900,000	-	-
Issuance of bonds	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(710,000)	-	-
Total other financing sources (uses)	-	-	-	-	-	-	900,000	190,000	-	-
Net change in fund balances	(27,029)	(37,700)	(33,698)	-	(1,032,212)	(198,000)	-	190,245	43,500	(504)
Fund balances-beginning	499,679	307,592	307,592	-	1,035,803	737,450	-	737,450	(21,082)	(21,082)
Fund balances-ending	\$ 472,650	\$ 269,892	\$ 273,894	\$ -	\$ 3,591	\$ 539,450	\$ -	\$ 927,695	\$ 22,418	\$ (21,586)

CITY OF WASECA, MINNESOTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Capital Projects					Total Nonmajor Governmental Funds
	Special Assessment Capital 2004	Northwest Commercial Development Fund	Annexation & Growth Fund		Total	
	Actual	Actual	Budget	Actual	Actual	
<b>REVENUES</b>						
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 352,298
Permits & fees	-	-	-	-	3,720	3,720
Intergovernmental	-	-	-	-	74,605	275,309
Assessments	-	-	-	-	-	-
Miscellaneous	101,403	6,228	1,200	5,489	283,821	414,241
Total revenues	101,403	6,228	1,200	5,489	382,146	1,045,568
<b>EXPENDITURES</b>						
Personal services	-	-	-	-	-	573
Materials and supplies	-	-	-	-	7,570	7,570
Separation contribution	-	-	-	-	-	2,099
Services and charges	-	68	45,000	50,244	237,705	463,306
<b>DEBT SERVICE</b>						
Principal	-	-	-	-	-	410,000
Interest and fiscal charges	-	-	-	-	431	130,654
<b>CAPITAL OUTLAY</b>						
Improvements	-	-	-	-	1,092,172	1,092,172
Machinery	-	-	-	-	54,658	54,658
Total expenditures	-	68	45,000	50,244	1,392,536	2,161,032
Excess of revenues over (under) expenditures	101,403	6,160	(43,800)	(44,755)	(1,030,390)	(1,115,464)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	50,000	50,000	950,000	1,145,824
Issuance of bonds	-	-	-	-	-	4,631
Transfers out	-	-	-	-	(710,000)	(710,000)
Total other financing sources (uses)	-	-	50,000	50,000	240,000	440,455
Net change in fund balances	101,403	6,160	6,200	5,245	(780,390)	(675,009)
Fund balances-beginning	501,158	1,090,806	167,504	167,504	4,318,910	5,208,081
Fund balances-ending	\$ 602,561	\$ 1,096,966	\$ 173,704	\$ 172,749	\$ 3,528,520	\$ 4,533,072

# **INTERNAL SERVICE FUNDS**

## **Internal Service Funds**

---

### **Central Garage Services**

Established to account for the operations of the City garage, maintaining and repairing the City fleet and equipment at the City shop.

### **Property and Liability Insurance Fund**

Established to account for interdepartmental revenues and expenses associated with property and liability insurance costs.

### **Workers Compensation Insurance Fund**

Established to account for interdepartmental revenues and expenses associated with workers compensation insurance costs.

### **Equipment Replacement Fund**

Established to account for the General fund contributions and associated expenses of purchases of capital equipment as detailed in the capital equipment matrix.

**CITY OF WASECA, MINNESOTA**  
**INTERNAL SERVICE FUNDS**  
**COMBINING STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2006**

	<b>Central Garage Services</b>	<b>Property &amp; Liability Insurance Fund</b>	<b>Workers Compensation Insurance Fund</b>	<b>Equipment Replacement Fund</b>	<b>Total</b>
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 25,539	\$ 101,994	\$ -	\$ 36,662	\$ 164,195
Investments	-	100,000	-	-	100,000
Accounts Receivable	431	-	-	-	431
Interest receivable	-	76	-	-	76
Total assets	<u>25,970</u>	<u>202,070</u>	<u>-</u>	<u>36,662</u>	<u>264,702</u>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	8,101	4,291	7,962	-	20,354
Accrued Wages	2,838	-	-	-	2,838
Due to Other Funds	-	-	1,561	-	1,561
Total liabilities	<u>10,939</u>	<u>4,291</u>	<u>9,523</u>	<u>-</u>	<u>24,753</u>
<b>NET ASSETS</b>					
Unrestricted	15,031	197,779	(9,523)	36,662	239,949
Total net assets	<u>\$ 15,031</u>	<u>\$ 197,779</u>	<u>\$ (9,523)</u>	<u>\$ 36,662</u>	<u>\$ 239,949</u>

CITY OF WASECA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
<b>OPERATING REVENUES</b>					
Charges to other funds	\$ 223,250	\$ -	\$ 143,757	\$ -	\$ 367,007
Insurance reimbursement	-	12,527	1,379	-	13,906
Total operating revenues	<u>223,250</u>	<u>12,527</u>	<u>145,136</u>	<u>-</u>	<u>380,913</u>
<b>OPERATING EXPENSES</b>					
Personal services	106,357	-	-	-	106,357
Supplies	108,737	-	-	-	108,737
Services and charges	7,001	3,000	-	-	10,001
Insurance payment	-	22,045	-	-	22,045
Insurance premiums	-	60,270	151,718	-	211,988
Total operating expenses	<u>222,095</u>	<u>85,315</u>	<u>151,718</u>	<u>-</u>	<u>459,128</u>
Operating income (loss)	<u>1,155</u>	<u>(72,788)</u>	<u>(6,582)</u>	<u>-</u>	<u>(78,215)</u>
<b>NONOPERATING REVENUES</b>					
Investment earnings	-	9,094	79	4,648	13,821
Total nonoperating revenues	<u>-</u>	<u>9,094</u>	<u>79</u>	<u>4,648</u>	<u>13,821</u>
Income (loss) before transfers	1,155	(63,694)	(6,503)	4,648	(64,394)
Transfers out	-	-	-	(300,000)	(300,000)
Change in net assets	1,155	(63,694)	(6,503)	(295,352)	(364,394)
Total net assets-beginning	<u>13,876</u>	<u>261,473</u>	<u>(3,020)</u>	<u>332,014</u>	<u>604,343</u>
Total net assets-ending	\$ <u>15,031</u>	\$ <u>197,779</u>	\$ <u>(9,523)</u>	\$ <u>36,662</u>	\$ <u>239,949</u>

CITY OF WASECA, MINNESOTA  
INTERNAL SERVICE FUNDS  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2006

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash received from other funds and reimbursements	\$ 222,819	\$ 12,527	\$ 145,136	\$ -	\$ 380,482
Cash payments to employees for services	(103,519)	-	-	-	(103,519)
Cash payments for interfund services used	(129,231)	(81,085)	(184,324)	-	(394,640)
Net cash used by operating activities	(9,931)	(68,558)	(39,188)	-	(117,677)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Due to other funds	-	-	1,561	-	1,561
Transfers to other funds	-	-	-	(300,000)	(300,000)
Net cash used by noncapital financing activities	-	-	1,561	(300,000)	(298,439)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Proceeds from sale of investments	-	100,000	-	285,000	385,000
Interest and dividends received	-	10,171	79	6,542	16,792
Net cash provided by investing activities	-	110,171	79	291,542	401,792
Net increase (decrease) in cash and cash equivalents	(9,931)	41,613	(37,548)	(8,458)	(14,324)
Cash and cash equivalents-January 1	35,470	60,381	37,548	45,120	178,519
Cash and cash equivalents-December 31	\$ 25,539	\$ 101,994	\$ -	\$ 36,662	\$ 164,195
<b>Reconciliation of operating income (loss) to net cash used by operating activities:</b>					
Operating income (loss)	\$ 1,155	\$ (72,788)	\$ (6,582)	\$ -	\$ (78,215)
Adjustments to reconcile operating income (loss) to net cash used by operating activities:					
Increase in accounts receivable	(431)	-	-	-	(431)
Increase (decrease) in accounts payable	(13,493)	4,230	(32,606)	-	(41,869)
Increase in accrued wages	2,838	-	-	-	2,838
Total adjustments	(11,086)	4,230	(32,606)	-	(39,462)
Net cash used by operating activities	\$ (9,931)	\$ (68,558)	\$ (39,188)	\$ -	\$ (117,677)



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CITY OF WASECA, MINNESOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE BY FUNCTION AND ACTIVITY  
DECEMBER 31, 2006

	Total	Land	Buildings	Infrastructure	Improvements Other than Buildings	Construction in Progress	Equipment
GENERAL GOVERNMENT							
Legislative	\$ 14,077	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,077
Administration	5,564	-	-	-	-	-	5,564
Elections	10,468	-	-	-	-	-	10,468
Finance	11,341	-	-	-	-	-	11,341
Building and grounds	1,083,840	60,305	662,580	-	30,867	-	330,088
Community Development	262,565	183,848	78,717	-	-	-	-
TOTAL GENERAL GOVERNMENT	1,387,855	244,153	741,297	-	30,867	-	371,538
PUBLIC SAFETY							
Police	361,621	-	24,131	-	2,193	-	335,297
Community Service	147,426	133,935	-	-	13,491	-	-
Civil defense	102,306	-	-	-	-	-	102,306
Fire	1,093,830	38,000	112,176	-	-	-	943,654
TOTAL PUBLIC SAFETY	1,705,183	171,935	136,307	-	15,684	-	1,381,257
HIGHWAYS							
Engineering	131,431	-	-	-	-	-	131,431
Street garage	1,685,103	25,980	158,884	-	2,225	-	1,498,014
Construction in progress	2,375,985	-	-	-	-	2,375,985	-
Traffic signs and markings	53,115	-	-	-	53,115	-	-
Storm sewers	4,189,183	-	-	4,171,903	-	-	17,280
Highways	24,258,393	129,979	33,444	24,094,970	-	-	-
TOTAL HIGHWAYS	32,693,210	155,959	192,328	28,266,873	55,340	2,375,985	1,646,725
RECREATION							
Park	2,555,105	394,876	197,975	-	1,635,839	-	326,415
Lake restoration	1,086,426	130,250	-	-	922,822	-	33,354
Library	339,000	2,675	327,110	-	7,215	-	2,000
TOTAL RECREATION	3,980,531	527,801	525,085	-	2,565,876	-	361,769
LOON LAKE PROJECT	630,067	-	-	-	630,067	-	-
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 40,396,846	\$ 1,099,848	\$ 1,595,017	\$ 28,266,873	\$ 3,297,834	\$ 2,375,985	\$ 3,761,289

CITY OF WASECA, MINNESOTA  
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS  
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY  
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2006

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
GENERAL GOVERNMENT				
Legislative	\$ 14,077	\$ -	\$ -	\$ 14,077
Administration	6,913	-	(1,349)	5,564
Elections	10,468	-	-	10,468
Finance	11,341	-	-	11,341
Buildings and grounds	1,083,840	-	-	1,083,840
Community development	262,565	-	-	262,565
TOTAL GENERAL GOVERNMENT	<u>1,389,204</u>	<u>-</u>	<u>(1,349)</u>	<u>1,387,855</u>
PUBLIC SAFETY				
Police	374,868	3,500	(16,747)	361,621
Civil defense	102,306	-	-	102,306
Community Service	147,426	-	-	147,426
Fire	1,086,530	7,800	(500)	1,093,830
TOTAL PUBLIC SAFETY	<u>1,711,130</u>	<u>11,300</u>	<u>(17,247)</u>	<u>1,705,183</u>
HIGHWAYS				
Engineering	76,773	54,658	-	131,431
Street garage	1,686,456	-	(1,353)	1,685,103
Construction in progress	47,697	2,328,288	-	2,375,985
Traffic signs and markings	22,410	30,706	-	53,116
Storm services	4,032,394	156,789	-	4,189,183
Highways	22,637,099	1,621,293	-	24,258,392
TOTAL HIGHWAYS	<u>28,502,829</u>	<u>4,191,734</u>	<u>(1,353)</u>	<u>32,693,210</u>
RECREATION				
Park	2,555,106	-	-	2,555,106
Lake restoration	1,093,307	-	(6,882)	1,086,425
Library	339,000	-	-	339,000
TOTAL RECREATION	<u>3,987,413</u>	<u>-</u>	<u>(6,882)</u>	<u>3,980,531</u>
LOON LAKE PROJECT	<u>630,067</u>	<u>-</u>	<u>-</u>	<u>630,067</u>
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 36,220,643</u>	<u>\$ 4,203,034</u>	<u>\$ (26,831)</u>	<u>\$ 40,396,846</u>

## Statistical Section

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

<u>Contents</u>	<u>Page</u>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	91-94
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	95-98
<b>Debt Capacity</b> These schedules present information to help the reader assess the affordability of the city's current levels of outstanding debt and the city's ability to issue additional debt in the future.	99-102
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	103
<b>Operating Information</b> These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs.	104-106

**Sources:** Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The city implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

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**Schedule 1**

**City of Waseca**

**Net Assets by Component,**

**Last Five Fiscal Years**

(accrual basis of accounting)

	Fiscal Year			
	2002	2003	2004	2005
				2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 16,054,890	\$ 16,473,311	\$ 16,168,503	\$ 16,335,872
Unrestricted	8,076,450	8,415,937	8,491,464	9,093,905
Total governmental activities net assets	<u>\$ 24,131,340</u>	<u>\$ 24,889,248</u>	<u>\$ 24,659,967</u>	<u>\$ 25,429,777</u>
Business-type activities				
Invested in capital assets, net of related debt	12,374,233	12,679,344	13,180,218	14,577,318
Restricted	199,285	299,285	49,285	0
Unrestricted	2,493,972	2,708,746	2,826,077	3,405,055
Total business-type activities net assets	<u>\$ 15,067,490</u>	<u>\$ 15,687,375</u>	<u>\$ 16,055,580</u>	<u>\$ 17,982,373</u>
Primary government				
Invested in capital assets, net of related debt	\$ 28,429,123	\$ 29,152,655	\$ 29,348,721	\$ 30,913,190
Restricted	199,285	299,285	49,285	0
Unrestricted	10,570,422	11,124,683	11,317,541	12,498,960
Total primary government net assets	<u>\$ 39,198,830</u>	<u>\$ 40,576,623</u>	<u>\$ 40,715,547</u>	<u>\$ 43,412,150</u>
				<u>\$ 33,948,529</u>
				<u>12,330,307</u>
				<u>\$ 46,278,836</u>

**Note:** The City began to report accrual information when it implemented GASB 34 in fiscal year 2002.

**Schedule 2**  
**City of Waseca**  
**Changes in Net Assets, Last Five Fiscal Years**  
(accrual basis of accounting)

	<b>Fiscal Year</b>				
	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,577,527	\$ 1,917,946	\$ 2,088,695	\$ 1,091,996	\$ 1,159,811
Public safety	1,525,306	1,613,675	1,786,698	1,861,117	2,010,994
Streets and highways	1,484,878	1,648,285	1,722,209	2,043,056	1,421,344
Sanitation	61,265	17,102	44,224	31,339	44,022
Culture and recreation	662,247	660,919	707,194	852,982	1,221,345
Economic Development	0	0	0	1,129,979	539,282
Lake restoration	17,875	0	0	0	0
Interest and fees	110,217	93,947	118,591	180,485	312,347
Total governmental activities expenses	<u>5,439,315</u>	<u>5,951,874</u>	<u>6,467,611</u>	<u>7,190,954</u>	<u>6,709,145</u>
Business-type activities:					
Water	824,918	839,938	1,032,904	947,391	922,119
Sewer	1,269,407	1,381,928	1,333,329	1,535,319	1,688,033
Electric	4,672,077	4,744,456	4,757,230	5,076,255	5,552,176
Airport	88,612	112,016	93,399	74,107	94,060
Total business-type activities expenses	<u>6,855,014</u>	<u>7,078,338</u>	<u>7,216,862</u>	<u>7,633,072</u>	<u>8,256,388</u>
Total primary government expenses	<u>\$12,294,329</u>	<u>\$13,030,212</u>	<u>\$13,684,473</u>	<u>\$14,824,026</u>	<u>\$14,965,533</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	\$ 69,267	\$ 84,647	\$ 203,360	\$ 453,457	\$ 215,934
Public safety	84,562	82,144	86,196	102,154	122,199
Streets and highways	124,255	386,666	149	6,918	12,631
Culture and recreation	0	0	4,809	15,607	9,070
Economic Development	0	0	0	0	577
Operating grants and contributions	297,180	718,908	879,219	1,775,034	1,313,662
Capital grants and contributions	411,399	912,720	489,054	1,192,075	359,661
Total governmental activities program revenues	<u>986,663</u>	<u>2,185,085</u>	<u>1,662,787</u>	<u>3,545,245</u>	<u>2,033,734</u>
Business-type activities:					
Charges for services:					
Water	1,007,549	1,096,762	1,075,260	1,315,280	1,146,093
Sewer	1,438,670	1,668,543	1,614,100	1,796,985	1,715,748
Electric	5,348,247	5,096,095	4,940,216	5,181,406	6,127,135
Airport	46,359	50,037	47,055	49,811	50,057
Operating grants and contributions	13,508	84,872	21,676	246,303	355,861
Capital grants and contributions	0	0	0	0	649,171
Total business-type activities program revenues	<u>7,854,333</u>	<u>7,996,309</u>	<u>7,698,307</u>	<u>8,589,785</u>	<u>10,044,065</u>
Total primary government program revenues	<u>\$ 8,840,996</u>	<u>\$10,181,394</u>	<u>\$ 9,361,094</u>	<u>\$12,135,030</u>	<u>\$12,077,799</u>
<b>Net (Expense) Revenue</b>					
Governmental activities	\$ (4,452,652)	\$ (3,766,789)	\$ (4,804,824)	\$ (3,645,709)	\$ (4,675,411)
Business-type activities	999,319	917,971	481,445	956,713	1,787,677
Total primary government net expense	<u>\$ (3,453,333)</u>	<u>\$ (2,848,818)</u>	<u>\$ (4,323,379)</u>	<u>\$ (2,688,996)</u>	<u>\$ (2,887,734)</u>
<b>General Revenues and Other Changes in Net Assets</b>					
Governmental activities:					
Taxes	2,157,437	1,902,653	2,004,634	2,298,671	2,482,823
TIF Revenue	49,382	145,375	171,905	187,696	238,302
Franchise taxes	122,548	152,829	142,898	179,111	153,262
Unrestricted grants and contributions	2,030,273	1,965,751	1,964,255	2,119,870	2,331,377
Unrestricted investment earnings	124,226	94,418	112,351	226,697	383,959
Gain on disposal of assets	0	0	0	230,111	0
Loss on sale of fixed assets	0	(71,329)	0	0	0
Transfers	419,000	335,000	179,500	(826,637)	(77,176)
Total governmental activities	<u>4,902,866</u>	<u>4,524,697</u>	<u>4,575,543</u>	<u>4,415,519</u>	<u>5,512,547</u>
Business-type activities:					
Unrestricted investment earnings	51,085	36,914	66,260	143,443	164,697
Transfers	(419,000)	(335,000)	(179,500)	826,637	77,176
Total business-type activities	<u>(367,915)</u>	<u>(298,086)</u>	<u>(113,240)</u>	<u>970,080</u>	<u>241,873</u>
Total primary government	<u>\$ 4,534,951</u>	<u>\$ 4,226,611</u>	<u>\$ 4,462,303</u>	<u>\$ 5,385,599</u>	<u>\$ 5,754,420</u>
<b>Change in Net Assets</b>	<u>1,081,618</u>	<u>1,377,793</u>	<u>138,924</u>	<u>2,696,603</u>	<u>2,866,686</u>
Net assets - beginning	<u>38,117,212</u>	<u>39,198,830</u>	<u>40,576,623</u>	<u>40,715,547</u>	<u>43,412,150</u>
Net assets - ending	<u>\$39,198,830</u>	<u>\$40,576,623</u>	<u>\$40,715,547</u>	<u>\$43,412,150</u>	<u>\$46,278,836</u>

**Note:** The City began to report accrual information when it implemented GASB 34 in fiscal year 2002.

Schedule 3  
City of Waseca  
Fund Balances, Governmental Funds,  
Last Five Fiscal Years  
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Unreserved	2,504,885	2,739,609	2,767,951	2,637,069	2,605,561	2,567,148	2,852,641	2,802,977	2,546,196	2,823,693
Total General fund	<u>\$ 2,504,885</u>	<u>\$ 2,739,609</u>	<u>\$ 2,767,951</u>	<u>\$ 2,637,069</u>	<u>\$ 2,605,561</u>	<u>\$ 2,567,148</u>	<u>\$ 2,852,641</u>	<u>\$ 2,802,977</u>	<u>\$ 2,546,196</u>	<u>\$ 3,023,693</u>
All Other Governmental Funds										
Reserved, reported in:										
Special Revenue funds	\$ 198,242	\$ 178,086	\$ 156,515	\$ 218,530	\$ 365,180	\$ 324,935	\$ 284,134	\$ 237,796	\$ 32,107	\$ 32,107
Capital Projects funds	0	0	0	0	0	0	0	0	1,142,609	1,142,609
Debt Service funds	988,635	1,003,132	1,119,908	1,298,511	1,537,617	1,490,122	1,667,715	1,680,157	1,857,235	1,558,908
Unreserved, reported in:										
Special Revenue funds	84,722	119,663	139,677	100,494	126,118	236,340	270,376	250,114	741,627	889,963
Capital Projects funds	1,135,765	1,050,449	907,680	1,058,589	1,763,874	2,195,672	1,773,469	2,140,902	3,088,718	2,331,803
Debt Service funds	0	0	0	0	0	0	0	0	0	(37,180)
Total all other Governmental funds	<u>\$ 2,407,364</u>	<u>\$ 2,351,330</u>	<u>\$ 2,323,780</u>	<u>\$ 2,676,124</u>	<u>\$ 3,792,789</u>	<u>\$ 4,247,069</u>	<u>\$ 3,995,694</u>	<u>\$ 4,308,969</u>	<u>\$ 6,862,296</u>	<u>\$ 5,918,210</u>
Total all funds	<u>\$ 4,912,249</u>	<u>\$ 5,090,939</u>	<u>\$ 5,091,731</u>	<u>\$ 5,313,193</u>	<u>\$ 6,398,350</u>	<u>\$ 6,814,217</u>	<u>\$ 6,848,335</u>	<u>\$ 7,111,946</u>	<u>\$ 9,408,492</u>	<u>\$ 8,941,903</u>



## Schedule 4

Debt service as a percentage of noncapital expenditures

**Schedule 5**  
**City of Waseca**  
**Assessed and Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

<b>Payable Year</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Total Taxable Assessed Value</b>	<b>Less: Tax-Exempt Property</b>	<b>Total</b>	<b>Total Direct Tax Rate</b>
1997	\$ 170,939,100	\$ 27,589,200	\$ 14,840,100	\$ 213,368,400	\$ -	\$ 213,368,400	\$ 32.47
1998	185,683,500	26,393,400	14,776,500	226,853,400	80,869,500	145,983,900	35.28
1999	188,230,500	27,407,600	14,972,100	230,610,200	80,869,500	149,740,700	38.26
2000	203,626,500	27,717,900	14,927,200	246,271,600	80,869,500	165,402,100	40.04
2001	213,658,100	29,553,000	14,886,900	258,098,000	80,869,500	177,228,500	48.83
2002	233,817,800	33,253,500	16,025,800	283,097,100	80,869,500	202,227,600	64.82
2003	245,382,800	34,993,800	19,608,900	299,985,500	80,869,500	219,116,000	55.19
2004	268,964,200	41,701,400	20,259,900	330,925,500	119,943,800	210,981,700	51.84
2005	303,603,400	45,683,500	19,997,700	369,284,600	119,943,800	249,340,800	53.81
2006	314,479,800	46,497,600	20,803,000	381,780,400	119,943,800	261,836,600	57.21

**Source:** Waseca County, Minnesota Assessors' Office

**Notes:**

- (1) The tax capacity (assessed taxable value) of the property is calculated by applying a statutory formula to the estimated market value of the property.

**Schedule 6**  
**City of Waseca**  
**Direct and Overlapping Property Tax Rates**  
**Last Ten Fiscal Years**  
*(rate per \$1,000 of assessed value)*

Fiscal Year	City Direct Rate		Overlapping Rates					Total Direct and Overlapping Tax Rate
	Basic Rate	Ind School Distric #829	Waseca County	Special Districts	HRA	EDA	Total Overlapping	
1997	\$ 32.47	\$ 64.623	\$ 45.065	\$ 0.185	\$ -	-	\$ 109.873	\$ 142.343
1998	35.28	67.554	47.070	0.193	-	-	114.817	150.092
1999	38.26	62.719	49.642	0.193	-	-	112.554	150.809
2000	40.04	58.310	47.496	0.183	-	-	105.989	146.033
2001	48.83	55.768	47.455	0.175	0.559	-	103.957	152.785
2002	64.82	27.403	59.789	0.285	0.669	-	88.146	152.969
2003	55.19	26.396	57.469	0.267	0.620	-	84.752	139.940
2004	51.84	22.846	53.291	0.250	0.540	-	76.927	128.771
2005	53.81	20.740	55.302	0.240	0.540	-	76.822	130.628
2006	57.21	21.154	54.899	0.222	0.472	0.984	77.731	134.939

**Source:** Waseca County, Minnesota Auditors' Office

**Notes:** Rates for debt service are based on each year's requirements.

**Schedule 7**  
**City of Waseca**  
**Principal Property Taxpayers,**  
**Current Year and Nine Years Ago**

Taxpayer	2006			1997		
	Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Gruner & Jahr Printing & Publishing	\$ 161,644	1	6.46%	\$ 300,937	1	8.28 %
Walmart & HyVee	88,790	2	3.55%	114,320	3	3.15
MHW Group LLC	64,706	3	2.59%	-	-	-
Waseca Properties LLC	49,081	4	1.96%	-	-	-
Birds Eye Foods Inc	48,333	5	1.93%	-	-	-
Excel Energy	46,474	6	1.86%	-	-	-
Woodville Holdings LLC	38,679	7	1.55%	-	-	-
Gary & Kathy Worke Family LLC	36,639	8	1.46%	-	-	-
FHS Waseca/Portage LP	33,762	9	1.35%	-	-	-
FSH Waseca/Portage LP	28,802	10	1.15%	46,819	8	1.29
Waseca Foods Ltd Ptr (Preferred Assets Inc)	-	-	-	36,793	10	1.01
Dean Foods	-	-	-	132,081	2	3.64
Greene Street Corp	-	-	-	83,992	4	2.31
Woodville Leasing Inc	-	-	-	64,723	5	1.78
Southern MN Municipal Power	-	-	-	55,587	6	1.53
Waseca Mutual	-	-	-	53,512	7	1.47
Minnegasco	-	-	-	40,834	9	1.12
Total	<u>\$ 596,910</u>		<u>23.87%</u>	<u>\$ 929,598</u>		<u>25.58 %</u>
Total tax capacity for 2006			<u>\$ 2,501,018</u>			

Source: Waseca County, Minnesota Assessor's Office

**Schedule 8**  
**City of Waseca**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
	Operating		Amount	Percentage of Levy		Amount	Percentage of Levy
1997	\$ 1,268,498		\$ 1,250,182	98.56%	\$ 18,316.00	\$ 1,268,498	100.00%
1998	1,347,303		1,326,377	98.45%	20,926	1,347,303	100.00%
1999	1,412,137		1,383,889	98.00%	27,875	1,411,764	99.97%
2000	1,488,393		1,463,945	98.36%	23,758	1,487,703	99.95%
2001	1,877,393		1,846,243	98.34%	30,288	1,876,531	99.95%
2002	2,103,225		2,077,461	98.78%	24,603	2,102,064	99.94%
2003	1,888,744		1,871,636	99.09%	16,064	1,887,700	99.94%
2004	1,980,963		1,961,061	99.00%	18,632	1,979,693	99.94%
2005	2,174,129		2,148,347	98.81%	21,907	2,170,254	99.82%
2006	2,350,192		2,322,512	98.82%	0	2,322,512	98.82%

**Notes:** Beginning with payable year 2002, Market Value Homestead Credit is included in the operating levy.

**Schedule 9**  
**City of Waseca**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year	Governmental Activities					Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Special Assessments Bonds	General Obligation Bonds	G.O.		General Obligation Revenue Bonds					
			Equipment Certificates	Capital Leases						
1997	\$ 910,000	\$ -	\$ -	-	\$ 400,000	\$ 3,735,000	\$ 5,045,000	1.22%	\$ 577.23	
1998	775,000	-	-	-	327,971	3,545,000	4,647,971	1.06%	527.22	
1999	645,000	-	-	-	252,160	3,340,000	4,237,160	0.97%	449.47	
2000	1,260,000	-	-	-	172,369	3,135,000	4,567,369	1.00%	484.50	
2001	2,135,000	-	-	-	189,491	4,210,000	6,534,491	1.40%	672.90	
2002	2,010,000	-	-	-	175,950	4,010,000	6,195,950	1.30%	638.03	
2003	1,885,000	-	305,000	-	136,074	3,785,000	6,111,074	1.25%	629.29	
2004	3,085,000	-	925,000	-	-	5,430,000	9,440,000	1.81%	972.09	
2005	2,870,000	2,940,000	1,275,000	-	-	6,920,000	14,005,000	2.57%	1,442.18	
2006	2,485,000	4,895,000	950,000	-	-	4,845,000	13,175,000	N/A	1,356.71	

**Notes:** Details regarding the District's outstanding debt can be found in the notes to the financial statements. See the *Demographic and Economic Statistics* schedule on Schedule 13 for personal income and population data.

**Schedule 10**  
**City of Waseca**  
**Direct and Overlapping Governmental Activities Debt**  
**As of December 31, 2006**

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<b>Overlapping:</b>			
Waseca County	\$ 6,790,000	29.07%	\$ 1,973,853
Ind School District #829	13,900,000	53.88%	7,489,320
Total Overlapping	<u>\$ 20,690,000</u>		<u>9,463,173</u>
City of Waseca Direct Debt	<u>\$ 13,175,000</u>	100.00%	<u>13,175,000</u>
Total Direct and Overlapping Debt:	<u><u>\$ 33,865,000</u></u>		<u><u>\$ 22,638,173</u></u>

**Sources:** Waseca County Auditor's Office

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

Schedule 11  
City of Waseca  
Legal Debt Margin Information  
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2006										
										\$ 381,780,400
Market value										7,635,608
Debt limit										5,845,000
Debt applicable to limit										\$ 1,790,608
Legal debt margin										
Fiscal Year										
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Debt limit	\$ 4,620,232	\$ 4,848,992	\$ 5,013,906	\$ 533,294,800	\$ 5,773,082	\$ 6,121,430	\$ 6,121,430	\$ 7,678,048	\$ 7,905,674	\$ 7,635,608
Total net debt applicable to limit	-	-	-	-	-	-	-	-	4,215,000	5,845,000
Legal debt margin	\$ 4,620,232	\$ 4,848,992	\$ 5,013,906	\$ 533,294,800	\$ 5,773,082	\$ 6,121,430	\$ 6,121,430	\$ 7,678,048	\$ 3,690,674	\$ 1,790,608
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	53.32%	76.55%



**Schedule 12**  
**City of Waseca**  
**Pledged-Revenue Coverage,**  
**Last Ten Fiscal Years**  
*(dollars in thousands)*

**Special Assessment Bonds**

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
1997	\$ 84,291	\$ 160,000	\$ 53,692	\$ 213,692	0.39
1998	86,233	135,000	45,823	180,823	0.48
1999	239,861	130,000	38,662	168,662	1.42
2000	250,938	135,000	31,305	166,305	1.51
2001	172,385	60,000	49,247	109,247	1.58
2002	104,205	125,000	93,005	218,005	0.48
2003	344,162	125,000	88,660	213,660	1.61
2004	365,166	215,000	81,150	296,150	1.23
2005	313,129	215,000	117,812	332,812	0.94
2006	55,204	385,000	108,290	493,290	0.11

**Water Fund**

Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
		Principal	Interest	Total			
1997	\$ 888,590	\$ 431,545	457,045	\$ 85,000	\$ 46,750	\$ 131,750	3.47
1998	931,591	457,844	473,747	85,000	42,955	127,955	3.70
1999	762,992	485,297	277,695	95,000	38,868	133,868	2.07
2000	825,519	420,118	405,401	95,000	34,285	129,285	3.14
2001	878,291	669,958	208,333	80,000	30,237	110,237	1.89
2002	999,176	501,059	498,117	90,000	71,131	161,131	3.09
2003	1,089,363	505,764	583,599	110,000	73,283	183,283	3.18
2004	1,062,731	672,194	390,537	135,000	68,771	203,771	1.92
2005	1,307,187	562,525	744,662	145,000	63,350	208,350	3.57
2006	1,133,859	528,166	605,693	145,000	77,684	222,684	2.72

**Sanitary Sewer Fund**

Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
		Principal	Interest	Total			
1997	\$ 905,435	\$ 563,960	341,475	\$ 75,000	\$ 143,235	\$ 218,235	1.56
1998	897,348	512,495	384,853	105,000	139,468	244,468	1.57
1999	903,719	581,396	322,323	110,000	134,917	244,917	1.32
2000	892,963	595,265	297,698	110,000	130,162	240,162	1.24
2001	1,056,641	709,545	347,096	115,000	125,195	240,195	1.45
2002	1,437,216	771,733	665,483	110,000	120,212	230,212	2.89
2003	1,668,171	880,853	787,318	115,000	115,205	230,205	3.42
2004	1,611,758	768,015	843,743	120,000	109,858	229,858	3.67
2005	1,796,985	856,724	940,261	125,000	181,435	306,435	3.07
2006	1,715,748	1,069,311	646,437	1,930,000	179,220	2,109,220	0.31

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

\* Less depreciation

**Schedule 13**  
**City of Waseca**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>(1) Personal Income (Thousands of dollars)</b>	<b>(1) Per Capita Personal Income</b>	<b>(2) School Enrollment</b>	<b>(3) Unemployment Rate</b>
1997	8,740	\$ 413,264	\$ 22,055	2,454	2.7%
1998	8,816	439,479	23,380	2,424	2.4%
1999	9,427	436,902	22,432	2,418	2.5%
2000	9,427	456,957	23,396	2,400	3.2%
2001	9,711	466,300	23,918	2,388	4.4%
2002	9,711	477,798	24,451	2,359	4.0%
2003	9,711	487,734	25,103	2,285	4.6%
2004	9,711	520,809	27,024	2,285	4.5%
2005	9,711	544,252	28,115	2,222	4.5%
2006	9,711	Not available	Not available	2,024	4.4%

**Sources:**

(1) Office of the State Demographer, which uses U.S. Department of Commerce, Bureau of Economic Analysis, Washington, D.C. Represents personal income and per capita personal income for Waseca County.

(2) Waseca Public Schools

(3) Minnesota Department of Economic Security for Waseca County.

Schedule 14

City of Waseca

Full-time-Equivalent City of Waseca Employees by Type,  
Last Ten Fiscal Years

	Full-time-Equivalent Employees as of December 31,									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>										
Administration	4	4	4	4	4	4	4	4	4	4
Finance	3	3	3	3	3	3	3	3	3	3
Community Development	1	1	1	1	1	1	2	2	2	2
Total General Government	8	8	8	8	8	8	9	9	9	9
<b>Public Safety</b>										
Police	13	13	14	15	15	15	15	15	15	15
Building Inspection	-	-	2	2	2	2	2	2	2	2
Fire	3	3	3	3	3	3	3	3	3	3
Total Public Safety	16	16	19	20	20	20	20	20	20	20
<b>Public Works</b>										
Engineering	4	3	3	4	4	4	4	5	5	5
Streets/Shop	10	10	10	10	11	11	11	11	11	11
Total Public Works	14	13	13	14	15	15	15	16	16	16
<b>Culture &amp; Recreation</b>										
Parks	3	3	3	3	3	3	3	3	4	4
Total Culture & Rec	3	3	3	3	3	3	3	3	4	4
<b>Enterprise</b>										
Water/WWTP	7	7	7	6	6	7	7	6	6	6
Electric	6	6	7	7	7	6	7	7	8	8
Utility billing	3	3	3	4	4	4	4	4	4	4
Total Enterprise	16	16	17	17	17	17	18	17	18	18
<b>Total</b>	57	56	60	62	63	63	65	65	67	67

Source: City Finance Office

Schedule 15  
City of Waseca  
Operating Indicators by Function/Program  
Last Ten Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Government</b>										
Elections	1	1	0	1	0	1	0	1	0	1
Registered voters	4,435	4,885		5,159		4,955		5,368		5,176
Number of votes cast	2,234	3,662		3,863		3,730		4,215		3,446
Voter participation (registered)	50.4%	75.0%		74.9%		75.3%		78.5%		66.6%
<b>Public Safety</b>										
<b>Police</b>										
Citations & Arrest	227	340	427	239	331	414	308	345	254	466
Traffic Violations	N/A	N/A	N/A	N/A	N/A	N/A	N/A	194	2,130	2,159
<b>Fire</b>										
Medical	44	50	66	67	150	387	364	394	431	408
Fire	82	74	74	77	76	78	59	78	131	108
Other Services	1	5	7	5	4	1	3	1	5	11
<b>Inspections</b>										
Building Permits	295	268	272	259	515	585	548	470	411	374
Value of Building Permits	\$ 6,732,320	\$ 9,894,949	\$ 8,703,213	\$ 8,412,818	\$ 12,163,273	\$ 9,257,585	\$ 17,171,282	\$ 20,588,608	\$ 33,663,100	\$ 14,973,880
<b>Culture and Recreation</b>										
<b>Library</b>										
Circulation (checked out)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
<b>Parks</b>										
Park Reservations	167	154	169	167	162	158	134	114	91	109
<b>Electric</b>										
Outages	0	0	0	0	58	49	39	41	49	38

Source: Various City Departments

Schedule 16  
City of Waseca  
Capital Asset Statistics by Function/Program  
Last Ten Years

Function/Program	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>Public Safety</b>										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol squads	4	4	4	5	6	6	6	8	11	12
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	3	4	3	3	3	3	3	3
<b>Public Works</b>										
Vehicles	7	8	8	6	9	8	8	9	8	11
Streets (miles)	45	45	45	45	45	45	45	45	45	48
<b>Culture &amp; Recreation</b>										
Library										
Building	1	1	1	1	1	1	1	1	1	1
Parks	13	14	14	15	15	15	15	15	15	15
<b>Sanitary Sewer</b>										
Collection System (miles)	49	49	49	42	44	44	44	44	44	44
<b>Storm Sewer</b>										
Storm sewer (miles)	40.5	40.5	40.5	40	40	40	40	40	40	40
<b>Water</b>										
Water main (miles)	52.5	52.5	52.5	52.5	52.5	53	53	53	54	56
<b>Electric</b>										
Annual consumption (KWH)	56,851,994	57,809,016	59,364,152	60,332,294	61,649,814	64,803,038	61,998,189	59,829,906	62,079,244	64,934,955

Source: Various City Departments