

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WASECA, MINNESOTA

For the Fiscal Year Ended
December 31, 2009

Prepared by J. Crystal Prentice, City Manager

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CITY OF WASECA, MINNESOTA
Comprehensive Annual Financial Report
Year Ended December 31, 2009

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June 15, 2010

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, 2009.

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, 2009, 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, and sanitary sewer enterprise services. The City also contributes to the regional library system, senior center operations, senior 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 made no amendments to the original 2009 budget.

Financial Condition

Local Government Aid: Fiscal year 2009 was an active year for local, regional and state economies. It was also a year of economic uncertainties. On June 16, 2009, Governor Pawlenty announced his plans to eliminate the remaining \$2.7 billion state budget deficit. His plan includes \$64.2 million in cuts to local government aid (LGA) and market value homestead credit (MVHC) reimbursement for cities in 2009, and \$128.3 million in 2010 cuts. The 2009 cut will be computed as 3.31 percent of each city's levy plus aid. For 2010, the percentage reduction will be increased to 7.64 percent. LGA represents 35% of the City's General fund budget.

Staff prepared mid-year reduction recommendations for City Council consideration, of approximately \$684,000, which eliminated the General fund budget deficit for 2008 and 2009. In addition, staff is preparing to address areas currently not funded, including the annual unmet/deferred infrastructure and maintenance needs, while continuing to address the service demands of our city. We know that extremely difficult choices will need to be made in the near future, and we are looking at revenue strategies; service delivery model changes; expenditure controls and shifts; and service reductions.

Levy Limits: The levy limitations enacted by the state are also challenging. Beginning in 2009, and continuing through 2011, the city may not increase its tax levy by more than 3.9 percent each year or by the rate of inflation, whichever is less. The statutory levy limits during these next three years are structured so that any unused levy limit authority will be carried forward for 2010 and beyond.

Wastewater Treatment Facility: The City of Waseca, assisted by Bonestroo Engineering, has developed a Wastewater Facilities Plan that will improve the hydraulic capacity of the wastewater conveyance system and treatment plant, as well as implement phosphorous removal, expand capacity for additional growth within the community, enhance bio-solids treatment and storage, and make general repairs and replacements of the existing facility.

In 2009, staff submitted our application for a PFA loan (bond). The engineer's original estimate for the cost of the project was \$17,180,432; excluding an anticipated grant amount of \$736,225. Based on this information, staff estimated bonding in the amount of \$16,444,207 for 20 years at 3% interest. The projected annual debt service payment was \$1,105,309.

Competitive bids resulted in a cost reduction of the project from \$17,180,432 to \$16,108,549. The City also received three grants for the project totaling \$6,505,050, these include: \$505,050 Total Maximum Daily Load (TMDL) grant, from the Minnesota Public Facilities Authority; \$2 million Clean Water Revolving Fund American Recovery and Reinvestment Act of 2009 (ARRA) base grant; and \$4 million ARRA supplemental grant. The City has locked into an interest rate of 2.627% for a 20 year term compared to the 3% original estimate. All of this resulted in a \$481,858 reduction to our annual payment.

Cash Management

Idle cash during the year was invested in Certificates of Deposits. The City experienced a decrease in overall interest rates throughout 2009. As Certificates of Deposit matured, there were numerous occasions when interest rates were much higher in our "Elite" savings account; therefore CD investments were reduced during the year. Staff is watching the rates and is continuing the diligent practice of determining the length of investment vs. the interest rate available. The amount of available funds for investment was maintained at the previous historical level.

The slow, but steady reduction in interest rates will affect the interest earnings of the City. Available funds continue to be invested to the full extent possible, and the City anticipates maintaining interest 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 continues to maintain a deductible of \$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 reports 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 balance for the Property and Liability Insurance fund to provide flexibility in dealing with the unique or unplanned circumstances that can impact cities.

Relevant Financial Policies

The Government Accounting Standards Board (GASB) has issued Statement No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, which addresses how state and local governments should account for and report their post-employment healthcare and other non-pension benefits. The City implemented this statement for the fiscal year ending December 31, 2008. In accordance with GASB 45, the City reports both the expenditure the employer is paying for retirees currently using their OPEB plan as well as an expense for what the current employees are earning and an annual portion of the previously unrecognized expense.

The GASB has also issued Statement No. 51, *Accounting for Financial Reporting for Intangible Assets*. This statement, which the City will be required to adopt in 2010, establishes accounting and financial reporting requirements for intangible assets including easements, water rights, timber rights, patents, trademarks and computer software.

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 2009, a rate increase allowed for consistent application of revenue collection.

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 will be a priority while planning and budgeting in 2011.

A community that helps grow value has a positive impact on the net worth of all its property owners. As an organization, the City has worked diligently to build a variety of services, facilities, infrastructure and secure a financial foundation for its residents and stakeholders. Maintaining high quality services plays a key role in favorable appreciation of the community's property values. The City's substantial investments in its infrastructure have aided not only in the improvement of quality of services but it has also spurred additional community investment.

Investment in homes and businesses represents the most important assets in America's personal portfolio; therefore the continued enhancement of that value is extremely important. The City of Waseca's market value has almost doubled to nearly \$440 million over the last ten years. The City needs to continue to progress forward by building and renewing its community. The community and organizational strength, both financial and operational, allows the City to create even greater opportunities. One such opportunity is the expansion and maintenance of infrastructure that will enable the City to strategically plan toward growth. The City Council has placed the goal of assisting and encouraging growth as a high priority in 2010 and beyond.

The City is also actively planning for the future completion of the Highway 14 Bypass construction, which will establish prime commercial sites in the southern portion of the community. Construction began in the summer of 2009. MN/DOT plans to finish the corridor to I-35 by 2012.

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, 2008. This is the twenty-fifth 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.

I wish to express my appreciation to the Finance Department, in particular, Lorene Worke, Sharon Dodson and Ann Lauer, for their diligent work in preparing this report. I appreciate the cooperation and support from other City departments both in preparation of this report and in budget management throughout the year. I would also like to thank our auditors, LarsonAllen LLP, for the very professional manner in which they handled their duty as the City's Auditors. Credit is also given to the Mayor, and members of the City Council 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 that reads "Crystal Prentice". The signature is written in dark ink and is positioned above the printed name.

Crystal Prentice, 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, 2008

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.



A stylized, handwritten signature in black ink, likely belonging to the President of the GFOA.

President

A handwritten signature in black ink, reading "Jeffrey R. Emer".

Executive Director

CITY OF WASECA, MINNESOTA
OFFICIALS

December 31, 2009

CITY COUNCIL

Roy Srp	Mayor
John Clemons	Council-First Ward
Larry Johnson	Council-First Ward
Les Tlougan	Council-Second Ward
Allan Rose	Council-Second Ward
Mark Christiansen	Council-Third Ward
Cindy Coy	Council-Third Ward

J. Crystal Prentice, City Manager

**ORGANIZATIONAL CHART- 2009
City of Waseca**

CITIZENS

City Council

City Manager

Administration

Administrative Assistant (1)
(1) Records Secretary
(1) Secretary

Community Development Director

(1)
(1) Secretary

Director of Engineering-(Contracted position)

(1)
(1) Technology Coordinator
(2) Engineering Technician
Maintenance Superintendent (1)
Street & Sewer Supervisor (0)
(1) Mechanic
(1) Assistant Mechanic
(7) Public Works Maintenance Worker
Park Director (1)
(3) Public Works Maintenance Worker
Seasonal Workers
Building Official (1)
Water Park Manager (1)

Finance Director

(1)
(3) Finance Assistant
Utility Billing Supervisor (1)
(1) Utility Clerk
(1) Part-time Utility Clerk

Fire Chief (Part-time)

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

Chief of Police

Captain (1)
Sergeant (1)
(1)
(2) Investigators
(8) Patrol Officer
(1) School Liaison Patrol Officer
(1) Crime Victims Coordinator
(4) Part-time Patrol Officer
(2) Records Clerk
(8) Crossing Guards

Director of Utilities

(1)
(1) Utility Coordinator
(1) Water Utility Chief Operator
(1) WWTP Utility Chief Operator
(3) Water/Wastewater Operators
(1) Line Foreperson
(3) Lineworker



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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, 2009, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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, 2009, 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 15, 2010 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



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

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

The management's discussion and analysis and the Schedule of Funding Progress for Postemployment Benefit Plan and the Schedule of Funding Progress on pages 13 through 25 and pages 86 through 87 respectively, are not a required part of the basic financial statements but are 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 and individual fund statements and schedules, component unit, 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 and individual fund statements and schedules, component unit, 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 15, 2010

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, 2009. 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 1-7 of this report, and the City's financial statements following this section.

Financial Highlights

- The assets of the City of Waseca exceeded its liabilities at the close of the most recent fiscal year by \$59,332,157 (net assets). Of this amount, \$15,621,557 (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 \$53,372,846 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 \$7,643,932. Approximately 86 percent of this total amount, \$6,560,465, 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 \$2,577,264 or 47 percent of total general fund expenditures.

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 2009 statement provides for an increase in net assets, mostly from construction in business-type activities.

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, streets and highways, sanitation, culture and recreation, and economic development. The business-type activities of the City of Waseca include the water, sewer and electric utilities. The government wide financial statements can be found on pages 29-30 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 Fund's Balance Sheet and Governmental Fund's 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-eight 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 Capital Improvement Capital Project Fund, all of which are considered to be major funds. Data from the other twenty-five 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 32-36 of this report.

Proprietary Funds: The City of Waseca maintains two different types of Proprietary funds, Enterprise and Internal Service 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, and electric. *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 fund's 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 37-39 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 41-83 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 86-87 of this report. The combining statements referred to earlier in connection with non-major governmental funds and Internal Service funds are presented herewith. Combining and individual fund statements and schedules can be found on pages 91-126 of this report.

Government-Wide Financial Analysis: An analysis of the City's financial position begins with a review of the Statement of Net Assets and the Statement of Activities. These two statements report the City's net assets and changes in net assets. It should be noted that the financial position can also be affected by non-financial factors, including economic conditions, population growth, and new regulations.

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 2009 and beyond. As infrastructure programs are reviewed, meeting growth needs is a critical component of the planning process.

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 \$59,332,157 at December 31, 2009. This is an increase over the 2008 amount, as capital assets were increased by capital purchases and construction.

A condensed version of the Statement of Net Assets at December 31, 2009 follows:

CITY OF WASECA'S NET ASSETS

	Governmental Activities		Business-Type Activities		Total
	2009	2008	2009	2008	2009
Current and other assets	\$ 9,539,332	\$ 9,550,256	\$ 9,959,391	\$ 6,544,615	\$ 19,498,723
Capital assets	27,976,339	26,819,764	25,396,507	18,779,053	53,372,846
Total assets	<u>37,515,671</u>	<u>36,370,020</u>	<u>35,355,898</u>	<u>25,323,668</u>	<u>72,871,569</u>
Long-term liabilities outstanding	5,967,721	6,873,235	4,134,981	4,099,853	10,102,702
Other liabilities	693,812	389,604	2,742,898	752,386	3,436,710
Total liabilities	<u>6,661,533</u>	<u>7,262,839</u>	<u>6,877,879</u>	<u>4,852,239</u>	<u>13,539,412</u>
Net assets:					
Invested in capital assets, net of related debt	22,351,800	20,272,394	21,358,800	14,779,935	43,710,600
Unrestricted	8,502,338	8,834,787	7,119,219	5,691,494	15,621,557
Total Net Assets	<u>\$ 30,854,138</u>	<u>\$ 29,107,181</u>	<u>\$ 28,478,019</u>	<u>\$ 20,471,429</u>	<u>\$ 59,332,157</u>

By far, the largest portion of the City of Waseca's net assets of \$43,710,600 (approximately 73.7%), reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets. 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. The remaining balance of the net assets is unrestricted \$15,621,557 (approximately 26.3%) and may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of 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.

A condensed version of the Statement of Changes in Net Assets at December 31, 2009 follows:

CITY OF WASECA'S CHANGES IN NET ASSETS

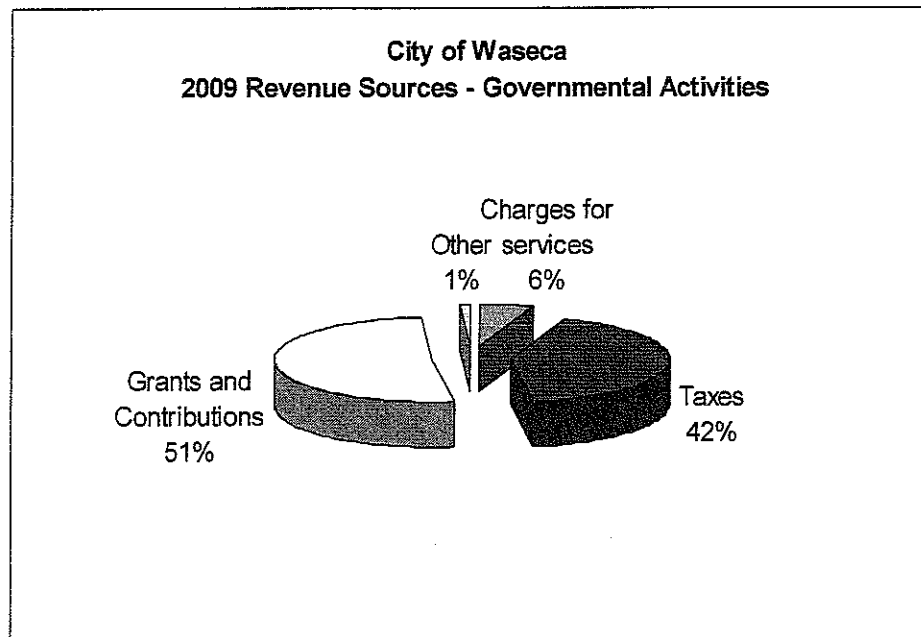
	Governmental Activities		Business-Type Activities		Total
	2009	2008	2009	2008	2009
Revenues:					
Program revenues					
Charges for services	\$ 538,930	\$ 581,928	\$ 10,229,008	\$ 9,629,270	\$ 10,767,938
Operating grants and contributions	657,632	518,481	-	-	657,632
Capital grants and contributions	1,689,262	273,571	6,070,552	-	7,759,814
General revenues					
Taxes	4,010,525	3,695,686	-	-	4,010,525
Grants and contributions not restricted to specific programs	2,496,349	2,256,322	-	-	2,496,349
Unrestricted investment earnings	118,050	231,281	119,382	168,498	237,432
Gain on disposal of assets	-	3,855	-	3,397	-
Total revenues	9,510,748	7,561,124	16,418,942	9,801,165	25,929,690
Expenses:					
General government	1,296,041	2,004,479	-	-	1,296,041
Public safety	2,269,907	2,212,658	-	-	2,269,907
Streets and highways	2,197,469	2,165,581	-	-	2,197,469
Economic Development	635,338	-	-	-	635,338
Sanitation	61,785	49,926	-	-	61,785
Culture and recreation	1,323,007	1,028,410	-	-	1,323,007
Other	252,348	287,660	-	-	252,348
Water	-	-	913,070	888,636	913,070
Sewer	-	-	1,474,211	1,503,280	1,474,211
Electric	-	-	5,752,967	5,994,670	5,752,967
Total expenses	8,035,895	7,748,714	8,140,248	8,386,586	16,176,143
Excess before transfers	1,474,853	(187,590)	8,278,694	1,414,579	9,753,547
Transfers	272,104	1,889,210	(272,104)	(1,889,210)	-
Change in net assets	1,746,957	1,701,620	8,006,590	(474,631)	9,753,547
Net Assets – January 1, 2009	29,107,181	27,405,561	20,471,429	20,946,060	49,578,610
Net Assets – December 31, 2009	\$ 30,854,138	\$ 29,107,181	\$ 28,478,019	\$ 20,471,429	\$ 59,332,157

Governmental Activities

Governmental activities increased the City of Waseca's net assets by \$1,746,957. Property tax revenues include \$51,503 of delinquent tax collections for governmental activities; the City has earned these revenues and there is a high likelihood of collection. Expenses include \$1,388,012 of depreciation expense for governmental activities under the full accrual basis of accounting.

Governmental revenues totaled \$9,510,748. As part of GASB Statement No. 34 reporting changes, Internal Service fund expenses (\$885,143) and Internal Service fund revenues of

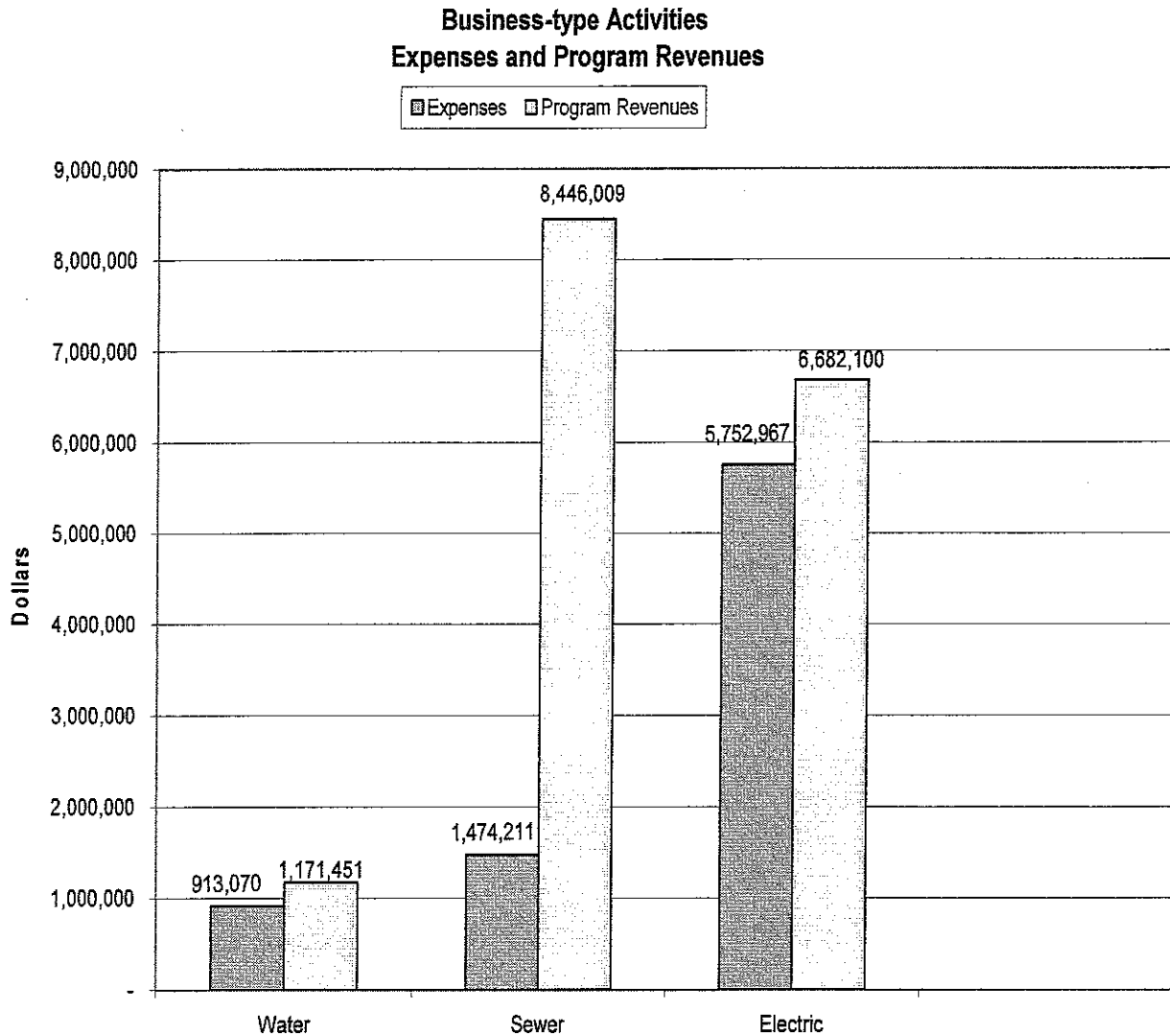
(\$474,566) were allocated to all the governmental and business-type activities. General revenues increased by \$437,780 in 2009 due to mainly a \$314,839 increase in taxes, a \$240,027 increase in grants and contributions, and an \$113,231 decrease in unrestricted investment earnings. Below is a graph showing the sources of revenues.



Business-type Activities: Business-type activities net assets increased by \$8,006,590. The main reason for this increase was the awarding of \$6,000,000 Federal American Recovery and Reinvestment Act Grant to the City. The grant proceeds are for improvements to the wastewater treatment system.

Business type expenses decreased by \$246,338 or 2.9% from 2008 to 2009 due to reductions in services and charges in the Water fund, reductions in supplies and services and charges in the Sewer fund, and reductions in purchased power, personnel, supplies as well as services and charges in the Electric utility. Business-type activities had an increase of \$6,670,290 in program revenues due mostly to a \$599,738 increase in charges for services and a \$6,070,552 increase in capital grants and contributions.

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 \$7,643,932. The unreserved fund balance consists of approximately \$6,560,465 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 loans in the amount of \$3,000, land held for resale in the amount of \$960,467, and advances to other funds in the amount of \$120,000.

The following is a discussion of the major governmental funds that had large increases or decreases in net assets.

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved, designated fund balance in the General fund was \$2,577,264, while total fund balance reached \$2,697,264. As a measure of the General fund's liquidity it may be useful to compare both unreserved, designated fund balance and total fund balance to total General fund expenditures. Unreserved fund balance represents 46.8% of total General fund expenditures.

The fund balance of the City's General fund increased by \$215,381 during the current fiscal year. The key factor of this increase can be attributed to a reduction of \$684,071 in expenditures by the City which was in response to the 2008 and 2009 anticipated unallotment of Local Government Aid (LGA) from the State of Minnesota. In an effort to balance the State's projected deficit, the governor decided to make a \$204,215 reduction in our LGA.

The City continued to fund the Capital Improvement fund with a \$663,528 allocation. Some of the projects were not completed in 2008 and were carried over into 2009; therefore, funding was lower than the requested project costs, resulting in a \$132,996 decrease in fund balance within the CIP fund. 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.

The fund balance of the City's Debt Service fund decreased by \$214,199 due to lower assessment revenue.

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

Water Fund	\$ 2,303,833
Sanitary Sewer Fund	\$ 2,752,107
Electric Fund	\$ 2,183,460

The net assets of the Proprietary funds increased by \$8,011,122 during the current fiscal year. Key factors in this increase include:

- The Water fund had an increase in net assets of \$228,780 due to an increase in miscellaneous revenues, and decreases in interest expense and in transfers out.
- The Sanitary Sewer fund had an increase in net assets of \$7,253,466 due to receipt of federal ARRA funds, and an increase in sewer rates.
- The Electric fund had an increase in net assets of \$528,876 due to a combination of decreases in power purchased, personnel services, supplies, services and charges, and depreciation expense.

The electric utilities unreserved fund balance is 38.4% of operating expenditures, an improvement over prior years. This is a direct result of the effort to build up the fund balance to fund operations and pay for purchased power prior to the receipt of utility payments.

The net assets of the Internal Service funds decreased by \$121,070, due to the increased supplies expense and a decrease in transfers from the general fund. This fund was established to fund equipment as needed over a ten year period. The goal is to eliminate financing equipment purchases.

General Fund Budgetary Highlights

The 2009 City budget allowed for a slight increase in property tax revenue in 2009. The General fund transfer to the Capital Improvement fund provided funding for street maintenance and reconstruction. There were no budget changes during the current fiscal year.

Continuing reductions in Local Government Aid will create a competing need for resources. In the past three years, the City has seen a reduction in Local Government Aid in the amount of \$ 1,117,063. The state has an anticipated budget deficit in the 2012-13 biennium of \$6 billion dollars. The City is looking at ways to mitigate the impact of these reductions in revenue.

General fund budgeted expenditures exceeded actual expenditures by \$296,325 during the current fiscal year 2009. The budgeted revenues exceeded the actual revenues by \$85,520. Significant variances during the current fiscal year included the following:

- Budgeted tax revenue exceeded the actual by \$275,546 as the result of tax collections being less than the tax levied.
- Actual intergovernmental revenue exceeded budgeted intergovernmental revenue by \$241,467 as a result of local government aid received was higher than anticipated and as a result of grant receipts being higher than anticipated.
- Budgeted streets and highways expenditures exceeded actual expenditures by \$217,102 as a result of planned reductions due to anticipated and announced cuts in revenues.

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, 2009, amounts to \$53,372,846 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, and infrastructure. The total increase in the City of Waseca's investment in capital assets was 17.0% (a 4.3% increase for governmental activities and a 35.2% increase for business-type activities).

More detailed information on the City's capital assets is presented in the Notes to the Financial Statements at Note IV, C, pages 54-55.

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

- > Street Improvements
- > Gaiter Lake Diversion Project
- > Wastewater Treatment Plant Expansion Project
- > Sewer Conveyance Project

Long-Term Debt: At the end of the fiscal year, the City of Waseca had total long-term debt of \$10,102,702. 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. In addition, debt has been issued for the construction of the Wastewater Treatment Plant expansion and conveyance system improvements. The City of Waseca's total debt increased by \$35,128 (0.8% increase) during the current fiscal year. The main factor in this increase was the \$381,163 revenue note issuance for the Sanitary Sewer Fund improvement project.

The City of Waseca has received a bond rating of A2 from Moody's on its general obligation debt. In 2010, Moody's has raised Waseca's rating two steps to Aa3, its fourth-highest, from A2 as part of its municipal debt recalibration program. Both Moody's and Fitch Ratings are shifting their state and local grading scale to make them more comparable with corporate 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 \$8,887,982 and \$4,240,000 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, pages 58-64.

Economic Factors and Budget Information

We have seen a dramatic reduction in Local Government Aid. The City addressed the economic change early and took proactive steps to reforecast revenue projections and dramatically reduced planned expenditures. Ultimately, over \$290,000 in anticipated expenditures were eliminated from the 2009

budget. With this new budget comes a reflection of the new economy, the benefits of a leaner organization and the positive impacts of a successful ARRA funding, has enabled the City to initiate important street and wastewater improvement projects.

Significant economic factors affecting the City are as follows:

- According to U.S. Bureau of Labor Statistics as of March 2010, the City's unemployment rate of 9.2% compares unfavorably to the state unemployment rate of 8.2%, but compares favorably to the national average rate of 9.7%. Waseca's unemployment rate was 7.2% in 2008; and 5.4% in 2007; reflecting the loss of jobs within the City.
- New residential building permits decreased significantly compared to the previous fiscal year. This decrease reflects the down turn that is occurring in the economy and housing within City limits.
- As a result of the economic slowdown, the City of Waseca continued to work on debt reduction. In 2009 we retired debt of \$1,270,000. We applied for Small Cities Development Program (SCDP) grant for owner occupied homes to continue our renovation efforts, and were successful in our application and will receive \$434,700 in 2010.
- The 2009 budget-year presented challenges as the City attempted to provide general governmental services, as well as providing the needed infrastructure required for growth. Highway 14 is the major transportation corridor, bringing approximately 12,000 people through Waseca each day; with the Highway 14 bypass fast approaching, one of the priorities is expanding utility infrastructure to the West and South Highway interchanges. Another priority for 2009 fiscal year was to ensure that of cash flow management required to fund the Wastewater Treatment Plant and conveyance systems infrastructure was implemented. 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 Sanitary Sewer and Electric funds had utility rate increases in 2009 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 sustained steep increases in employee health insurance premium costs in 2009, including a 13% increase in 2009 and a 36% increase in 2010. To minimize the impact of rate increases on both the City and employees, a new high deductible option was added in 2010 saving an estimated \$62,412. The City now has two options, both are Health Reimbursement Accounts. These options are consumer driven health plans that encourage participants to play an active role in their own health care. The City is part of a pool that helps keep costs lower than if they were to apply for insurance on their own.

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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BASIC FINANCIAL STATEMENTS

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CITY OF WASECA, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2009

	Primary Government			Component Unit EDA
	Governmental Activities	Business - type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 7,162,485	\$ 6,613,415	\$ 13,775,900	\$ 219,882
Receivables				
Taxes	119,786	-	119,786	1,635
Accounts	176,120	2,844,543	3,020,663	1,000
Utility	-	10,040	10,040	-
Mobile home taxes	4,153	-	4,153	-
Assessments	648,304	235,120	883,424	-
Interest	71	-	71	-
Loans	144,695	-	144,695	-
Internal balances	240,181	(240,181)	-	-
Inventory	-	19,325	19,325	-
Land held for resale	960,467	-	960,467	312,925
Restricted assets:				
Customer deposits	-	155,938	155,938	-
Capital assets				
Land	1,281,538	127,215	1,408,753	-
Infrastructure	30,796,549	-	30,796,549	-
Construction in progress	464,644	6,982,498	7,447,142	-
Buildings	3,319,002	3,330,202	6,649,204	-
Improvements other than buildings	7,179,671	27,784,929	34,964,600	-
Machinery and equipment	4,620,865	7,330,737	11,951,602	-
Accumulated depreciation	(19,685,930)	(20,159,074)	(39,845,004)	-
Service territory (net of amortization)	-	275,441	275,441	-
Other assets	83,070	45,750	128,820	-
Total assets	<u>37,515,671</u>	<u>35,355,898</u>	<u>72,871,569</u>	<u>535,442</u>
LIABILITIES				
Current liabilities				
Accounts payable	562,714	2,500,870	3,063,584	25,866
Customer deposits	-	155,938	155,938	-
Accrued wages	37,556	12,160	49,716	-
Accrued interest	91,671	63,890	155,561	-
Deferred Revenue	1,871	-	1,871	-
Noncurrent liabilities:				
Due within one year	822,400	772,679	1,595,079	-
Due in more than one year	5,145,321	3,362,302	8,507,623	-
Unearned revenue-utility	-	10,040	10,040	-
Total liabilities	<u>6,661,533</u>	<u>6,877,879</u>	<u>13,539,412</u>	<u>25,866</u>
NET ASSETS				
Invested in capital assets, net of related debt	22,351,800	21,358,800	43,710,600	-
Unrestricted	8,502,338	7,119,219	15,621,557	509,576
Total net assets	<u>\$ 30,854,138</u>	<u>\$ 28,478,019</u>	<u>\$ 59,332,157</u>	<u>\$ 509,576</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, 2009

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	EDA
Governmental Activities:								
General government	\$ 1,296,041	\$ 244,770	\$ 81,470	\$ 2,433	\$ (967,368)	\$ -	\$ (967,368)	\$ -
Public safety	2,269,907	116,263	390,756	-	(1,762,888)	-	(1,762,888)	-
Streets and highways	2,197,469	47,158	171,737	194,787	(1,783,787)	-	(1,783,787)	-
Sanitation	61,785	-	-	-	(61,785)	-	(61,785)	-
Culture and recreation	1,323,007	130,739	13,669	1,492,042	313,443	-	313,443	-
Economic Development	635,338	-	-	-	(635,338)	-	(635,338)	-
Interest and fees	252,348	-	-	-	(252,348)	-	(252,348)	-
Total governmental activities	8,035,895	538,930	\$ 657,632	1,689,262	(5,150,071)	-	(5,150,071)	-
Business-type activities								
Water	913,070	1,171,451	-	-	-	258,381	258,381	-
Sewer	1,474,211	2,375,457	-	6,070,552	-	6,971,798	6,971,798	-
Electric	5,752,967	6,682,100	-	-	-	929,133	929,133	-
Total business-type activities	8,140,248	10,229,008	-	6,070,552	-	8,159,312	8,159,312	-
Total primary government	\$ 16,176,143	\$ 10,767,938	\$ 657,632	\$ 7,759,814	\$ (5,150,071)	\$ 8,159,312	\$ 3,009,241	\$ -
Total component unit	\$ 22,974	\$ 13,245	\$ -	\$ -				\$ (9,729)
General revenues:								
		Property taxes			3,581,471	-	3,581,471	40,989
		Franchise taxes			194,268	-	194,268	-
		TIF revenue			234,786	-	234,786	-
		Grants and contributions not restricted			2,496,349	-	2,496,349	3,925
		Unrestricted investment earnings			118,050	119,382	237,432	3,411
		Transfers			272,104	(272,104)	-	-
		Total General revenues and transfers			6,897,028	(152,722)	6,744,306	48,325
		Change in net assets			1,746,957	8,006,590	9,753,547	38,596
		Net assets - beginning			29,107,181	20,471,429	49,578,610	470,980
		Net assets - ending			\$ 30,854,138	\$ 28,478,019	\$ 59,332,157	\$ 509,576

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

Major Funds

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.

Capital Improvement Fund

This fund accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, storm sewers, etc.

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.

CITY OF WASECA, MINNESOTA
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2009

	General	Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,851,710	\$ 1,310,610	\$ 643,941	\$ 2,074,259	\$ 6,880,520
Receivables					
Taxes	107,039	-	-	12,747	119,786
Accounts	119,959	490	7,275	48,396	176,120
Mobile home taxes	4,153	-	-	-	4,153
Assessments receivable					
Current	-	525,853	-	105,337	631,190
Delinquent	-	15,144	-	99	15,243
Deferred	-	1,077	-	794	1,871
Interest receivable	-	-	-	71	71
Land Held for Resale	-	-	-	960,467	960,467
Loans receivable	-	-	-	144,695	144,695
Advance to other funds	120,000	-	-	-	120,000
Total assets	<u>\$ 3,202,861</u>	<u>\$ 1,853,174</u>	<u>\$ 651,216</u>	<u>\$ 3,346,865</u>	<u>\$ 9,054,116</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 372,156	\$ 46	\$ 30,647	\$ 71,513	\$ 474,362
Accrued wages payable	35,481	-	-	946	36,427
Deferred revenue	97,960	542,074	-	259,361	899,395
Total liabilities	<u>505,597</u>	<u>542,120</u>	<u>30,647</u>	<u>331,820</u>	<u>1,410,184</u>
Fund balances:					
Reserved for:					
Loans	-	-	-	3,000	3,000
Advance to other funds	120,000	-	-	-	120,000
Land held for resale	-	-	-	960,467	960,467
Unreserved, designated, reported in:					
General fund	2,577,264	-	-	-	2,577,264
Unreserved, undesignated, reported in:					
Special revenue funds	-	-	-	650,562	650,562
Debt service funds	-	1,311,054	-	55,798	1,366,852
Capital projects funds	-	-	620,569	1,345,218	1,965,787
Total fund balances	<u>2,697,264</u>	<u>1,311,054</u>	<u>620,569</u>	<u>3,015,045</u>	<u>7,643,932</u>
Total liabilities and fund balances	<u>\$ 3,202,861</u>	<u>\$ 1,853,174</u>	<u>\$ 651,216</u>	<u>\$ 3,346,865</u>	<u>\$ 9,054,116</u>

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

**CITY OF WASECA, MINNESOTA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	7,643,932
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental funds are not current financial resources and, therefore are not reported as assets in governmental funds:

Cost of capital assets	47,662,269	
Less: Accumulated depreciation	<u>(19,685,930)</u>	27,976,339

Governmental funds do not report a liability for accrued interest until due and payable.		(91,671)
--	--	----------

Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets.

Internal service fund net assets per statements	192,484	
Add allocation to business-type activities	<u>120,181</u>	312,665

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(5,883,921)
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Other post-employment benefits are not due and payable in the current period and, therefore, are not reported in the funds		(104,264)
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Issuance costs are reported as expenditures in the governmental funds at the time of issuance. In the Statement of Net Assets, these costs are amortized over the life of the debt issue. Bond premiums and discounts are reported as other financing sources in the governmental funds at the time of issuance. In the Statement of Net Assets, these costs are amortized over the life of the debt issue.		103,534
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Other long-term assets related to delinquent property taxes, special assessments, and loans are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		897,524
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>30,854,138</u>
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The notes to the financial statements are an integral part of this statement.

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

	General	Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,136,674	\$ -	\$ -	\$ 547,648	\$ 3,684,322
Licenses	34,859	-	-	-	34,859
Permits and fees	96,938	-	-	-	96,938
Intergovernmental	3,089,833	-	46,255	270,755	3,406,843
Charges for services	38,809	-	-	-	38,809
Program income	-	-	-	201,123	201,123
Fines and forfeitures	28,712	-	-	11,703	40,415
Assessments	-	151,530	-	72,152	223,682
Interest on assessments	-	37,986	-	1,878	39,864
Contributions	4,900	-	-	32,915	37,815
Miscellaneous	152,873	24,922	15,795	61,216	254,806
Total revenues	<u>6,583,598</u>	<u>214,438</u>	<u>62,050</u>	<u>1,199,390</u>	<u>8,059,476</u>
EXPENDITURES					
Current:					
General government	1,180,094	-	-	-	1,180,094
Public safety	2,092,219	-	-	-	2,092,219
Streets and highways	1,257,170	-	-	-	1,257,170
Sanitation	61,784	-	-	-	61,784
Cultural and recreation	719,001	-	-	-	719,001
Personal services	-	-	-	141,467	141,467
Materials and supplies	-	-	-	50,562	50,562
Separation and contribution	-	-	-	500	500
Services and charges	-	5,634	-	414,504	420,138
Economic development	-	-	185,415	-	185,415
Other services	199,903	-	-	-	199,903
Debt service:					
Bond principal	-	355,000	-	570,000	925,000
Interest and fiscal charges	-	68,003	-	182,953	250,956
Capital outlay	-	-	673,159	47,857	721,016
Total expenditures	<u>5,510,171</u>	<u>428,637</u>	<u>858,574</u>	<u>1,407,843</u>	<u>8,205,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,073,427</u>	<u>(214,199)</u>	<u>(796,524)</u>	<u>(208,453)</u>	<u>(145,749)</u>
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	4,576	-	-	-	4,576
Transfers in	459,790	-	663,528	318,939	1,442,257
Transfers out	(1,322,412)	-	-	(133,741)	(1,456,153)
Total other financing sources (uses)	<u>(858,046)</u>	<u>-</u>	<u>663,528</u>	<u>185,198</u>	<u>(9,320)</u>
Net change in fund balances	<u>215,381</u>	<u>(214,199)</u>	<u>(132,996)</u>	<u>(23,255)</u>	<u>(155,069)</u>
Fund balances - beginning	2,481,883	1,525,253	753,565	3,038,300	7,799,001
Fund balances - ending	<u>\$ 2,697,264</u>	<u>\$ 1,311,054</u>	<u>\$ 620,569</u>	<u>\$ 3,015,045</u>	<u>\$ 7,643,932</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, 2009**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS **\$ (155,069)**

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

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	1,061,507	
Donated capital assets	1,492,042	
Proceeds from sales of capital assets	(4,576)	
Depreciation expense	<u>(1,388,012)</u>	1,160,961

In the Statement of Activities, the loss on disposition of capital assets is reported. The loss is not a use of current resources and thus, is not reported in the funds. (4,386)

Revenues (special assessment and loan receivable deferred revenue) in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds. (44,277)

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. This is the amount of repayments in the current period. 925,000

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 issuance costs (\$11,148) and discounts (\$2,646) are greater than premiums (\$509). (13,285)

Some expenses (changes in accrued interest, Other post-employment benefits, 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. (5,449)

The net loss of the Internal Service funds reported with governmental activities (116,538)

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 1,746,957**

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

CITY OF WASECA, MINNESOTA
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2009

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 3,412,220	\$ 3,412,220	\$ 3,136,674	\$ (275,546)
Licenses	49,000	49,000	34,859	(14,141)
Permits and fees	117,000	117,000	96,938	(20,062)
Intergovernmental	2,848,366	2,848,366	3,089,833	241,467
Charges for services	46,200	46,200	38,809	(7,391)
Fines	32,000	32,000	28,712	(3,288)
Contributions	10,000	10,000	4,900	(5,100)
Miscellaneous	154,332	154,332	152,873	(1,459)
Total revenues	<u>6,669,118</u>	<u>6,669,118</u>	<u>6,583,598</u>	<u>(85,520)</u>
EXPENDITURES				
Current:				
General government	1,205,563	1,205,563	1,180,094	25,469
Public safety	2,067,785	2,067,785	2,092,219	(24,434)
Streets and highways	1,474,272	1,474,272	1,257,170	217,102
Sanitation	53,839	53,839	61,784	(7,945)
Cultural and recreation	734,094	734,094	719,001	15,093
Other services	270,943	270,943	199,903	71,040
Total expenditures	<u>5,806,496</u>	<u>5,806,496</u>	<u>5,510,171</u>	<u>296,325</u>
Excess of revenues over expenditures	<u>862,622</u>	<u>862,622</u>	<u>1,073,427</u>	<u>210,805</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	4,576	4,576
Transfers in	459,790	459,790	459,790	-
Transfers out	(1,322,412)	(1,322,412)	(1,322,412)	-
Total other financing sources (uses)	<u>(862,622)</u>	<u>(862,622)</u>	<u>(858,046)</u>	<u>4,576</u>
Net change in fund balances	-	-	215,381	215,381
Fund balances - beginning	2,481,883	2,481,883	2,481,883	-
Fund balances - ending	<u>\$ 2,481,883</u>	<u>\$ 2,481,883</u>	<u>\$ 2,697,264</u>	<u>\$ 215,381</u>

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

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET ASSETS
December 31, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,095,810	\$ 3,073,712	\$ 1,443,893	\$ 6,613,415	\$ 281,965
Restricted cash and cash equivalents:					
Customer Deposits	-	-	155,938	155,938	-
Accounts receivable	171,129	1,588,473	1,084,941	2,844,543	-
Utility receivable	6,024	4,016	-	10,040	-
Assessments receivable	118,509	116,611	-	235,120	-
Inventories	-	-	19,325	19,325	-
Total current assets	<u>2,391,472</u>	<u>4,782,812</u>	<u>2,704,097</u>	<u>9,878,381</u>	<u>281,965</u>
Noncurrent assets:					
Capital assets:					
Land	10,585	28,500	88,130	127,215	-
Buildings	163,011	2,689,966	477,225	3,330,202	-
Improvements	9,125,534	10,198,742	8,460,653	27,784,929	-
Construction in progress	85,861	6,881,962	14,675	6,982,498	-
Machinery and equipment	516,618	5,642,565	1,171,554	7,330,737	-
Less accumulated depreciation	<u>(5,256,817)</u>	<u>(8,314,761)</u>	<u>(6,587,496)</u>	<u>(20,159,074)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	4,644,792	17,126,974	3,624,741	25,396,507	-
Other assets:					
Service territory (net of amortization)	-	-	275,441	275,441	-
Deferred bond issuance costs	<u>4,994</u>	<u>40,756</u>	<u>-</u>	<u>45,750</u>	<u>-</u>
Total other assets	<u>4,994</u>	<u>40,756</u>	<u>275,441</u>	<u>321,191</u>	<u>-</u>
Total noncurrent assets	<u>4,649,786</u>	<u>17,167,730</u>	<u>3,900,182</u>	<u>25,717,698</u>	<u>-</u>
Total assets	<u>\$ 7,041,258</u>	<u>\$ 21,950,542</u>	<u>\$ 6,604,279</u>	<u>\$ 35,596,079</u>	<u>\$ 281,965</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 45,631	\$ 1,990,935	\$ 464,304	\$ 2,500,870	\$ 88,352
Accrued wages payable	3,253	3,824	5,083	12,160	1,129
Accrued interest payable	19,591	44,299	-	63,890	-
Customer deposits payable	-	-	155,938	155,938	-
Revenue bonds payable	125,000	600,499	-	725,499	-
Unearned revenue - utility	6,024	4,016	-	10,040	-
Total current liabilities	<u>199,499</u>	<u>2,643,573</u>	<u>625,325</u>	<u>3,468,397</u>	<u>89,481</u>
Noncurrent liabilities:					
Revenue bonds payable	971,572	2,340,636	-	3,312,208	-
Compensated absences payable	13,838	17,033	37,288	68,159	-
Other post-employment benefits payable	4,296	11,354	13,465	29,115	-
Advance from other funds	-	-	120,000	120,000	-
Total noncurrent liabilities	<u>989,706</u>	<u>2,369,023</u>	<u>170,753</u>	<u>3,529,482</u>	<u>-</u>
Total liabilities	<u>1,189,205</u>	<u>5,012,596</u>	<u>796,078</u>	<u>6,997,879</u>	<u>89,481</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,548,220	14,185,839	3,624,741	21,358,800	-
Unrestricted	2,303,833	2,752,107	2,183,460	7,239,400	192,484
Total net assets	<u>\$ 5,852,053</u>	<u>\$ 16,937,946</u>	<u>\$ 5,808,201</u>	<u>28,598,200</u>	<u>\$ 192,484</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(120,181)	
Net assets of business-type activities				\$ 28,478,019	

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, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
Operating revenues:					
Charges for services	\$ 1,106,722	\$ 2,374,755	\$ 6,663,686	\$ 10,145,163	\$ 445,770
Insurance reimbursement	-	-	-	-	28,796
Miscellaneous	64,729	702	18,414	83,845	-
Total operating revenues	<u>1,171,451</u>	<u>2,375,457</u>	<u>6,682,100</u>	<u>10,229,008</u>	<u>474,566</u>
Operating expenses:					
Power purchased	112,817	-	4,560,577	4,673,394	-
Personnel services	240,926	400,306	566,974	1,208,206	116,417
Supplies	134,701	122,837	116,885	374,423	516,060
Services and charges	73,200	317,697	102,572	493,469	3,442
Depreciation	298,038	523,686	333,613	1,155,337	-
Insurance payment	629	-	-	629	20,264
Insurance premium	-	-	-	-	228,960
Total operating expenses	<u>860,311</u>	<u>1,364,528</u>	<u>5,680,621</u>	<u>7,905,458</u>	<u>885,143</u>
Operating income (loss)	<u>311,140</u>	<u>1,010,931</u>	<u>1,001,479</u>	<u>2,323,550</u>	<u>(410,577)</u>
Nonoperating revenues (expenses):					
Federal grant	-	6,000,000	-	6,000,000	-
State grant	-	70,552	-	70,552	-
Gain (loss) on disposal of capital assets	(1,984)	-	(1,981)	(3,965)	-
Interest income	52,121	43,411	23,850	119,382	3,507
Interest expense	(47,504)	(102,201)	(16,430)	(166,135)	-
Agent fee	(633)	(633)	-	(1,266)	-
Amortization expense	(1,999)	(5,083)	(51,810)	(58,892)	-
Total nonoperating revenues (expenses)	<u>1</u>	<u>6,006,046</u>	<u>(46,371)</u>	<u>5,959,676</u>	<u>3,507</u>
Income (loss) before transfers	<u>311,141</u>	<u>7,016,977</u>	<u>955,108</u>	<u>8,283,226</u>	<u>(407,070)</u>
Transfers					
Transfers in	-	323,105	-	323,105	286,000
Transfers out	(82,361)	(86,616)	(426,232)	(595,209)	-
Change in net assets	<u>228,780</u>	<u>7,253,466</u>	<u>528,876</u>	<u>8,011,122</u>	<u>(121,070)</u>
Total net assets-beginning	<u>5,623,273</u>	<u>9,684,480</u>	<u>5,279,325</u>		<u>313,554</u>
Total net assets-ending	<u>\$ 5,852,053</u>	<u>\$ 16,937,946</u>	<u>\$ 5,808,201</u>		<u>\$ 192,484</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(4,532)	
Change in Net assets of business-type activities				<u>\$ 8,006,590</u>	

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

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from customers	\$ 1,177,511	\$ 1,034,532	\$ 6,630,394	\$ 8,842,437	\$ -
Cash received from other funds and reimbursements	-	-	-	-	482,155
Cash payments to suppliers	(282,046)	1,508,530	(4,790,524)	(3,564,040)	-
Cash payments to employees	(235,989)	(392,667)	(580,458)	(1,209,114)	(116,084)
Cash payments for interfund services used	-	-	-	-	(700,450)
Net cash provided(used) by operating activities	659,476	2,150,395	1,259,412	4,069,283	(334,379)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	323,105	-	323,105	286,000
Transfers to other funds	(82,361)	(86,616)	(426,232)	(595,209)	-
Net cash provided (used) by noncapital financing activities	(82,361)	236,489	(426,232)	(272,104)	286,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Federal grant	-	6,000,000	-	6,000,000	-
State grant	-	70,552	-	70,552	-
Proceeds from bonds issued	-	381,163	-	381,163	-
Principal paid on bonds	(120,000)	(225,000)	-	(345,000)	-
Proceeds from sale of capital assets	4,000	-	4,000	8,000	-
Acquisition of capital assets	(311,570)	(7,294,842)	(178,348)	(7,784,758)	-
Acquisition of service territory	-	-	(44,087)	(44,087)	-
Agent fee	(633)	(633)	-	(1,266)	-
Repayment to other funds	-	-	(40,000)	(40,000)	-
Interest expense	(49,401)	(101,379)	(18,431)	(167,211)	-
Net cash provided (used) by capital and related financing activities	(477,804)	(1,170,139)	(274,864)	(1,922,807)	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of investments	1,700,000	1,650,000	500,000	3,850,000	-
Interest on investments	64,217	53,469	24,504	142,190	3,507
Net cash provided by investing activities	1,764,217	1,703,469	524,504	3,992,190	3,507
Net increase (decrease) in cash and cash equivalents	1,863,728	2,920,214	1,082,820	5,866,762	(44,872)
Cash and cash equivalents, January 1	232,082	153,498	361,073	746,653	326,837
Cash and cash equivalents, December 31	\$ 2,095,810	\$ 3,073,712	\$ 1,443,893	\$ 6,613,415	\$ 281,965
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 311,140	\$ 1,010,931	\$ 1,001,479	\$ 2,323,550	\$ (410,577)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	298,038	523,686	333,613	1,155,337	-
Change in assets and liabilities					
(Increase) decrease in accounts receivable	(18,529)	(1,368,402)	(51,706)	(1,438,637)	7,589
(Increase) decrease in utility receivable	(286)	(191)	-	(477)	-
Decrease in assessment receivable	24,589	27,477	-	52,066	-
Increase in inventory	-	-	(3,092)	(3,092)	-
Increase (decrease) in accounts payable	39,301	1,949,064	(7,398)	1,980,967	68,276
Increase in accrued wages payable	1,360	1,152	41	2,553	333
Increase (decrease) in compensated absences payable	2,402	395	(17,764)	(14,967)	-
Increase in OPEB payable	1,175	6,092	4,239	11,506	-
Increase in unearned revenue - utility	286	181	-	477	-
Total adjustments	348,336	1,139,464	257,933	1,745,733	76,198
Net cash provided (used) by operating activities	\$ 659,476	\$ 2,150,395	\$ 1,259,412	\$ 4,069,283	\$ (334,379)
Noncash investing, capital, and financing activities:					
Amortization of bond issuance costs	\$ 1,999	\$ 5,083	\$ -	\$ 7,082	\$ -
Amortization of service territory	-	-	51,810	51,810	-
Capital asset trade-ins	-	8,960	5,685	14,645	-

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

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CITY OF WASECA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009

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.

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 because financial assistance is made by the City. The Economic Development Authority of the City of Waseca is comprised of one fund, the General fund. Financial information for the

Economic Development Authority is provided in the City's comprehensive annual financial report.

B. Government-Wide and Fund Accounting

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 payments are 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.

Since the governmental fund statements are presented using a different measurement focus and basis of accounting than the government-wide statements'

governmental column, reconciliations are presented which briefly explain the adjustments necessary to reconcile both the ending net assets and the change in net assets.

Major governmental funds - 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. Most of the current day-to-day operations of the governmental units are financed from this 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.

Capital Improvement Fund

This accounts for the construction and/or maintenance of the City's infrastructure, including streets, park enhancements, sidewalks, public buildings and facilities, storm sewers, etc.

Major proprietary funds - 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.

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 Central Garage fund 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 not 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.

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 December. 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 collectability. 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 asset 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	30-50 years
Sewer Collection System	30-50 years
Electric Distribution System	20-50 years
Machinery and Equipment	4-20 years
Infrastructure	30-50 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

Long-term obligations are recorded in the City's government-wide statement of net assets when they become a liability to the City. Long-term obligations are recognized as a liability of a governmental fund only when due or when resources have been accumulated in the debt service fund for payment early in the following year. Long-term obligations expected to be financed from proprietary funds are accounted for in those funds. 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 funds 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

The following is an 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 the fund balance in the governmental funds and net assets in the governmental activities as reported in the government-wide statement of net assets. Some of the elements of the reconciliation include:

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	\$ (5,645,000)
Compensated absences payable	<u>(238,921)</u>
Total difference	<u>\$ (5,883,921)</u>
Bond issuance costs	\$ 83,070
Bond discounts	21,270
Bond Premiums	<u>(806)</u>
Total difference	<u>\$ 103,534</u>
Accrued interest payable	<u>\$ (91,671)</u>

Other long-term assets related to delinquent property taxes, special assessments, and loans are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.

Deferred Revenue - Special assessments	\$ 648,304
Deferred Revenue - Delinquent taxes	109,396
Deferred Revenue - Loans receivable	<u>141,695</u>
	<u>\$ 899,395</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 and the following Special Revenue funds: Economic Development Public Grant (EDPG) Clear Lake Press, Tax Increment Financing (TIF) funds, Airport fund, Waseca Water

Park fund, Waseca Housing fund, Police Separation fund, Police Reserve fund, Police Crime Victims fund, Police Forfeiture fund, and Fire Relief fund. A budget is also adopted for the following Capital Project funds: Municipal State Aid Maintenance, Capital Improvement fund, and Annexation and Growth. 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 28th 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 2009.

B. Excess of Expenditures Over Appropriations

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

		<u>Budget</u>		<u>Actual</u>		<u>Variance</u>
Special Revenue Funds:						
Police Crime Victims Fund	\$	43,172	\$	48,145	\$	4,973
Police Forfeiture Fund		1,000		2,372		1,372

The Police Crime Victims fund was set up in 2008. The Police Crime Victims fund was established to provide for a separate accounting of State Grant funding for

servicing the needs of victims in accordance with state Statute. Crime Victims expenses vary from year to year resulting in variances from the budget, however, revenues exceeded budget by \$8,758 in 2009 thereby providing funding for the additional expenditures.

The Police Forfeitures fund was developed in 2007 to record revenue generated from legally forfeited property including property seized in DUI and drug related arrests under state and federal laws. Forfeiture expenses vary from year to year resulting in variances from the budget. The excess of expenditures was funded by revenues exceeding budget by \$11,133 in 2009.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Deposits. State Statutes require that all deposits in financial institutions in excess of the \$250,000 insured by the Federal Depository 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, 2009. At year end, the carrying amount of the City's deposits was \$13,931,838 and the bank balance was \$15,378,095. Of the total bank balance, the FDIC covered \$571,498. The remainder was covered by collateral with a value of \$17,605,940.

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, 2009.

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

Deposits	\$ 13,931,838
Total cash, cash equivalents, and investments	<u>13,931,838</u>
Cash and cash equivalents - governmental activities	\$ 7,162,485
Cash and cash equivalents - business-type activities	6,613,415
Customer deposits	<u>155,938</u>
	<u>\$ 13,931,838</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 funds), and loans receivable not yet due (Special Revenue funds) for the amounts of \$109,396, \$648,304 and \$141,695, respectively.

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2009 was as follows:

	Beginning Balances	Increases	Adjustment	Decreases	Ending Balances
Capital assets not being depreciated					
Land	\$ 1,281,538	\$ -	\$ -	\$ -	\$ 1,281,538
Construction in progress	33,055	463,359	-	31,770	464,644
Total capital assets not being depreciated	1,314,593	463,359	-	31,770	1,746,182
Depreciable capital assets:					
Buildings	3,177,282	141,720	-	-	3,319,002
Improvements other than buildings	7,127,554	52,117	-	-	7,179,671
Equipment	4,371,896	318,318	15,850	85,199	4,620,865
Infrastructure	29,186,744	1,609,805	-	-	30,796,549
Total depreciable	43,863,476	2,121,960	15,850	85,199	45,916,087
Accumulated depreciation:					
Buildings	1,461,203	70,573	-	-	1,531,776
Improvements other than buildings	2,232,214	221,925	-	-	2,454,139
Equipment	2,342,676	253,059	15,850	76,237	2,535,348
Infrastructure	12,322,212	842,455	-	-	13,164,667
Total accumulated depreciation	18,358,305	1,388,012	15,850	76,237	19,685,930
Total capital assets being depreciated, net	25,505,171	733,948	-	8,962	26,230,157
Governmental activities capital assets, net	\$ 26,819,764	\$ 1,197,307	\$ -	\$ 40,732	\$ 27,976,339

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

General Government	\$ 77,448
Public Safety	97,773
Streets and Highways	938,930
Culture and Recreation	273,861
Total depreciation for governmental activities	\$ 1,388,012

Capital asset activity for business-type activities for the year ended December 31, 2009 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Adjustment</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets not being depreciated					
Land	\$ 111,415	\$ 15,800	\$ -	\$ -	\$ 127,215
Construction in progress	94,659	6,899,839	-	12,000	6,982,498
Total capital assets not being depreciated	<u>206,074</u>	<u>6,915,639</u>	<u>-</u>	<u>12,000</u>	<u>7,109,713</u>
Depreciable capital assets:					
Buildings	3,296,434	33,768	-	-	3,330,202
Improvements other than buildings	27,272,520	512,409	-	-	27,784,929
Equipment	7,071,847	349,587	(15,850)	74,847	7,330,737
Total depreciable	<u>37,640,801</u>	<u>895,764</u>	<u>(15,850)</u>	<u>74,847</u>	<u>38,445,868</u>
Accumulated depreciation:					
Buildings	1,164,518	50,570	-	-	1,215,088
Improvements other than buildings	14,162,761	807,972	-	-	14,970,733
Equipment	3,740,543	296,795	(15,850)	48,235	3,973,253
Total accumulated depreciation	<u>19,067,822</u>	<u>1,155,337</u>	<u>(15,850)</u>	<u>48,235</u>	<u>20,159,074</u>
Total capital assets being depreciated, net	<u>18,572,979</u>	<u>(259,573)</u>	<u>-</u>	<u>26,612</u>	<u>18,286,794</u>
Business type activities capital assets, net	<u>\$ 18,779,053</u>	<u>\$ 6,656,066</u>	<u>\$ -</u>	<u>\$ 38,612</u>	<u>\$ 25,396,507</u>

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

Water	\$ 298,038
Sewer	523,686
Electric	333,613
Total depreciation for business-type activities	<u>\$ 1,155,337</u>

D. Interfund Balances and Transfers

Interfund receivables and payables represent lending/borrowing arrangements to cover deficit cash balances at the end of the fiscal year until the 2010 revenue flow provides for costs. There were no interfund receivables and payables at year end.

Advances to/from Other Funds		
<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Electric Fund	\$ 120,000
Total		<u>\$ 120,000</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 following is a schedule of interfund transfers for the year ended December 31, 2009:

Transfers Out	Transfers In					Total
	General Fund	CIP Fund	Non Major Governmental Funds	Sewer Fund	Internal Service Funds	
General Fund	\$ -	\$ 600,780	\$ 112,527	\$ 323,105	\$ 286,000	\$ 1,322,412
Non-Major governmental funds	-	62,748	70,993	-	-	133,741
Water Fund	52,024	-	30,337	-	-	82,361
Sewer Fund	52,024	-	34,592	-	-	86,616
Electric Fund	355,742	-	70,490	-	-	426,232
	<u>\$ 459,790</u>	<u>\$ 663,528</u>	<u>\$ 318,939</u>	<u>\$ 323,105</u>	<u>\$ 286,000</u>	<u>\$ 2,051,362</u>

Throughout 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 following is an explanation of some of the major transfers.

The General fund transferred \$286,000 to the Equipment Replacement fund to provide funding for a police vehicle, asphalt zipper, and various other equipment. The General fund transferred \$600,780 to the Capital Improvement fund to provide funding for street maintenance, the Northeast Park and the Gaiter Lake Diversion project. The General fund also transferred \$323,105 to the Sewer fund for the levy funding portion of the debt on the new wastewater improvements.

E. Other Assets

Other assets within the Governmental and Enterprise funds for December 31, 2009 are as follows:

	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Total</u>
Deferred Bond Issuance Costs (Net of amortization)	\$ 83,070	\$ 4,994	\$ 40,756	\$ -	\$ 128,820
Service Territory (Net of amortization)	-	-	-	275,441	275,441
Total Other Asset	\$ <u>83,070</u>	\$ <u>4,994</u>	\$ <u>40,756</u>	\$ <u>275,441</u>	\$ <u>404,261</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.

In 2009, the City acquired additional service territory in the amount of \$44,087. This additional service territory resulted from negotiations with Xcel Energy, as the City

acquired property known as Woods Edge, Nature's Acres and Woodville Meadows. This service territory is being amortized over a period of ten years.

F. Long-Term Debt

1. 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:

	Original Amount	Maturities	Rates	Balance at 12/31/2009
General Obligation Series 2005D	\$ 1,035,000	2005-2016	3.71%	\$ 780,000

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

Year	Governmental Activities	
	Principal	Interest
2010	\$ 115,000	\$ 26,495
2011	120,000	22,382
2012	125,000	18,095
2013	130,000	13,470
2014	135,000	8,501
2015 - 2016	155,000	6,106
	<u>\$ 780,000</u>	<u>\$ 95,049</u>

2. 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:

	<u>Original Amount</u>	<u>Maturities</u>	<u>Rate</u>	<u>Balance at 12/31/2009</u>
General Obligation Tax Increment Series 2005E	\$ 1,100,000	2005-2026	4.25%	\$ 1,045,000

Annual debt service requirements to maturity for the general obligation tax increment financing bond are as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2010	\$ 30,000	\$ 42,692
2011	35,000	41,393
2012	35,000	39,993
2013	45,000	38,393
2014	50,000	36,493
2015-2019	270,000	151,462
2020-2024	395,000	84,223
2025-2026	185,000	8,202
	<u>\$ 1,045,000</u>	<u>\$ 442,851</u>

3. 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:

	<u>Original Amount</u>	<u>Maturities</u>	<u>Rates</u>	<u>Balance at 12/31/2009</u>
General Obligation State Aid Street Bonds Series 2005B	\$ 805,000	2005-2015	3.65%	\$ 480,000

Annual debt service requirements to maturity for the general obligation state-aid street bond are as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
	\$	\$
2010	80,000	15,540
2011	80,000	12,960
2012	80,000	10,260
2013	80,000	7,440
2014	80,000	4,520
2015	80,000	1,520
	<u>\$ 480,000</u>	<u>\$ 52,240</u>

4. 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:

	<u>Original Amount</u>	<u>Maturities</u>	<u>Rate</u>	<u>Balance at 12/31/2009</u>
General Obligation Aquatic Center Bonds Series 2006A	\$ 2,040,000	2006-2027	4.34%	\$ 1,935,000

Annual debt service requirements to maturity for the general obligation aquatic center bond are as follows:

<u>Year</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
	\$	\$
2010	75,000	79,985
2011	80,000	76,885
2012	80,000	73,685
2013	85,000	70,385
2014	85,000	66,985
2015-2019	495,000	277,118
2020-2024	600,000	162,425
2025-2027	435,000	29,150
	<u>\$ 1,935,000</u>	<u>\$ 836,618</u>

5. 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 Bonds	Original Amount	Maturities	Rates	Balance at 12/31/2009
Series 1994A	\$ 860,000	1994-2010	5.39%	\$ 45,000
Series 2000A	750,000	2000-2011	4.97%	160,000
Series 2001A	935,000	2001-2013	4.68%	390,000
Series 2004C	1,415,000	2004-2015	5.08%	810,000
	<u>\$ 3,960,000</u>			<u>\$ 1,405,000</u>

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

Year	Governmental Activities	
	Principal	Interest
2010	\$ 360,000	\$ 51,710
2011	315,000	37,835
2012	235,000	26,762
2013	235,000	17,453
2014	130,000	10,140
2015	130,000	5,200
	<u>\$ 1,405,000</u>	<u>\$ 149,100</u>

6. 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 \$1,705,000. 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:

	Original Amount	Maturities	Rates	Balance at 12/31/2009
Revenue Bonds Series 2001B	\$ 1,270,000	2001-2017	4.46%	\$ 790,000
Revenue Refunding Bonds Series 2004B	1,900,000	2004-2016	3.58%	1,395,000
Revenue Bonds Series 2005A	1,760,000	2005-2026	4.18%	1,490,000
	<u>\$ 4,930,000</u>			<u>\$ 3,675,000</u>

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

Year	Business-Type Activities	
	Principal	Interest
2010	\$ 355,000	\$ 139,265
2011	370,000	126,694
2012	375,000	113,192
2013	395,000	98,521
2014	410,000	82,628
2015-2019	1,185,000	204,170
2020-2024	400,000	85,175
2025-2026	185,000	8,203
	<u>\$ 3,675,000</u>	<u>\$ 857,848</u>

7. General Obligation Revenue Note

A General Obligation Revenue note was issued to the Minnesota Public Facilities Authority on July 10, 2009 to finance the cost of improvements to the wastewater treatment system. The note is payable from a special levy and service rate increases, and is backed by the full faith and credit of the City. Total funding available from this note is \$9,603,499. This note bears interest at the rate of 2.63%. The General Obligation Revenue Note currently outstanding is as follows:

	Original Amount	Maturities	Rate	Balance at 12/31/2009
General Obligation Wastewater Revenue Note Series 2009A	\$ 381,163	2010-2029	2.63%	\$ 381,163

As of December 31, 2009, only \$381,163 has been drawn down. It is anticipated that the full \$9,603,499 will be received by July 28, 2011.

Annual debt service requirements to maturity for this note are as follows:

Year	Business-Type Activities	
	Principal	Interest
2010	\$ 370,499	\$ 36,798
2011	381,000	191,103
2012	391,000	232,542
2013	401,000	222,270
2014	412,000	211,736
2015-2019	2,227,000	890,630
2020-2024	2,535,000	582,276
2025-2029	2,886,000	231,335
	<u>\$ 9,603,499</u>	<u>\$ 2,598,690</u>
Less: undisbursed loan commitments	(9,222,336)	
	<u>\$ 381,163</u>	

8. 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. Two capital equipment notes with a total original issue amount of \$1,045,000 were paid off in 2009.

9. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2009 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental activities					
Bonds payable					
General obligation bonds	\$ 895,000	\$ -	\$ (115,000)	\$ 780,000	\$ 115,000
Less: bond discount	(1,474)	-	188	(1,286)	-
GO Tax Increment bonds	1,075,000	-	(30,000)	1,045,000	30,000
Less: bond discount	(8,160)	-	475	(7,685)	-
GO State Aid Street bonds	560,000	-	(80,000)	480,000	80,000
Less: bond discount	(5,608)	-	885	(4,723)	-
GO Aquactic Center bonds	2,010,000	-	(75,000)	1,935,000	75,000
Less: bond discount	(3,077)	-	170	(2,907)	-
Special Assessment bonds	1,760,000	-	(355,000)	1,405,000	360,000
Plus: bond premium	951	-	(145)	806	-
Less: bond discount	(5,505)	-	836	(4,669)	-
Notes payable					
Capital equipment	270,000	-	(270,000)	-	-
Plus: bond premium	364	-	(364)	-	-
Less: bond discount	(92)	-	92	-	-
Other post-employment benefits	56,436	47,828	-	104,264	-
Compensated absences	269,400	-	(30,479)	238,921	162,400
Long term liabilities	<u>\$ 6,873,235</u>	<u>\$ 47,828</u>	<u>\$ (953,342)</u>	<u>\$ 5,967,721</u>	<u>\$ 822,400</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 4,020,000	\$ -	\$ (345,000)	\$ 3,675,000	\$ 355,000
Less: bond discounts	(20,882)	-	2,426	(18,456)	-
GO Revenue notes	-	381,163	-	381,163	370,499
Other post-employment benefits	17,609	11,506	-	29,115	-
Compensated absences	83,126	-	(14,967)	68,159	47,180
Long term liabilities	<u>\$ 4,099,853</u>	<u>\$ 392,669</u>	<u>\$ (357,541)</u>	<u>\$ 4,134,981</u>	<u>\$ 772,679</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, 2009 have been designated for the following purposes:

General Fund:

Unreserved and designated for:

Equipment Replacement and Future Operations \$ 2,577,264

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.

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 2nd 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 2009, the amount of support provided to the library system by the City was \$193,058.

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, 2009 is presented as follows:

Total Revenues	\$ 779,691
Total Expenditures	<u>882,724</u>
Change in Net Assets	(103,033)
Net Assets, January 1, 2009	<u>777,044</u>
Net Assets, December 31, 2009	<u>\$ 674,011</u>
 Total Assets	 <u>\$ 732,619</u>
 Total Liabilities	 <u>\$ 58,608</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. Construction Commitment

The City has entered into several construction contracts for improvements to the wastewater treatment system. The estimated costs to completion of the approximately \$16 million project are \$9.2 million as of December 31, 2009. Accounts payable at December 31, 2009 include \$1,995,677 in contracts and retainages payable.

G. 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). 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, 2009 was \$2,321,993 and \$959,380, respectively. The City's total covered payroll was \$3,324,969.

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 PERA'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, 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 were required to contribute 9.10% and 6.00%, respectively, of their annual covered salary in 2009. PEPFF members were required to contribute 9.40% of their annual covered salary in 2009. The City of Waseca is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members, 6.75% for Coordinated Plan PERF members, and 14.10% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2009, 2008 and 2007 were \$157,269, \$166,990 and \$157,352, respectively.

The City's contributions to the Public Employees Police and Fire Fund for the years ending December 31, 2009, 2008, and 2007 were \$135,273, \$131,204, and \$108,468 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 plan provisions including 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 2009 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 2,180	\$ 2,180	5.00%	5.00%	5.00%

Defined Benefit Plan - Waseca Fire Relief Association

Plan Description

All members of the Waseca Fire Department are covered by a defined benefit plan administered by the Waseca Volunteer Firefighters Relief Association. The Plan is a single employer retirement plan and is established and administered in accordance with *Minnesota Statute* Chapter 69 and 424.

The Relief Association provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established in accordance with State Statute, and

vest after ten years of credited service. The defined retirement benefits are based on a member's years of service. Benefit provisions can be amended by the Relief Association within the parameters provided by state statutes.

The Association issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting the City's Fire Department.

Funding Policy

Minnesota Statutes specify minimum contributions that may be required from the City on an annual basis. These minimum contributions are determined based on the amount required to meet normal cost plus amortizing any prior year's service cost over a ten year period. The contribution required from the City for the year ended December 31, 2009 was \$10,720. The City contributed \$10,720 in 2009 to the Relief Association. The Relief Association also receives funding from the state two-percent fire premium tax. The City receives the contributions and is required by state statute to pass this through as payment to the Relief Association. Investment earnings also add to the resources available for benefits. The City received State Fire Aid in the amount of \$43,679 and remitted Fire Aid in the amount of \$43,679 in 2009.

The Required Supplementary Information providing a three-year history of Funding Progress is on page 87.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the year ended December 31, 2009 were as follows:

Annual Required Contribution	\$	10,720
Interest on Net Pension Obligation		-
Adjustment to Annual Required Contribution		43,679
Annual Pension Cost		54,399
Contribution Made		54,399
Increase (Decrease) in Net Pension Obligation		-
Net Pension Obligation - Beginning of Year		-
Net Pension Obligation - End of Year	\$	-

The annual required contribution for the current year was determined as part of December 31, 2009 actuarial valuation using the entry age actuarial cost method. The significant actuarial assumptions included: (a) 5% investments rate of return; and (b) age and service retirement was assumed to occur at age 50. Net pension obligations on annual actuarial basis are not calculated for individual volunteer fire relief associations since State Statutes permit alternate calculation of required reserves based on overall actuarial assumptions.

The City's net pension obligation for the Relief Association for the years ended December 31, 2009, 2008 and 2007 are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/07	\$ 57,032	104.4 %	-
12/31/08	54,426	100.0 %	-
12/31/09	54,399	100.0 %	-

Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Funded (Unfunded) Accrued Liability	Funded Ratio	Annual Benefits Per Year of Service
12/31/07	\$ 1,413,956	\$ 1,445,697	\$ (31,741)	97.8%	\$ 2,800
12/31/08	1,098,133	1,541,112	(442,979)	71.3%	3,100
12/31/09	1,007,770	1,356,375	(348,605)	74.3%	3,100

H. Post-Employment Benefits

The City provides no post-employment benefits for health care, life insurance, or other employee assistance programs except for certain public safety employees. The City must bear a substantial portion of health insurance costs for public safety employees who are injured in the line of duty and permanently disabled. The City must pay health insurance premiums for these employees and their dependents, if required, until age 65. The City has two public safety employees presently entitled to these benefits. Expenditures for post employment benefits made in 2009 were \$27,177. Qualified former employees and their dependents may remain enrolled in benefit plans provided they pay the full premiums, based on the same rates charged for active employees. There are approximately five such participants covered on the

City's plan at any given time. In 2008, the City contracted with Van Iwaarden Associates, an independent consultant to provide Governmental Accounting Standards Board (GASB) Statement Number 45 actuarial calculations. GASB 45 requires cities to report other Post-employment benefits (OPEB). Prior to 2008, the City followed the "pay-as-you-go" accounting approach in which the cost of benefits is not recorded until after employees retire. GASB 45 states that the City must account for and report the annual cost of OPEB for current and future retirees as a liability on the financial statements.

Postemployment benefits (OPEB as well as pensions) are part of the exchange of salaries and benefits for employee services rendered. Of the total benefits offered by employers to attract and retain qualified employees, some benefits including salaries and active employee healthcare, are taken while the employees are in active service; whereas other benefits, including postemployment healthcare and other OPEB, are taken after the employee's services have ended. Both types of benefits constitute compensation for employee services and are taken into account in the actuarial valuation.

The valuation has been conducted in accordance with GASB 45's alternative measurement method for employers with less than 100 plan members. Subject to the constraints of that method, we have followed generally accepted actuarial principals and practices to fulfill the applicable accounting requirements, each actuarial assumption should be management's "best estimate" solely with respect to that individual assumption. The following is a summary of the Actuarial Valuation of Post-Employment Benefits.

City of Waseca - Actuarial Valuation of Post-Employment Benefits
Summary of Results
January 1, 2008

A. Valuation Census Data		
1. Active Employees		61
2. Covered retirees, beneficiaries and disabled		<u>5</u>
3. Total		<u><u>66</u></u>
B. GASB 45 Results		
1. Benefit Obligations		
a. Present Value of City funded OPEB benefits	\$	1,462,142
b. Actuarial Accrued Liability (AAL)		930,002
c. Normal Cost (beginning of year)		48,258
d. Expected contributions during the year		29,925
2. Annual Required Contributions (ARC)		103,970
3. Annual OPEB Cost		103,970
C. Reconciliation of Net OPEB Obligation (NOO)		
1. Net OPEB Obligation as of January 1, 2008	\$	-
2. Annual OPEB cost		103,970
3. Contributions made (estimated)		<u>29,925</u>
4. Estimated net OPEB obligation as of December 31, 2008		<u><u>74,045</u></u>
D. Key Economic Assumptions		
1. Discount rate for liabilities		4.00%
2. Health care cost trend rate		10% to 5% in 10 years

Accounting Requirements

For OPEB plans sponsored by governmental entities, these GASB Statements require certain standards and disclosures of plan and fund information including financial reporting of plan assets, liabilities of plan, changes in net assets, funded status and funding progress of the plan, and contributions of the plan in comparison to the annual required contributions of the employer (ARC).

Summary of Plan Provisions

An employee of the City of Waseca that is covered by an employment contract which provides for post-retirement benefits is eligible for participation. In order to be eligible for retirement benefits, the employee must have either 3 years of service, or be eligible under the rule of 90. The City does not pay premiums for retirees. Full premiums are paid for disabled participants until the age of 65. Plan calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer

and plan members. The following total monthly premiums are effective January 1, 2009.

	<u>Plan 1</u>	<u>Plan 2</u>
Single	\$ 378.00	\$ 454.50
Married	1,176.50	1,415.50

Valuing Postretirement Health Benefits

Determining the value of future health care benefits is challenged by the fact that assumptions must be made about many future events that are especially hard to predict. Future increases in health care costs are affected by many factors including:

- Medical inflation
- Changes in utilization patterns
- Technological advances
- Cost shifting (i.e. increases in private plans' costs in non-managed programs due to uninsured claims, changes in Medicare payment structure, and increased emphasis on managed care programs.
- Cost leveraging (i.e., erosion of fixed deductibles and out-of-pocket maximums)
- Changes to government medical programs such as Medicare, when applicable. Under the Medicare Modernization Act of 2003 (MMA), a new prescription drug program called Medicare Part D was established. GASB requirements state that the determination of the actuarial accrued liabilities, the annual required contribution, and the annual OPEB cost should be done without reduction for Medicare Part D payments.

OPEB obligations are also heavily influenced by demographic assumptions such as:

- Withdrawal rates (i.e., employees terminating before receiving benefits)
- Retirement rates (i.e. employees retiring at various ages and subsidy levels)
- Participation (i.e., retirees electing coverage, the percentage married, and elections to contribute for coverage of spouses)
- Mortality rates (i.e., how long employees and spouses will receive benefits)

This section presents the demographic information for active and retired participants included in the postretirement medical benefit valuation. The actuarial valuation was based on December 31, 2007 census data provided by the City of Waseca. The following Chart summarizes the personnel characteristics of the data used for the study.

Health Coverage

	<u>Family</u>	<u>Single</u>	<u>Total</u>
1. Retire participants, Widow(er)s and Disabled			
1. Number under age 65	2	2	4.00
2. Number over age 65	<u>0</u>	<u>1</u>	<u>1.00</u>
3. Total	2	3	5.00
4. Average age			59.14
2. Active Participants			
1. Number	28	33	61.00
2. Average age			45.82
3. Average Service			12.52
3. Total Participants			
1. Number	30.00	36.00	66.00
2. Average age	48.05	45.82	46.83

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions (ARC) of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress, presented as required supplementary information following the notes to financial statements, presents multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. Actuarially determined amounts are subject to continual revision as results are compared to past

expectations and new estimates are made about the future. The actuarial calculations reflect a long-term perspective, including techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

The Actuarial Assumptions section below outlines the assumptions used in this valuation of postretirement benefit costs.

Discount rate = 4% per year

	<u>Plan 1</u>	<u>Plan 2</u>
Monthly retiree medical costs per person:	\$705.58	\$601.17

Health Trend Rates

<u>Year</u>	<u>Trend Rate</u>
2008	10.00%
2009	9.50%
2010	9.00%
2011	8.50%
2012	8.00%
2013	7.50%
2014	7.00%
2015	6.50%
2016	6.00%
2017	5.50%
2018	5.00%

Participation Rate (Actives): It is assumed that 55% of active participants continue overage until age 65. Participants are assumed to continue in their current coverage type (single or family)

Spouse Participation: It is assumed that spouses can continue until age 65.

Retirement age: Latest of age 60, plan eligibility or current age

Life Expectancy: Life expectancies are based on mortality tables at the National Center for Health Statistics website. The 2000 United States Life Tables for Males and Females was used.

Withdrawal: The probability that an employee will remain employed until the assumed retirement age was determined using non-group specific age-based turnover data provided in Table 1 in paragraph 35b of GASB 45.

Disability: None

Valuation Date: January 1, 2008

Actuarial Method: Projected Unit Credit with 30-year amortization of the unfunded liability.

Amortization of unfunded actuarial accrued liability: Amortized as a level dollar amount over 30 years on a closed basis.

Estimating Health Care Costs

In addition to estimating future increases in health care claims costs, it is necessary to develop a starting claims cost value on a per covered individual basis for self-insured plans and even some insured plans. For insured plans, the premiums represent a blended average cost of both active and retired individuals. Since older, pre-65 retirees generally incur higher claims than younger active employees, GASB requires employers to value retiree liability based on estimated retiree costs rather than premiums. Age adjusted claims are developed and used to value the retiree medical liability.

Schedule of Funding Progress and ARC

A. Schedule of funding progress		
1. Actuarial valuation date		January 1, 2008
2. Plan assets at fair value	\$	-
3. Actuarial accrued liability (AAL)		930,002
4. Unfunded AAL (UAAL)		930,002
5. Funded ratio		0.00%
6. Covered payroll		3,699,000
7. UAAL as a percentage of covered payroll		25.14%
B. Annual Required Contribution (ARC)		
1. Normal cost		48,258
2. Amortization of UAAL over 30 years		51,714
3. Interest to the end of the year		3,998
4. Total year-end ARC		<u>103,970</u>
C. Annual OPEB Cost		
1. Annual required contribution as of December 31, 2008		103,970
2. Interest on net OPEB obligation (NOO)		-
3. Adjustment to ARC (amortization of NOO)		-
4. Annual OPEB cost (expense)		<u>103,970</u>
D. Reconciliation of prior year's Net OPEB Obligation (NOO)		
1. Net OPEB obligation as of January 1, 2008		-
2. Annual OPEB cost		103,970
3. Less: Contributions made		(25,757)
4. Less: Implicit Rate		<u>(4,168)</u>
5. Net OPEB obligation as of December 31, 2008	\$	<u>74,045</u>
6. Percentage of Annual OPEB cost contributed		<u>28.78%</u>
E. Reconciliation of this year's Net OPEB Obligation (NOO)		
1. Net OPEB obligation as of January 1, 2009		74,045
2. Annual required contribution	103,970	
3. Add: Interest on Net OPEB	2,962	
4. Less: Adjustment to ARC	<u>(4,117)</u>	
5. Annual OPEB cost	102,815	
6. Less: Contributions made	<u>(27,178)</u>	
7. Less: Implicit rate	<u>(16,303)</u>	
Increase in Net OPEB Obligation		<u>59,334</u>
8. Net OPEB obligation as of December 31, 2009	\$	<u>133,379</u>
9. Percentage of Annual OPEB cost contributed		<u>42.29%</u>
F. Reconciliation of next year's estimated Net OPEB Obligation (NOO)		
1. Net OPEB obligation as of January 1, 2010		133,379
2. Annual OPEB cost		
a. Annual required contribution	103,970	
b. Interest on net OPEB obligation	5,335	
c. Adjustment to ARC (amortization of NOO)	<u>(7,417)</u>	
Total		101,888
3. Contributions made (estimated)		<u>(48,000)</u>
4. Estimated Net OPEB obligation as of December 31, 2010	\$	<u>187,267</u>

VI. ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA

Notes I through V to the basic financial statements apply to the City and generally to its component unit. The City's component unit is reported in a separate column, or discretely presented, in the financial statements to emphasize that it is legally separate from the City. The following notes provide disclosures that are specific to the component unit. Further detail regarding the component unit is provided under the Component Unit tab within the "Supplementary Information" section of the financial statements.

A. Reporting Entity

The Authority was established in 1997 and encompasses the Waseca Community. It is governed by five members who are appointed by the City Council. For financial reporting purposes only, the Authority is a discretely presented component unit of the reporting entity of the City of Waseca. The Authority was created to undertake activities necessary to retain, promote, and attract economically sound industry and commerce within the City.

The Authority reports the following fund:

Governmental Fund Type

General Fund - This is the Authority's primary operating fund. It accounts for all financial resources of the Authority and those not required to be accounted for in another fund.

B. Assets, Liabilities, and Equity

1. Deposits and Investments

Cash balances are pooled with the City of Waseca's funds and invested to the extent available in savings accounts and certificates of deposits. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments.

2. Property Tax Receivables

The Authority 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 Authority 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 Authority in June and December. Adjustments are made to delinquent taxes based on the records of the County Auditor.

3. 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.

C. Deposits and Investments

State Statutes require that all deposits in financial institutions in excess of \$250,000 insured by Federal Depository 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 bank is held in safekeeping departments of banks other than the pledging bank or at the Federal Reserve Bank and held in the name of the Authority. It is required that the Authority sign authorizations releasing collateral once it is pledged. The Authority's deposits were fully insured or collateralized as required by State Statutes at December 31, 2009.

The State Statutes and Authority resolutions authorize the Authority's investments. The Authority is authorized by state statute 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 Authority is authorized by resolution to invest in certificates of deposit. The Authority held no investments at December 31, 2009.

Interest Rate Risk: The Authority's investment policy is to minimize credit and market risks while maintaining a competitive yield on its portfolio. The Authority is

authorized to purchase certificates of deposit in various financial institutions. This policy is the same for all fund types reported herein. Deposits and investments held by the Authority during the year and at December 31, 2009 are classified in the category of lowest credit risk as defined by the Governmental Accounting Standards Board.

D. Investment in Real Property

This amount represents the cost of land, capitalized interest and special assessments on lots being held for sale in the South Industrial Park and the Huebert property. The balance at year-end consists of:

Land	\$ 169,856
Capitalized interest	46,987
Special assessments	<u>96,082</u>
Total	\$ <u>312,925</u>

E. Risk Management

The Authority is exposed to various levels of loss related to torts; theft of, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority participates in the City of Waseca's risk management internal services fund.

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

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REQUIRED SUPPLEMENTARY INFORMATION

City of Waseca, Minnesota
Schedule of Funding Progress for Postemployment Benefit Plan
December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2008	\$ -	\$ 930,002	\$ 930,002	0.0%	\$ 3,699,000	25.1%

**CITY OF WASECA, MINNESOTA
WASECA VOLUNTEER FIRE RELIEF ASSOCIATION
SCHEDULE OF FUNDING PROGRESS**

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>(Unfunded)/Assets in Excess of AAL (UAAL)</u>	<u>Funded Ratio</u>
12/31/2009	\$ 1,007,770	\$ 1,356,375	\$ (348,605)	74.3%
12/31/2008	1,098,133	1,541,112	(442,979)	71.3%
12/31/2007	1,413,956	1,445,697	(31,741)	97.8%

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

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NONMAJOR FUNDS

Nonmajor Governmental Funds

Special Revenue Funds

- 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.
- Airport-This fund accounts for the municipal airport operations.
- Waseca Water Park-Established to account for Water Park operations.
- Waseca Housing Fund-This fund was established for tax abatement proceeds to be specifically designated for housing development options.
- Historical Preservation Fund-This fund was established to account for the grant funding and expenditures relating to the Historical Preservation of Waseca.
- 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.
- Police Explorers Fund-Established to account for the Police Explorer fund activity.
- Police Crime Victims-Established to provide for a separate allocation of the grant revenue received for crime victims.
- Police Forfeiture Fund-Established to provide for separate allocation of forfeiture, DUI and other revenue sources that must be expended in accordance with State statute.
- 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 11th 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.
- Water Park Construction Fund-This fund accounts for the construction costs of the water park.
- 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.
- 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
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2009

	Other Governmental Funds			
	2009			
	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 681,823	\$ 54,487	\$ 1,337,949	\$ 2,074,259
Taxes receivable	2,403	10,344	-	12,747
Accounts receivable	41,127	-	7,269	48,396
Assessments receivable	-	-	106,230	106,230
Interest receivable	71	-	-	71
Loans receivable	144,695	-	-	144,695
Land held for resale	-	-	960,467	960,467
Total assets	<u>\$ 870,119</u>	<u>\$ 64,831</u>	<u>\$ 2,411,915</u>	<u>\$ 3,346,865</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 71,513	\$ -	\$ -	\$ 71,513
Accrued wages	946	-	-	946
Deferred revenue	144,098	9,033	106,230	259,361
Total liabilities	<u>216,557</u>	<u>9,033</u>	<u>106,230</u>	<u>331,820</u>
Fund balances:				
Reserved for:				
Loans	3,000	-	-	3,000
Land held for resale	-	-	960,467	960,467
Unreserved, undesignated, reported in:				
Special revenue funds	650,562	-	-	650,562
Debt service funds	-	55,798	-	55,798
Capital projects funds	-	-	1,345,218	1,345,218
Total fund balances	<u>653,562</u>	<u>55,798</u>	<u>2,305,685</u>	<u>3,015,045</u>
Total liabilities and fund balances	<u>\$ 870,119</u>	<u>\$ 64,831</u>	<u>\$ 2,411,915</u>	<u>\$ 3,346,865</u>

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

	Other Governmental Funds			
	2009			
	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property taxes	\$ 234,786	\$ 312,862	\$ -	\$ 547,648
Fines and forfeitures	11,703	-	-	11,703
Intergovernmental	108,496	108,356	53,903	270,755
Assessments	-	-	72,152	72,152
Program income	201,123	-	-	201,123
Contributions	28,345	-	4,570	32,915
Interest	-	-	1,878	1,878
Miscellaneous	37,634	886	22,696	61,216
Total revenues	<u>622,087</u>	<u>422,104</u>	<u>155,199</u>	<u>1,199,390</u>
EXPENDITURES				
Current:				
Personal services	141,467	-	-	141,467
Materials and supplies	50,562	-	-	50,562
Separation and contribution	500	-	-	500
Services and charges	353,887	-	60,617	414,504
Debt service:				
Bond principal	-	570,000	-	570,000
Interest and fiscal charges	-	182,953	-	182,953
Capital outlay				
Improvements	47,857	-	-	47,857
Total expenditures	<u>594,273</u>	<u>752,953</u>	<u>60,617</u>	<u>1,407,843</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,814</u>	<u>(330,849)</u>	<u>94,582</u>	<u>(208,453)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	12,720	306,219	-	318,939
Transfers to other funds	(70,993)	-	(62,748)	(133,741)
Total other financing sources (uses)	<u>(58,273)</u>	<u>306,219</u>	<u>(62,748)</u>	<u>185,198</u>
Net change in fund balances	(30,459)	(24,630)	31,834	(23,255)
Fund balances - beginning	684,021	80,428	2,273,851	3,038,300
Fund balances - ending	<u>\$ 653,562</u>	<u>\$ 55,798</u>	<u>\$ 2,305,685</u>	<u>\$ 3,015,045</u>

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CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2009

	Special Revenue						Historical
	EDPG Clear Lake Press	Revolving Loan Fund	TIF Funds	Airport	Waseca Water Park Fund	Waseca Housing Fund	Preservation Fund
ASSETS							
Cash and cash equivalents	\$ 231,287	\$ 49,804	\$ 114,470	114,090	\$ 1,131	\$ 104,454	\$ 693
Taxes receivable	-	-	2,403	-	-	-	-
Accounts receivable	-	-	1,412	27,311	1,094	-	-
Interest receivable	71	-	-	-	-	-	-
Loans receivable	141,695	-	-	-	-	3,000	-
Total assets	<u>\$ 373,053</u>	<u>\$ 49,804</u>	<u>\$ 118,285</u>	<u>141,401</u>	<u>\$ 2,225</u>	<u>\$ 107,454</u>	<u>\$ 693</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 58,056	1,155	\$ 1,000	\$ -	\$ -
Accrued wages	-	-	-	-	561	-	-
Deferred revenue	141,695	-	2,403	-	-	-	-
Total liabilities	<u>141,695</u>	<u>-</u>	<u>60,459</u>	<u>1,155</u>	<u>1,561</u>	<u>-</u>	<u>-</u>
Fund balances:							
Reserved for:							
Loans	-	-	-	-	-	3,000	-
Unreserved, undesignated	231,358	49,804	57,826	140,246	664	104,454	693
Total fund balances	<u>231,358</u>	<u>49,804</u>	<u>57,826</u>	<u>140,246</u>	<u>664</u>	<u>107,454</u>	<u>693</u>
Total liabilities and fund balances	<u>\$ 373,053</u>	<u>\$ 49,804</u>	<u>\$ 118,285</u>	<u>141,401</u>	<u>\$ 2,225</u>	<u>\$ 107,454</u>	<u>\$ 693</u>

Special Revenue						
Police Separation Fund	Police Reserves Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Fire Relief Fund	Total
\$ 13,088	\$ 4,159	\$ 559	\$ 6,344	\$ 31,024	\$ 10,720	\$ 681,823
-	-	-	-	-	-	2,403
-	-	-	11,310	-	-	41,127
-	-	-	-	-	-	71
-	-	-	-	-	-	144,695
<u>\$ 13,088</u>	<u>\$ 4,159</u>	<u>\$ 559</u>	<u>\$ 17,654</u>	<u>\$ 31,024</u>	<u>\$ 10,720</u>	<u>\$ 870,119</u>
\$ -	\$ 510	\$ -	\$ 72	\$ -	\$ 10,720	\$ 71,513
-	-	-	385	-	-	946
-	-	-	-	-	-	144,098
-	510	-	457	-	10,720	216,557
-	-	-	-	-	-	3,000
13,088	3,649	559	17,197	31,024	-	650,562
<u>13,088</u>	<u>3,649</u>	<u>559</u>	<u>17,197</u>	<u>31,024</u>	<u>-</u>	<u>653,562</u>
<u>\$ 13,088</u>	<u>\$ 4,159</u>	<u>\$ 559</u>	<u>\$ 17,654</u>	<u>\$ 31,024</u>	<u>\$ 10,720</u>	<u>\$ 870,119</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2009

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	TIF Funds	Airport	Waseca Water Park Fund	Waseca Housing Fund	Historical Preservation Fund
REVENUES							
Property taxes	\$ -	\$ -	\$ 234,786	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	671	15,943	-	-	2,799
Program income	-	-	-	77,422	123,701	-	-
Contributions	-	-	-	-	6,300	13,650	-
Miscellaneous	25,927	851	2,733	2,396	1,308	1,682	13
Total revenues	25,927	851	238,190	95,761	131,309	15,332	2,812
EXPENDITURES							
Current:							
Personal services	-	-	324	-	100,015	-	-
Materials and supplies	-	-	-	5,251	45,311	-	-
Separation and contribution	-	-	-	-	-	-	-
Services and charges	35,399	-	127,054	52,090	70,927	-	2,119
Capital outlay	-	-	47,857	-	-	-	-
Improvements	-	-	-	-	-	-	-
Total expenditures	35,399	-	175,235	57,341	216,253	-	2,119
Excess (deficiency) of revenues over (under) expenditures	(9,472)	851	62,955	38,420	(84,944)	15,332	693
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	-	-	-	-	-
Transfers to other funds	-	-	(70,993)	-	-	-	-
Total other financing sources (uses)	-	-	(70,993)	-	-	-	-
Net change in fund balances	(9,472)	851	(8,038)	38,420	(84,944)	15,332	693
Fund balances - beginning	240,830	48,953	65,864	101,826	85,608	92,122	-
Fund balances - ending	\$ 231,358	\$ 49,804	\$ 57,826	\$ 140,246	\$ 664	\$ 107,454	\$ 693

Special Revenue						
Police Separation Fund	Police Reserve Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Fire Relief Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 234,786
-	-	-	-	11,703	-	11,703
-	-	-	45,404	-	43,679	108,496
-	-	-	-	-	-	201,123
-	1,950	-	6,445	-	-	28,345
210	1,993	10	81	430	-	37,634
<u>210</u>	<u>3,943</u>	<u>10</u>	<u>51,930</u>	<u>12,133</u>	<u>43,679</u>	<u>622,087</u>
-	-	-	41,128	-	-	141,467
-	-	-	-	-	-	50,562
500	-	-	-	-	-	500
-	2,394	116	7,017	2,372	54,399	353,887
-	-	-	-	-	-	47,857
<u>500</u>	<u>2,394</u>	<u>116</u>	<u>48,145</u>	<u>2,372</u>	<u>54,399</u>	<u>594,273</u>
(290)	1,549	(106)	3,785	9,761	(10,720)	27,814
2,000	-	-	-	-	10,720	12,720
-	-	-	-	-	-	(70,993)
<u>2,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,720</u>	<u>(58,273)</u>
1,710	1,549	(106)	3,785	9,761	-	(30,459)
11,378	2,100	665	13,412	21,263	-	684,021
<u>\$ 13,088</u>	<u>\$ 3,649</u>	<u>\$ 559</u>	<u>\$ 17,197</u>	<u>\$ 31,024</u>	<u>\$ -</u>	<u>\$ 653,562</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
EDPG Clear Lake Press Special Revenue Fund
For the Year Ended December 31, 2009

	EDPG Clear Lake Press		Variance With
	Budget	Actual	Final Budget
REVENUES			
Miscellaneous	\$ 23,233	\$ 25,927	\$ 2,694
Total revenues	<u>23,233</u>	<u>25,927</u>	<u>2,694</u>
EXPENDITURES			
Current:			
Services and charges	50,100	35,399	(14,701)
Total expenditures	<u>50,100</u>	<u>35,399</u>	<u>(14,701)</u>
Net change in fund balances	(26,867)	(9,472)	17,395
Fund balances - beginning	240,830	240,830	-
Fund balances - ending	<u>\$ 213,963</u>	<u>\$ 231,358</u>	<u>\$ 17,395</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
TIF Special Revenue Funds
For the Year Ended December 31, 2009

REVENUES	TIF Funds		Variance With Final Budget
	Budget	Actual	
Property taxes	\$ 240,779	\$ 234,786	\$ (5,993)
Intergovernmental	-	671	671
Miscellaneous	-	2,733	2,733
Total revenues	<u>240,779</u>	<u>238,190</u>	<u>(2,589)</u>
EXPENDITURES			
Current:			
Personal services	20,650	324	(20,326)
Services and charges	135,742	127,054	(8,688)
Capital outlay			
Improvements	25,000	47,857	22,857
Total expenditures	<u>181,392</u>	<u>175,235</u>	<u>(6,157)</u>
Excess of revenues over expenditures	59,387	62,955	3,568
OTHER FINANCING USES			
Transfers to other funds	(70,993)	(70,993)	-
Total other financing uses	<u>(70,993)</u>	<u>(70,993)</u>	<u>-</u>
Net change in fund balances	(11,606)	(8,038)	3,568
Fund balances - beginning	65,864	65,864	-
Fund balances - ending	<u>\$ 54,258</u>	<u>\$ 57,826</u>	<u>\$ 3,568</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Airport Special Revenue Fund
For the Year Ended December 31, 2009

	Airport Fund		Variance With
	Budget	Actual	Final Budget
REVENUES			
Intergovernmental	\$ 16,000	\$ 15,943	\$ (57)
Program Income	50,573	77,422	26,849
Miscellaneous	-	2,396	2,396
Total revenues	<u>66,573</u>	<u>95,761</u>	<u>29,188</u>
EXPENDITURES			
Current:			
Materials and supplies	3,000	5,251	2,251
Services and charges	<u>55,650</u>	<u>52,090</u>	<u>(3,560)</u>
Total expenditures	<u>58,650</u>	<u>57,341</u>	<u>(1,309)</u>
Net change in fund balances	7,923	38,420	30,497
Fund balances - beginning	101,826	101,826	-
Fund balances - ending	<u>\$ 109,749</u>	<u>\$ 140,246</u>	<u>\$ 30,497</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Waseca Water Park Special Revenue Fund
For the Year Ended December 31, 2009

	Waseca Water Park Fund		Variance With
REVENUES	Budget	Actual	Final Budget
Program income	\$ 212,200	\$ 123,701	\$ (88,499)
Contributions	-	6,300	6,300
Miscellaneous	-	1,308	1,308
Total revenues	<u>212,200</u>	<u>131,309</u>	<u>(80,891)</u>
EXPENDITURES			
Current:			
Personal services	124,619	100,015	(24,604)
Materials and supplies	61,500	45,311	(16,189)
Services and charges	67,167	70,927	3,760
Total expenditures	<u>253,286</u>	<u>216,253</u>	<u>(37,033)</u>
Net change in fund balances	(41,086)	(84,944)	(43,858)
Fund balances - beginning	85,608	85,608	-
Fund balances - ending	<u>\$ 44,522</u>	<u>\$ 664</u>	<u>\$ (43,858)</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Waseca Housing Special Revenue Fund
For the Year Ended December 31, 2009

	Waseca Housing Fund		Variance With Final Budget
REVENUES	Budget	Actual	
Contributions	\$ 13,650	13,650	-
Miscellaneous	1,500	1,682	182
Total revenues	<u>15,150</u>	<u>15,332</u>	<u>182</u>
EXPENDITURES			
Current:			
Services and charges	15,150	-	(15,150)
Total expenditures	<u>15,150</u>	<u>-</u>	<u>(15,150)</u>
Net change in fund balances	-	15,332	15,332
Fund balances - beginning	92,122	92,122	-
Fund balances - ending	<u>\$ 92,122</u>	<u>\$ 107,454</u>	<u>\$ 15,332</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Separation Special Revenue Fund
For the Year Ended December 31, 2009

	Police Separation Fund		Variance With Final Budget
REVENUES	Budget	Actual	
Miscellaneous	\$ 100	\$ 210	\$ 110
Total revenues	100	210	110
EXPENDITURES			
Current:			
Separation and contribution	3,000	500	(2,500)
Total expenditures	3,000	500	(2,500)
Excess (deficiency) of revenues over (under) expenditures	(2,900)	(290)	2,610
OTHER FINANCING SOURCES			
Transfers from other funds	2,000	2,000	-
Net change in fund balances	(900)	1,710	2,610
Fund balances - beginning	11,378	11,378	-
Fund balances - ending	\$ 10,478	\$ 13,088	\$ 2,610

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Reserve Special Revenue Fund
For the Year Ended December 31, 2009

	Police Reserve Fund		Variance With
REVENUES	Budget	Actual	Final Budget
Contributions	\$ -	\$ 1,950	\$ 1,950
Miscellaneous	4,545	1,993	(2,552)
Total revenues	<u>4,545</u>	<u>3,943</u>	<u>(602)</u>
EXPENDITURES			
Current:			
Services and charges	5,000	2,394	(2,606)
Total expenditures	<u>5,000</u>	<u>2,394</u>	<u>(2,606)</u>
Net change in fund balances	(455)	1,549	2,004
Fund balances - beginning	2,100	2,100	-
Fund balances - ending	<u>\$ 1,645</u>	<u>\$ 3,649</u>	<u>\$ 2,004</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Crime Victims Special Revenue Fund
For the Year Ended December 31, 2009

	Police Crime Victims Fund		Variance With Final Budget
REVENUES	Budget	Actual	
Intergovernmental	\$ 43,172	\$ 45,404	\$ 2,232
Contributions	-	6,445	6,445
Miscellaneous	-	81	81
Total revenues	<u>43,172</u>	<u>51,930</u>	<u>8,758</u>
EXPENDITURES			
Current:			
Personal services	43,172	41,128	(2,044)
Services and charges	-	7,017	7,017
Total expenditures	<u>43,172</u>	<u>48,145</u>	<u>4,973</u>
Net change in fund balances	-	3,785	3,785
Fund balances - beginning	13,412	13,412	-
Fund balances - ending	<u>\$ 13,412</u>	<u>\$ 17,197</u>	<u>\$ 3,785</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Police Forfeiture Special Revenue Fund
For the Year Ended December 31, 2009

	Police Forfeiture Fund		Variance With
REVENUES	Budget	Actual	Final Budget
Fines and Forfeitures	\$ 1,000	\$ 11,703	\$ 10,703
Miscellaneous	-	430	430
Total revenues	<u>1,000</u>	<u>12,133</u>	<u>11,133</u>
EXPENDITURES			
Current:			
Services and charges	<u>1,000</u>	<u>2,372</u>	<u>1,372</u>
Total expenditures	<u>1,000</u>	<u>2,372</u>	<u>1,372</u>
Net change in fund balances	-	9,761	9,761
Fund balances - beginning	21,263	21,263	-
Fund balances - ending	<u>\$ 21,263</u>	<u>\$ 31,024</u>	<u>\$ 9,761</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Fire Relief Special Revenue Fund
For the Year Ended December 31, 2009

	Fire Relief Fund		Variance With
	Budget	Actual	Final Budget
REVENUES			
Intergovernmental	\$ 45,000	\$ 43,679	\$ (1,321)
Total revenues	<u>45,000</u>	<u>43,679</u>	<u>(1,321)</u>
EXPENDITURES			
Current:			
Services and charges	55,720	54,399	(1,321)
Total expenditures	<u>55,720</u>	<u>54,399</u>	<u>(1,321)</u>
Deficiency of revenues under expenditures	(10,720)	(10,720)	-
OTHER FINANCING SOURCES			
Transfers from other funds	<u>10,720</u>	<u>10,720</u>	<u>-</u>
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - TIF SPECIAL REVENUE FUNDS
December 31, 2009

TIF Special Revenue Funds						
	TIF Parkview Est. Fund	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	Total
ASSETS						
Cash and cash equivalents	\$ 8,597	\$ 14,907	\$ 73,565	\$ 1,380	\$ 16,021	\$ 114,470
Taxes receivable	-	-	2,403	-	-	2,403
Accounts receivable	-	-	1,412	-	-	1,412
Total assets	<u>\$ 8,597</u>	<u>\$ 14,907</u>	<u>\$ 77,380</u>	<u>\$ 1,380</u>	<u>\$ 16,021</u>	<u>\$ 118,285</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ -	\$ 7,618	\$ 35,406	\$ 1,341	\$ 13,691	\$ 58,056
Deferred revenue	-	-	2,403	-	-	2,403
Total liabilities	<u>-</u>	<u>7,618</u>	<u>37,809</u>	<u>1,341</u>	<u>13,691</u>	<u>60,459</u>
Fund balances:						
Unreserved, undesignated	8,597	7,289	39,571	39	2,330	57,826
Total fund balances	<u>8,597</u>	<u>7,289</u>	<u>39,571</u>	<u>39</u>	<u>2,330</u>	<u>57,826</u>
Total liabilities and fund balances	<u>\$ 8,597</u>	<u>\$ 14,907</u>	<u>\$ 77,380</u>	<u>\$ 1,380</u>	<u>\$ 16,021</u>	<u>\$ 118,285</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - TIF SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2009

	TIF Special Revenue Funds					
	TIF Parkview Est. Fund	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	Total
REVENUES						
Property taxes	\$ 13,911	\$ 16,991	\$ 169,330	\$ 4,239	\$ 30,315	\$ 234,786
Intergovernmental	-	-	871	-	-	871
Miscellaneous	362	134	2,185	1	51	2,733
Total revenues	<u>14,273</u>	<u>17,125</u>	<u>172,186</u>	<u>4,240</u>	<u>30,366</u>	<u>238,190</u>
EXPENDITURES						
Current:						
Personal services	217	-	-	107	-	324
Services and charges	6,861	15,992	71,951	4,168	28,082	127,054
Capital outlay						
Improvements	-	-	47,857	-	-	47,857
Total expenditures	<u>7,078</u>	<u>15,992</u>	<u>119,808</u>	<u>4,275</u>	<u>28,082</u>	<u>175,235</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,195</u>	<u>1,133</u>	<u>52,378</u>	<u>(35)</u>	<u>2,284</u>	<u>62,955</u>
OTHER FINANCING USES						
Transfers to other funds	-	-	(70,993)	-	-	(70,993)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(70,993)</u>	<u>-</u>	<u>-</u>	<u>(70,993)</u>
Net change in fund balances	7,195	1,133	(18,615)	(35)	2,284	(8,038)
Fund balances - beginning	1,402	6,156	58,186	74	46	65,864
Fund balances - ending	<u>\$ 8,597</u>	<u>\$ 7,289</u>	<u>\$ 39,571</u>	<u>\$ 39</u>	<u>\$ 2,330</u>	<u>\$ 57,826</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
December 31, 2009

	Debt Service		
	Aquatic Park Fund	Equipment Certificates	
		2004	2005
ASSETS			
Cash and cash equivalents	\$ 9,518	\$ 339	\$ 398
Taxes receivable	5,236	3,048	2,060
Total assets	<u>\$ 14,754</u>	<u>\$ 3,387</u>	<u>\$ 2,458</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ 4,434	\$ 2,710	\$ 1,889
Total liabilities	<u>4,434</u>	<u>2,710</u>	<u>1,889</u>
Fund balances:			
Unreserved, undesignated	10,320	677	569
Total fund balances	<u>10,320</u>	<u>677</u>	<u>569</u>
Total liabilities and fund balances	<u>\$ 14,754</u>	<u>\$ 3,387</u>	<u>\$ 2,458</u>

Debt Service

<u>Northwest Construction Site</u>	<u>Municipal State Aid</u>	<u>Tax Increment District #23</u>	<u>Total</u>
\$ 898	\$ 2,334	\$ 41,000	\$ 54,487
-	-	-	10,344
<u>\$ 898</u>	<u>\$ 2,334</u>	<u>\$ 41,000</u>	<u>\$ 64,831</u>
\$ -	\$ -	\$ -	\$ 9,033
-	-	-	9,033
898	2,334	41,000	55,798
898	2,334	41,000	55,798
<u>\$ 898</u>	<u>\$ 2,334</u>	<u>\$ 41,000</u>	<u>\$ 64,831</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - DEBT SERVICE FUNDS
For the Year Ended December 31, 2009

	Debt Service		
	Aquatic	Equipment Certificates	
	Park	2004	2005
	Fund		
REVENUES			
Property taxes	\$ 157,666	\$ 74,260	\$ 36,002
Intergovernmental	-	7,001	3,335
Miscellaneous	-	-	337
Total revenues	<u>157,666</u>	<u>81,261</u>	<u>39,674</u>
EXPENDITURES			
Debt service:			
Bond principal	75,000	160,000	110,000
Interest and fiscal charges	83,416	1,920	3,978
Total expenditures	<u>158,416</u>	<u>161,920</u>	<u>113,978</u>
Deficiency of revenues under expenditures	<u>(750)</u>	<u>(80,659)</u>	<u>(74,304)</u>
OTHER FINANCING SOURCES			
Transfers from other funds	-	66,204	69,215
Total other financing sources	<u>-</u>	<u>66,204</u>	<u>69,215</u>
Net change in fund balances	(750)	(14,455)	(5,089)
Fund balances - beginning	11,070	15,132	5,658
Fund balances - ending	<u>\$ 10,320</u>	<u>\$ 677</u>	<u>\$ 569</u>

Debt Service			
Northwest Construction Site	Municipal State Aid	Tax Increment District #23	Total
\$ 44,934	\$ -	\$ -	\$ 312,862
-	98,020	-	108,356
-	191	358	886
<u>44,934</u>	<u>98,211</u>	<u>358</u>	<u>422,104</u>
115,000	80,000	30,000	570,000
30,922	18,422	44,295	182,953
<u>145,922</u>	<u>98,422</u>	<u>74,295</u>	<u>752,953</u>
<u>(100,988)</u>	<u>(211)</u>	<u>(73,937)</u>	<u>(330,849)</u>
99,807	-	70,993	306,219
<u>99,807</u>	<u>-</u>	<u>70,993</u>	<u>306,219</u>
(1,181)	(211)	(2,944)	(24,630)
2,079	2,545	43,944	80,428
<u>\$ 898</u>	<u>\$ 2,334</u>	<u>\$ 41,000</u>	<u>\$ 55,798</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
December 31, 2009

	Capital Projects		
	Municipal State Aid Construction	Municipal State Aid Maintenance	Water Park Construction Fund
ASSETS			
Cash and cash equivalents	\$ 478,570	\$ 349,747	\$ 21,188
Accounts receivable	-	-	6,000
Assessments receivable	-	-	-
Assessments - Delinquent	-	-	-
Assessments - Deferred	-	-	-
Land held for resale	-	-	-
Total assets	<u>\$ 478,570</u>	<u>\$ 349,747</u>	<u>\$ 27,188</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Deferred revenue	\$ -	\$ -	\$ -
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Reserved for:			
Land held for resale	-	-	-
Unreserved, undesignated	478,570	349,747	27,188
Total liabilities and fund balances	<u>\$ 478,570</u>	<u>\$ 349,747</u>	<u>\$ 27,188</u>

Capital Projects				
Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Total	
\$ 72,893	\$ 150,926	\$ 264,625	\$	1,337,949
1,269	-	-		7,269
105,337	-	-		105,337
99	-	-		99
794	-	-		794
-	960,467	-		960,467
<u>\$ 180,392</u>	<u>\$ 1,111,393</u>	<u>\$ 264,625</u>	<u>\$</u>	<u>2,411,915</u>
\$ 106,230	\$ -	\$ -	\$	106,230
<u>106,230</u>	<u>-</u>	<u>-</u>		<u>106,230</u>
-	960,467	-		960,467
74,162	150,926	264,625		1,345,218
<u>\$ 180,392</u>	<u>\$ 1,111,393</u>	<u>\$ 264,625</u>	<u>\$</u>	<u>2,411,915</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - CAPITAL PROJECT FUNDS
For the Year Ended December 31, 2009

	Capital Projects		
	Municipal State Aid Construction	Municipal State Aid Maintenance	Water Park Construction Fund
REVENUES			
Intergovernmental	\$ -	\$ 53,903	\$ -
Assessments	-	-	-
Interest	-	-	-
Contributions	-	-	4,570
Miscellaneous	9,107	5,731	797
Total revenues	<u>9,107</u>	<u>59,634</u>	<u>5,367</u>
EXPENDITURES			
Current:			
Services and charges	45,354	15,263	-
Total expenditures	<u>45,354</u>	<u>15,263</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(36,247)</u>	<u>44,371</u>	<u>5,367</u>
OTHER FINANCING USES			
Transfers to other funds	-	-	(62,748)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(62,748)</u>
Net change in fund balances	(36,247)	44,371	(57,381)
Fund balances - beginning	514,817	305,376	84,569
Fund balances - ending	<u>\$ 478,570</u>	<u>\$ 349,747</u>	<u>\$ 27,188</u>

Capital Projects

Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Total
\$ -	\$ -	\$ -	\$ 53,903
72,152	-	-	72,152
1,878	-	-	1,878
-	-	-	4,570
132	2,579	4,350	22,696
<u>74,162</u>	<u>2,579</u>	<u>4,350</u>	<u>155,199</u>
-	-	-	60,617
-	-	-	<u>60,617</u>
<u>74,162</u>	<u>2,579</u>	<u>4,350</u>	<u>94,582</u>
-	-	-	(62,748)
-	-	-	<u>(62,748)</u>
74,162	2,579	4,350	31,834
-	1,108,814	260,275	2,273,851
<u>\$ 74,162</u>	<u>\$ 1,111,393</u>	<u>\$ 264,625</u>	<u>\$ 2,305,685</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Municipal State Aid Maintenance Capital Project Fund
For the Year Ended December 31, 2009

	Municipal State Aid Maintenance		Variance With
	Budget	Actual	Final Budget
REVENUES			
Intergovernmental	\$ 64,677	\$ 53,903	\$ (10,774)
Miscellaneous	2,000	5,731	3,731
Total revenues	<u>66,677</u>	<u>59,634</u>	<u>(7,043)</u>
EXPENDITURES			
Current:			
Services and charges	84,677	15,263	(69,414)
Total expenditures	<u>84,677</u>	<u>15,263</u>	<u>(69,414)</u>
Net change in fund balances	(18,000)	44,371	62,371
Fund balances - beginning	305,376	305,376	-
Fund balances - ending	<u>\$ 287,376</u>	<u>\$ 349,747</u>	<u>\$ 62,371</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Improvement Capital Project Fund
For the Year Ended December 31, 2009

	Capital Improvement Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 46,255	\$ 46,255
Miscellaneous	15,000	15,795	795
Total revenues	<u>15,000</u>	<u>62,050</u>	<u>47,050</u>
EXPENDITURES			
Current:			
Services and charges	2,996	-	(2,996)
Economic Development	-	185,415	185,415
Capital outlay:			
Improvements	888,412	673,159	(215,253)
Total expenditures	<u>891,408</u>	<u>858,574</u>	<u>(32,834)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(876,408)</u>	<u>(796,524)</u>	<u>79,884</u>
OTHER FINANCING SOURCES			
Transfers from other funds	663,528	663,528	-
Total other financing sources	<u>663,528</u>	<u>663,528</u>	<u>-</u>
Net change in fund balances	(212,880)	(132,996)	79,884
Fund balances - beginning	753,565	753,565	-
Fund balances - ending	<u>\$ 540,685</u>	<u>\$ 620,569</u>	<u>\$ 79,884</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Annexation and Growth Capital Project Fund
For the Year Ended December 31, 2009

	Annexation and Growth		Variance With
	Budget	Actual	Final Budget
REVENUES			
Miscellaneous	\$ 2,000	\$ 4,350	\$ 2,350
Total revenues	<u>2,000</u>	<u>4,350</u>	<u>2,350</u>
EXPENDITURES			
Current:			
Services and charges	35,000	-	(35,000)
Total expenditures	<u>35,000</u>	<u>-</u>	<u>(35,000)</u>
Net change in fund balances	(33,000)	4,350	37,350
Fund balances - beginning	260,275	260,275	-
Fund balances - ending	<u>\$ 227,275</u>	<u>\$ 264,625</u>	<u>\$ 37,350</u>

INTERNAL SERVICE FUNDS

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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, 2009

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
ASSETS					
Cash and cash equivalents	\$ 14,861	\$ 105,715	\$ 10,137	\$ 151,252	\$ 281,965
Total assets	<u>14,861</u>	<u>105,715</u>	<u>10,137</u>	<u>151,252</u>	<u>281,965</u>
LIABILITIES					
Accounts payable	13,059	474	-	74,819	88,352
Accrued wages	<u>1,129</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,129</u>
Total liabilities	<u>14,188</u>	<u>474</u>	<u>-</u>	<u>74,819</u>	<u>89,481</u>
NET ASSETS					
Unrestricted	673	105,241	10,137	76,433	192,484
Total net assets	<u>\$ 673</u>	<u>\$ 105,241</u>	<u>\$ 10,137</u>	<u>\$ 76,433</u>	<u>\$ 192,484</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
Operating revenues:					
Charges to other funds	\$ 243,044	\$ 78,700	\$ 124,026	\$ -	\$ 445,770
Insurance reimbursement	-	27,684	1,112	-	28,796
Total operating revenues	<u>243,044</u>	<u>106,384</u>	<u>125,138</u>	<u>-</u>	<u>474,566</u>
Operating expenses:					
Personal services	116,417	-	-	-	116,417
Supplies	123,141	-	-	392,919	516,060
Services and charges	3,442	-	-	-	3,442
Insurance payment	-	20,264	-	-	20,264
Insurance premiums	-	104,934	124,026	-	228,960
Total operating expenses	<u>243,000</u>	<u>125,198</u>	<u>124,026</u>	<u>392,919</u>	<u>885,143</u>
Operating income (loss)	<u>44</u>	<u>(18,814)</u>	<u>1,112</u>	<u>(392,919)</u>	<u>(410,577)</u>
Nonoperating revenues:					
Investment earnings	-	1,611	60	1,836	3,507
Total nonoperating revenues	<u>-</u>	<u>1,611</u>	<u>60</u>	<u>1,836</u>	<u>3,507</u>
Income (loss) before transfers	44	(17,203)	1,172	(391,083)	(407,070)
Transfers from other funds	-	-	-	286,000	286,000
Change in net assets	44	(17,203)	1,172	(105,083)	(121,070)
Total net assets-beginning	<u>629</u>	<u>122,444</u>	<u>8,965</u>	<u>181,516</u>	<u>313,554</u>
Total net assets-ending	<u>\$ 673</u>	<u>\$ 105,241</u>	<u>\$ 10,137</u>	<u>\$ 76,433</u>	<u>\$ 192,484</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash received from other funds and reimbursements	\$ 243,044	\$ 106,384	\$ 132,727	\$ -	\$ 482,155
Cash payments to employees for services	(116,084)	-	-	-	(116,084)
Cash payments for interfund services used	(133,600)	(124,724)	(124,026)	(318,100)	(700,450)
Net cash provided (used) by operating activities	(6,640)	(18,340)	8,701	(318,100)	(334,379)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	286,000	286,000
Net cash provided by investing activities	-	-	-	286,000	286,000
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	-	1,611	60	1,836	3,507
Net cash provided by investing activities	-	1,611	60	1,836	3,507
Net increase in cash and cash equivalents	(6,640)	(16,729)	8,761	(30,264)	(44,872)
Cash and cash equivalents-January 1	21,501	122,444	1,376	181,516	326,837
Cash and cash equivalents-December 31	\$ 14,861	\$ 105,715	\$ 10,137	\$ 151,252	\$ 281,965
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 44	\$ (18,814)	\$ 1,112	\$ (392,919)	\$ (410,577)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Decrease in accounts receivable	-	-	7,589	-	7,589
Increase (decrease) in accounts payable	(7,017)	474	-	74,819	68,276
Increase in accrued wages	333	-	-	-	333
Total adjustments	(6,684)	474	7,589	74,819	76,198
Net cash provided (used) by operating activities	\$ (6,640)	\$ (18,340)	\$ 8,701	\$ (318,100)	\$ (334,379)

COMPONENT UNIT

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ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Net Assets
December 31, 2009

	<u>GOVERNMENTAL ACTIVITIES</u>
ASSETS	
Cash and cash equivalents	\$ 219,882
Accounts receivable	1,000
Taxes receivable	1,635
Land held for resale	<u>312,925</u>
TOTAL ASSETS	<u>535,442</u>
LIABILITIES	
Accounts payable	<u>25,866</u>
TOTAL LIABILITIES	<u>25,866</u>
NET ASSETS	
Unrestricted	<u>509,576</u>
TOTAL NET ASSETS	<u>\$ 509,576</u>

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Activities
For the year ended December 31, 2009

	<u>Program Revenues</u>		<u>Net (Expense)</u>
	<u>Charges</u>	<u>Operating</u>	<u>Revenue and</u>
	<u>for</u>	<u>Grants and</u>	<u>Changes in Net</u>
	<u>Services</u>	<u>Contributions</u>	<u>Assets</u>
	<u>Expenses</u>		<u>Governmental</u>
			<u>Activities</u>
Governmental activities:			
General government	\$ <u>22,974</u>	\$ <u>13,245</u>	\$ <u>(9,729)</u>
General revenues:			
Taxes			40,989
Grants and contributions not restricted to specific programs			3,925
Unrestricted investment earnings			<u>3,411</u>
Total general revenues			<u>48,325</u>
Change in net assets			38,596
Net assets-beginning			<u>470,980</u>
Net assets-ending			\$ <u>509,576</u>

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Balance Sheet
General Fund
December 31, 2009

	<u>2009</u>
ASSETS	
Cash and cash equivalents	\$ 219,882
Accounts receivable	1,000
Taxes receivable	1,635
Land held for resale	<u>312,925</u>
TOTAL ASSETS	<u><u>\$ 535,442</u></u>
LIABILITIES	
Accounts payable	\$ 25,866
Deferred revenue	<u>1,449</u>
TOTAL LIABILITIES	<u>27,315</u>
FUND BALANCE	
Unreserved-designated	508,127
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds	<u>1,449</u>
Net assets of governmental activities	<u><u>\$ 509,576</u></u>

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2009

	<u>2009</u>
REVENUES	
Taxes	\$ 40,989
Intergovernmental	3,925
Interest earnings	3,411
Miscellaneous	<u>13,000</u>
TOTAL REVENUES	<u>61,325</u>
EXPENDITURES	
Services and charges	<u>22,974</u>
NET CHANGE IN FUND BALANCE	38,351
FUND BALANCE - BEGINNING	<u>469,776</u>
FUND BALANCE - ENDING	<u>\$ 508,127</u>

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

Net change in fund balance - governmental fund	\$ 38,351
Revenue (delinquent taxes deferred revenue) in the Statement of Activities that does not provide current financial resources is not reported as revenue in the fund	<u>245</u>
Changes in net assets of governmental activities	<u>\$ 38,596</u>

CITY OF WASECA, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY
December 31, 2009

	Land	Buildings	Infrastructure	Construction in Progress	Improvements Other than Buildings	Equipment	Total
GENERAL GOVERNMENT							
Legislature	\$ -	\$ 79,601	\$ -	\$ -	\$ -	\$ 12,523	\$ 92,124
Finance	-	-	-	-	-	125,567	125,567
Buildings and grounds	60,305	710,449	-	-	30,867	303,499	1,105,120
Community Development	183,848	78,717	-	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	244,153	868,767	-	-	30,867	441,589	1,585,376
PUBLIC SAFETY							
Police	-	24,131	-	-	-	305,702	329,833
Community Service	133,935	-	-	-	13,491	-	147,426
Civil defense	-	-	-	-	-	102,306	102,306
Fire	38,000	122,975	-	-	65,925	1,476,263	1,703,163
TOTAL PUBLIC SAFETY	171,935	147,106	-	-	79,416	1,884,271	2,282,728
HIGHWAYS							
Engineering	-	-	-	-	-	133,827	133,827
Street garage	25,980	158,884	-	-	2,225	1,636,119	1,823,208
Traffic signs and markings	-	-	-	-	53,115	-	53,115
Storm sewer	-	-	4,283,126	-	-	17,279	4,300,405
Highways	128,861	33,443	25,021,381	458,653	-	-	25,642,338
TOTAL HIGHWAYS	154,841	192,327	29,304,507	458,653	55,340	1,787,225	31,952,893
RECREATION							
Park	403,104	200,500	1,492,042	5,991	2,051,763	465,243	4,618,643
Water Park	-	965,674	-	-	2,614,862	9,461	3,589,997
Lake restoration	130,250	-	-	-	922,823	24,076	1,077,149
Library	2,675	327,110	-	-	7,215	2,000	339,000
TOTAL RECREATION	536,029	1,493,284	1,492,042	5,991	5,596,663	500,780	9,624,789
AIRPORT	174,580	617,518	-	-	787,318	7,000	1,586,416
LOON LAKE PROJECT	-	-	-	-	630,067	-	630,067
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 1,281,538	\$ 3,319,002	\$ 30,796,549	\$ 464,644	\$ 7,179,671	\$ 4,620,865	\$ 47,662,269

CITY OF WASECA, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
December 31, 2009

	Beginning Balances	Adjustments	Additions	Deletions	Ending Balances
GENERAL GOVERNMENT					
Legislature	\$ 17,523	\$ -	\$ 74,601	\$ -	\$ 92,124
Elections	10,468	-	-	(10,468)	-
Finance	7,929	-	117,638	-	125,567
Buildings and grounds	1,068,170	15,850	21,100	-	1,105,120
Community Development	262,565	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	<u>1,366,655</u>	<u>15,850</u>	<u>213,339</u>	<u>(10,468)</u>	<u>1,585,376</u>
PUBLIC SAFETY					
Police	297,498	-	32,335	-	329,833
Community Service	147,426	-	-	-	147,426
Civil defense	102,306	-	-	-	102,306
Fire	1,674,701	-	28,462	-	1,703,163
TOTAL PUBLIC SAFETY	<u>2,221,931</u>	<u>-</u>	<u>60,797</u>	<u>-</u>	<u>2,282,728</u>
HIGHWAYS					
Engineering	133,827	-	-	-	133,827
Street garage	1,744,470	-	116,405	(37,667)	1,823,208
Traffic signs and markings	53,115	-	-	-	53,115
Storm sewer	4,300,405	-	-	-	4,300,405
Highways	25,065,923	-	576,415	-	25,642,338
TOTAL HIGHWAYS	<u>31,297,740</u>	<u>-</u>	<u>692,820</u>	<u>(37,667)</u>	<u>31,952,893</u>
RECREATION					
Park	3,069,114	-	1,586,593	(37,064)	4,618,643
Water Park	3,589,997	-	-	-	3,589,997
Lake restoration	1,077,149	-	-	-	1,077,149
Library	339,000	-	-	-	339,000
TOTAL RECREATION	<u>8,075,260</u>	<u>-</u>	<u>1,586,593</u>	<u>(37,064)</u>	<u>9,624,789</u>
AIRPORT	<u>1,586,416</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,586,416</u>
LOON LAKE PROJECT	<u>630,067</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>630,067</u>
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	<u>\$ 45,178,069</u>	<u>\$ 15,850</u>	<u>\$ 2,553,549</u>	<u>\$ (85,199)</u>	<u>\$ 47,662,269</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 and required supplementary information says about the City's overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time.	136-139
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	140-143
Debt Capacity 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.	144-148
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place.	149-150
Operating Information 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.	151-153

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.

City of Waseca
Net Assets by Component,
Last Eight Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Governmental activities								
Invested in capital assets, net of related debt	\$ 16,054,890	\$ 16,473,311	\$ 16,168,503	\$ 16,335,872	\$ 16,236,644	\$ 17,881,298	\$ 20,272,394	\$ 22,351,800
Unrestricted	8,076,450	8,415,937	8,491,464	9,093,905	10,030,269	9,524,263	8,834,787	8,502,338
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>	<u>\$ 26,266,913</u>	<u>\$ 27,405,561</u>	<u>\$ 29,107,181</u>	<u>\$ 30,854,138</u>
Business-type activities								
Invested in capital assets, net of related debt	\$ 12,374,233	\$ 12,679,344	\$ 13,180,218	\$ 14,577,318	\$ 15,675,302	\$ 16,002,097	\$ 14,779,935	\$ 21,358,800
Restricted	199,285	299,285	49,285	-	-	-	-	-
Unrestricted	2,493,972	2,708,746	2,826,077	3,405,055	4,336,621	4,943,963	5,691,494	7,119,219
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>	<u>\$ 20,011,923</u>	<u>\$ 20,946,060</u>	<u>\$ 20,471,429</u>	<u>\$ 28,478,019</u>
Primary government								
Invested in capital assets, net of related debt	\$ 28,429,123	\$ 29,152,655	\$ 29,348,721	\$ 30,913,190	\$ 31,911,946	\$ 33,883,395	\$ 35,052,329	\$ 43,710,600
Restricted	199,285	299,285	49,285	-	-	-	-	-
Unrestricted	10,570,422	11,124,683	11,317,541	12,498,960	14,366,890	14,468,226	14,526,281	15,621,557
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>\$ 46,278,836</u>	<u>\$ 48,351,621</u>	<u>\$ 49,578,610</u>	<u>\$ 59,332,157</u>

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

City of Waseca

Schedule 2

Changes in Net Assets, Last Eight Fiscal Years
(accrual basis of accounting)

	Fiscal Year							
	2002	2003	2004	2005	2006	2007	2008	2009
Expenses								
Governmental activities:								
General government	\$ 1,577,527	\$ 1,917,946	\$ 2,088,695	\$ 1,091,996	\$ 1,159,811	\$ 2,280,264	\$ 2,004,479	\$ 1,296,041
Public safety	1,525,306	1,613,675	1,786,698	1,861,117	2,010,994	2,088,838	2,212,658	2,269,907
Streets and highways	1,484,878	1,648,285	1,722,209	2,043,056	1,421,344	2,075,077	2,165,581	2,197,469
Sanitation	61,265	17,102	44,224	31,339	44,022	47,005	49,926	61,785
Culture and recreation	662,247	660,919	707,194	852,982	1,221,345	1,024,144	1,028,410	1,323,007
Economic Development	-	-	-	1,129,979	539,282	-	-	635,338
Lake restoration	17,875	-	-	-	-	-	-	-
Interest and fees	110,217	93,947	118,591	180,485	312,347	319,465	287,660	252,348
Total governmental activities expenses	5,439,315	5,951,874	6,467,611	7,190,954	6,709,145	7,834,793	7,748,714	8,035,895
Business-type activities:								
Water	824,918	839,938	1,032,904	947,391	922,119	904,267	888,636	913,070
Sewer	1,269,407	1,381,928	1,333,329	1,535,319	1,688,033	1,760,499	1,503,280	1,474,211
Electric	4,672,077	4,744,456	4,757,230	5,076,255	5,552,176	6,176,515	5,994,670	5,752,967
Airport	88,612	112,016	93,399	74,107	94,060	122,108	-	-
Total business-type activities expenses	6,855,014	7,078,338	7,216,862	7,633,072	8,256,388	8,963,389	8,386,586	8,140,248
Total primary government expenses	\$ 12,294,329	\$ 13,030,212	\$ 13,684,473	\$ 14,824,026	\$ 14,965,533	\$ 16,798,182	\$ 16,135,300	\$ 16,176,143
Program Revenues								
Governmental activities:								
Charges for services:								
General government	\$ 69,267	\$ 84,647	\$ 203,360	\$ 453,457	\$ 215,934	\$ 135,046	\$ 239,736	\$ 244,770
Public safety	84,562	82,144	86,196	102,154	122,199	168,311	149,800	116,263
Streets and highways	124,255	386,666	149	6,918	12,631	2,090	5,665	47,158
Culture and recreation	-	-	4,809	15,607	9,070	216,861	186,727	130,739
Economic Development	-	-	-	-	577	-	-	-
Operating grants and contributions	297,180	719,908	879,219	1,775,034	1,313,662	766,514	518,481	657,632
Capital grants and contributions	411,399	912,720	489,054	1,192,075	359,661	187,414	273,571	1,689,262
Total governmental activities program revenues	986,663	2,185,085	1,662,787	3,545,245	2,033,734	1,478,236	1,373,980	2,885,824
Business-type activities:								
Charges for services:								
Water	1,007,549	1,096,762	1,075,260	1,315,280	1,146,093	1,248,324	1,158,726	1,171,451
Sewer	1,438,670	1,668,543	1,614,100	1,796,985	1,715,748	1,708,700	1,658,274	2,375,457
Electric	5,348,247	5,096,095	4,940,216	5,181,406	6,127,135	6,876,970	6,812,270	6,682,100
Airport	46,359	50,037	47,055	49,811	50,057	50,772	-	-
Operating grants and contributions	13,508	84,872	21,676	246,303	355,861	335,933	-	-
Capital grants and contributions	-	-	-	-	649,171	81,132	-	6,070,552
Total business-type activities program revenues	7,854,333	7,996,309	7,698,307	8,589,785	10,044,065	10,301,831	9,629,270	16,299,560
Total primary government program revenues	\$ 8,840,996	\$ 10,181,394	\$ 9,361,094	\$ 12,135,030	\$ 12,077,799	\$ 11,780,067	\$ 11,003,250	\$ 19,185,384
Net (Expense) Revenue								
Governmental activities	\$ (4,452,652)	\$ (3,766,789)	\$ (4,804,824)	\$ (3,645,709)	\$ (4,675,411)	\$ (6,356,557)	\$ (8,374,734)	\$ (5,150,071)
Business-type activities	999,319	917,971	481,445	956,713	1,787,677	1,338,442	1,242,684	8,159,312
Total primary government net expense	\$ (3,453,333)	\$ (2,848,818)	\$ (4,323,379)	\$ (2,688,996)	\$ (2,887,734)	\$ (5,018,115)	\$ (5,132,050)	\$ 3,009,241
General Revenues and Other Changes in Net Assets								
Governmental activities:								
Taxes	\$ 2,157,437	\$ 1,902,653	\$ 2,004,634	\$ 2,298,671	\$ 2,482,823	\$ 2,894,168	\$ 3,281,362	\$ 3,581,471
TIF Revenue	49,382	145,375	171,905	187,696	238,302	230,464	220,056	234,786
Franchise taxes	122,548	152,829	142,898	179,111	153,262	173,836	194,268	194,268
Unrestricted grants and contributions	2,030,273	1,965,751	1,964,255	2,119,870	2,331,377	2,848,079	2,256,322	2,496,349
Unrestricted investment earnings	124,226	94,418	112,351	226,697	383,959	310,848	231,281	118,050
Gain on disposal of assets	-	-	-	230,111	-	-	3,855	-
Loss on sale of fixed assets	-	(71,329)	-	-	-	-	-	-
Transfers	419,000	335,000	179,500	(826,637)	(77,176)	607,044	1,889,210	272,104
Total governmental activities	4,902,866	4,524,697	4,575,543	4,415,519	5,512,547	7,064,439	8,076,354	6,897,028
Business-type activities:								
Unrestricted investment earnings	51,085	36,914	66,260	143,443	164,697	202,739	168,498	119,382
Gain on disposal of assets	-	-	-	-	-	-	3,397	-
Transfers	(419,000)	(335,000)	(179,500)	826,637	77,176	(607,044)	(1,889,210)	(272,104)
Total business-type activities	(367,915)	(298,086)	(113,240)	970,080	241,873	(404,305)	(1,717,315)	(152,722)
Total primary government	\$ 4,534,951	\$ 4,226,611	\$ 4,462,303	\$ 5,385,599	\$ 5,754,420	\$ 6,660,134	\$ 6,359,039	\$ 6,744,306
Change in Net Assets								
Governmental activities	\$ 450,214	\$ 757,908	\$ (229,281)	\$ 769,810	\$ 837,136	\$ 707,882	\$ 1,701,620	\$ 1,746,957
Business-type activities	631,404	619,885	368,205	1,926,793	2,029,550	934,137	(474,631)	8,006,590
Total primary government	\$ 1,081,618	\$ 1,377,793	\$ 138,924	\$ 2,696,603	\$ 2,866,686	\$ 1,642,019	\$ 1,226,989	\$ 9,753,547

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

City of Waseca

Schedule 3

Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 180,000	\$ 160,000	\$ 120,000
Unreserved	2,637,069	2,605,561	2,567,148	2,852,641	2,802,977	2,546,196	2,823,693	2,548,931	2,321,883	2,577,264
Total General fund	<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>	<u>\$2,728,931</u>	<u>\$2,481,883</u>	<u>\$ 2,697,264</u>
All Other Governmental Funds										
Reserved, reported in:										
Special Revenue funds	\$ 218,530	\$ 365,180	\$ 324,935	\$ 284,134	\$ 237,796	\$ 32,107	\$ 32,107	\$ 32,107	\$ 23,000	\$ 3,000
Capital Projects funds	-	-	-	-	-	1,142,609	1,142,609	1,145,882	1,145,882	960,467
Debt Service funds	1,298,511	1,537,617	1,490,122	1,667,715	1,680,157	1,857,235	1,558,908	150,000	100,000	-
Unreserved, reported in:										
Special Revenue funds	100,494	126,118	236,340	270,376	250,114	741,627	889,963	569,543	661,021	650,562
Capital Projects funds	1,058,589	1,763,874	2,195,672	1,773,469	2,140,902	3,088,718	2,331,803	2,061,714	1,881,534	1,965,787
Debt Service funds	-	-	-	-	-	-	(37,180)	1,857,287	1,505,681	1,366,852
Total all other Governmental funds	<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>	<u>\$5,816,533</u>	<u>\$5,317,118</u>	<u>\$ 4,946,668</u>
Total all funds	<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>	<u>\$8,545,464</u>	<u>\$7,799,001</u>	<u>\$ 7,643,932</u>

City of Waseca

Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
REVENUES										
Taxes	\$ 2,103,272	\$ 2,461,727	\$ 2,529,985	\$ 2,307,982	\$ 2,133,882	\$ 2,464,132	\$ 2,825,538	\$ 3,258,358	\$ 3,395,772	\$ 3,684,322
Licenses	176,227	188,644	34,727	37,215	41,111	42,797	42,568	53,470	42,007	34,859
Permits and fees	-	-	116,299	173,495	134,989	264,112	136,202	79,324	102,834	96,938
Intergovernmental	2,326,340	3,043,875	2,695,540	2,947,152	3,160,880	4,017,916	2,893,622	3,372,522	3,056,868	3,406,843
TIF revenue	61,809	56,313	-	-	-	-	-	-	-	-
Charges for services	6,918	11,092	7,554	8,352	10,182	20,663	40,357	62,238	45,477	38,809
Program income	-	-	-	-	-	-	-	210,116	232,231	201,123
Construction revenue	-	-	-	211,139	-	-	-	-	-	-
Fines	46,836	50,544	39,010	38,724	35,025	36,300	30,883	46,019	48,749	40,415
Assessments	-	-	104,205	344,162	365,166	313,129	55,204	235,363	158,552	223,682
Interest on assessments	-	-	34,702	28,782	44,710	40,427	66,467	58,803	47,008	39,864
Contributions	-	-	-	-	-	-	750,000	297,683	109,688	37,815
Miscellaneous	504,685	417,524	266,848	247,267	234,180	929,396	717,097	430,203	357,647	254,806
Total revenues	5,226,087	6,229,719	5,828,870	6,344,270	6,160,125	8,128,872	7,557,938	8,104,099	7,596,833	8,059,476
EXPENDITURES										
Current:										
General government	795,741	819,749	887,655	947,402	960,021	1,181,744	1,026,769	1,178,599	1,151,143	1,180,094
Public safety	1,443,467	1,577,687	1,581,872	1,563,462	1,697,512	1,829,735	1,799,213	2,478,926	1,995,933	2,092,219
Streets and highways	1,098,397	1,083,636	1,079,027	996,047	1,300,680	1,207,404	1,107,890	1,316,224	1,288,425	1,257,170
Sanitation	40,957	34,768	61,265	17,102	44,224	31,339	44,022	47,005	49,926	61,784
Cultural and recreation	545,707	585,316	608,048	630,972	596,446	697,503	651,729	690,852	714,532	719,001
Lake restoration	11,479	30,415	17,875	-	-	-	-	-	-	-
Personal services	-	-	50,716	69,927	89,023	-	573	133,806	129,738	141,467
Materials and supplies	-	-	20,760	10,818	2,882	1,208	11,640	99,368	56,632	50,562
Separation contribution	-	-	-	100	7,700	1,600	2,099	1,000	2,100	500
Services and charges	-	-	316,948	722,450	958,666	1,050,493	894,195	480,578	474,809	420,138
Economic development	-	-	-	-	-	-	-	-	-	185,415
Other services	463,877	527,811	262,020	222,769	130,242	228,528	235,345	253,972	272,582	199,903
Debt service:										
Bond principal	135,000	60,000	125,000	125,000	215,000	290,000	795,000	820,000	940,000	925,000
Interest and fiscal charges	32,375	50,143	94,481	89,386	81,941	154,019	240,252	326,795	287,660	250,956
Capital outlay	1,345,625	1,575,140	568,709	1,457,470	2,050,976	2,519,022	3,475,118	1,281,475	1,240,058	721,016
Total expenditures	5,912,625	6,345,665	5,674,376	6,852,705	8,135,313	9,192,595	10,283,835	9,108,700	8,603,538	8,205,225
Excess of revenues over (under) expenditures	(686,538)	(115,946)	154,494	(508,435)	(1,975,188)	(1,063,723)	(2,725,897)	(1,004,601)	(1,006,705)	(145,749)
OTHER FINANCING SOURCES (USES)										
Transfers in	711,600	968,600	1,086,250	809,446	1,360,203	1,333,506	1,889,824	3,618,983	1,656,516	1,442,257
Proceeds from capital lease	-	101,103	92,373	-	-	-	-	-	-	-
Proceeds from equipment notes	-	-	-	305,000	620,000	425,000	-	-	-	-
Proceeds from bond issue	750,000	935,000	-	-	1,415,000	2,940,000	2,040,000	-	-	-
Premium on bonds sold	-	-	-	-	1,588	1,700	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	1,118	3,855	4,576
Sale of land	-	-	-	155,053	34,692	597,735	-	-	-	-
Bond discount	-	-	-	-	(11,981)	(20,589)	(3,516)	-	-	-
Transfers out	(553,600)	(803,600)	(917,250)	(726,946)	(1,180,703)	(1,917,083)	(1,667,000)	(3,011,939)	(1,400,129)	(1,456,153)
Total other financing sources (uses)	908,000	1,201,103	261,373	542,553	2,238,799	3,360,269	2,259,308	608,162	260,242	(9,320)
Net change in fund balances	\$ 221,462	\$ 1,085,157	\$ 415,867	\$ 34,118	\$ 263,611	\$ 2,296,546	\$ (466,589)	\$ (396,439)	\$ (746,463)	\$ (155,069)
Debt service as a percentage of noncapital expenditures	3.4%	2.2%	4.5%	4.2%	5.2%	6.7%	17.0%	15.5%	17.3%	20.8%

City of Waseca**Schedule 5**

Assessed and Actual Value of Taxable Property,
Last Ten Fiscal Years

Payable Year	Residential Property	Commercial Property	Industrial Property	Total Taxable Assessed Value	Less: Tax-Exempt Property	Total	Total Direct Tax Rate
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
2007	344,962,700	54,063,300	21,468,000	420,494,000	123,448,600	297,045,400	63.10
2008	357,679,000	54,801,100	22,285,800	434,765,900	128,705,700	306,060,200	63.58
2009	365,866,800	55,418,600	23,113,700	444,399,100	128,652,000	315,747,100	66.01

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.

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	
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
2007	63.10	22.267	52.985	0.202	0.434	0.933	76.821	139.918
2008	63.58	24.080	54.301	0.196	0.416	0.899	79.892	143.472
2009	66.01	23.058	54.151	0.190	0.407	0.892	78.698	144.704

Source: Waseca County, Minnesota Auditors' Office**Notes:** Rates for debt service are based on each year's requirements.

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

Schedule 7

Taxpayer	2009			2000		
	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	\$ 177,864	1	3.41%	\$ 234,753	1	5.90%
WalMart	87,324	2	1.67%	-		
MHW Group LLC	64,706	3	1.24%	-		
Northern States Power	63,742	4	1.22%	-		
Waseca Properties LLC	49,081	5	0.94%	56,382	5	1.42%
Birds Eye Foods Inc	48,333	6	0.93%	96,525	2	2.43%
Woodville Holdings LLC	38,859	7	0.74%	62,627	4	1.58%
Gary & Kathy Worke Family LLC	36,639	8	0.70%	-		
FHS Waseca/Portage LP-HyVee	33,762	9	0.65%	84,180	3	2.12%
Clear Lake Press Inc	31,490	10	0.60%	-		
First National Bank	-			45,556	6	1.15%
Southern MN Municipal Power	-			39,946	7	1.00%
Austin Mutual Insurance Co	-			37,144	8	0.93%
Roundbank	-			34,175	9	0.86%
Waseca Foods	-			31,579	10	0.79%
Total	<u>\$ 631,800</u>		<u>12.11%</u>	<u>\$ 722,867</u>		<u>18.18%</u>
Total tax capacity			<u>\$ 5,219,208</u>			<u>\$ 3,975,868</u>

Source: Waseca County, Minnesota Assessor's Office

City of Waseca**Schedule 8**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				
2000	\$	1,488,393	\$	1,463,945	98.36%	\$	24,448	\$	1,488,393	100.00%
2001		1,877,393		1,846,243	98.34%	31,150			1,877,393	100.00%
2002		2,103,225		2,077,461	98.78%	25,764			2,103,225	100.00%
2003		1,888,744		1,871,636	99.09%	17,108			1,888,744	100.00%
2004		1,980,963		1,961,061	99.00%	19,902			1,980,963	100.00%
2005		2,174,129		2,148,347	98.81%	24,171			2,172,518	99.93%
2006		2,350,192		2,322,512	98.82%	25,446			2,347,958	99.90%
2007		2,745,666		2,696,395	98.21%	39,578			2,735,973	99.65%
2008		2,865,683		2,813,204	98.17%	35,419			2,848,623	99.40%
2009		2,888,115		2,831,258	98.03%	-			2,831,258	98.03%

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

City of Waseca

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Schedule 9

Fiscal Year	Governmental Activities				Business-Type Activities		(1)		
	Special Assessments Bonds	General Obligation Bonds	G.O. Equipment Certificates	Capital Leases	General Obligation Revenue Bonds	Total Primary Government	Percentage of Taxable Market Value	Percentage of Personal Income	Per Capita
2000	\$ 1,260,000	\$ -	\$ -	\$ 172,369	\$ 3,135,000	\$ 4,567,369	1.71%	1.00%	\$ 484.50
2001	2,135,000	-	-	189,491	4,210,000	6,534,491	2.26%	1.40%	672.90
2002	2,010,000	-	-	175,950	4,010,000	6,195,950	2.02%	1.30%	638.03
2003	1,885,000	-	305,000	136,074	3,785,000	6,111,074	1.81%	1.25%	629.29
2004	3,085,000	-	925,000	-	5,430,000	9,440,000	2.46%	1.81%	972.09
2005	2,870,000	2,940,000	1,275,000	-	6,920,000	14,005,000	3.54%	2.57%	1,442.18
2006	2,485,000	4,895,000	950,000	-	4,845,000	13,175,000	3.41%	2.39%	1,356.71
2007	2,120,000	4,775,000	615,000	-	4,435,000	11,945,000	2.81%	2.04%	1,215.40
2008	1,760,000	4,540,000	270,000	-	4,020,000	10,590,000	2.40%	1.62%	1,077.64
2009	1,405,000	4,240,000	-	-	4,056,163	9,701,163	2.18%	N/A	991.03

Sources:

- (1) 2000-2005 Estimated Market Value amount used to figure percentage
2006-current Actual Market Value amount used to figure percentage

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.

City of Waseca**Schedule 10**

Direct and Overlapping Governmental Activities Debt
As of December 31, 2009

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Waseca County	\$ 3,625,000	29.07%	\$ 1,053,788
Ind School District #829	11,805,000	53.88%	6,360,534
Total Overlapping			<u>7,414,322</u>
City of Waseca Direct Debt	\$ 9,701,163	100.00%	<u>\$ 9,701,163</u>
Total Direct and Overlapping Debt:			<u><u>\$ 17,115,485</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.

City of Waseca
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Debt limit	\$ 533,294,800	\$ 5,773,082	\$ 6,121,430	\$ 6,121,430	\$ 7,678,048
Total net debt applicable to limit	-	-	-	-	-
Legal debt margin	<u>\$ 533,294,800</u>	<u>\$ 5,773,082</u>	<u>\$ 6,121,430</u>	<u>\$ 6,121,430</u>	<u>\$ 7,678,048</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Minn. Stat. Section 475.53, subd. 1 states that except as otherwise provided in Minn. Stat. Sections 474.74 to 475.51, no municipality except a school district or a city of the first class, shall incur or be subject to a net debt in excess of two percent of the estimated market value.

Legal Debt Margin Calculation for Fiscal Year 2009

Market value		\$	<u>444,399,100</u>
Debt limit (2% of Market Value)			8,887,982
Debt applicable to limit:			
Total bonded debt	\$	9,701,163	
Less: Special Assessment Bonds		(1,405,000)	
Less: Revenue Bonds		<u>(4,056,163)</u>	
Debt applicable to limit			<u>4,240,000</u>
Legal debt margin		\$	<u>4,647,982</u>

2005	2006	2007	2008	2009
\$ 7,905,674	\$ 7,635,608	\$ 8,409,880	\$ 8,695,318	\$ 8,887,982
<u>4,215,000</u>	<u>5,845,000</u>	<u>5,390,000</u>	<u>4,810,000</u>	<u>4,240,000</u>
<u>\$ 3,690,674</u>	<u>\$ 1,790,608</u>	<u>\$ 3,019,880</u>	<u>\$ 3,885,318</u>	<u>\$ 4,647,982</u>
53.32%	76.55%	64.09%	55.32%	47.70%

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

Schedule 12

Special Assessment Bonds

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
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
2007	235,363	365,000	94,737	459,737	0.51
2008	157,346	360,000	80,689	440,689	0.36
2009	151,530	355,000	66,263	421,263	0.36

Water Fund

Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2007	1,236,850	522,545	714,305	195,000	66,565	261,565	2.73
2008	1,151,331	525,506	625,825	200,000	58,249	258,249	2.42
2009	1,106,722	562,273	544,449	120,000	49,400	169,400	3.21

Sanitary Sewer Fund

Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
				Principal	Interest	Total	
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
2007	1,708,700	1,158,671	550,029	215,000	112,726	327,726	1.68
2008	1,653,754	922,574	731,180	215,000	107,388	322,388	2.27
2009	2,374,755	840,840	1,533,915	225,000	101,380	326,380	4.70

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

* Less depreciation

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

Fiscal Year	Population	(1) Personal Income (Thousands of dollars)	(1) Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
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	551,430	28,399	2,024	4.4%
2007	9,828	585,330	30,051	2,096	5.4%
2008	9,827	654,600	33,786	2,075	7.2%
2009	9,789	Not available	Not available	2,086	7.9%

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.

City of Waseca**Schedule 14**Principal Employers, Current Year and Nine Years Ago
Demographic and Economic Statistics

Employer	2009			**1999		
	Employees	Rank	* Percentage of Total County Employment	Employees	Rank	* Percentage of Total County Employment
Brown Printing	836	1	8.59%	1,300	1	14.02%
Waseca School District	428	2	4.40%	375	2	4.05%
Itron	400	3	4.11%	320	3	3.45%
Emerson Network Power	359	4	3.69%	247	5	2.66%
Federal Correctional Institute	223	5	2.29%	250	4	2.70%
ELM Homes Inc	168	6	1.73%	175	6	1.89%
Waseca Medical Center	165	7	1.70%	140	7	1.51%
Birds Eye Foods	154	8	1.58%	130	8	1.40%
Waseca County	125	9	1.28%	130	9	1.40%
Mediacom	100	10	1.03%			0.00%
Winegars	-	-	0.00%	115	10	1.24%
Total	<u>2,958</u>		<u>30.41%</u>	<u>3,182</u>		<u>34.33%</u>

* Represents employment for Waseca County-City information not available

** 2000 Information was not available

Source: City Economic Development Division

City of Waseca

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

Full-time Equivalent Employees as of December 31,

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Administration	4	4	4	4	4	4	4	4	4	3
Finance	3	3	3	3	3	3	3	3	4	4
Community Development	1	1	1	2	2	2	2	2	1	2
Total General Government	8	8	8	9	9	9	9	9	9	9
Public Safety										
Police	15	15	15	15	15	15	15	16	17	17
Building Inspection	2	2	2	2	2	2	2	2	2	2
Fire	3	3	3	3	3	3	3	3	3	3
Total Public Safety	20	20	20	20	20	20	20	21	22	22
Public Works										
Engineering	4	4	4	4	5	5	5	5	4	3
Streets/Shop	10	11	11	11	11	11	11	11	11	10
Total Public Works	14	15	15	15	16	16	16	16	15	13
Culture & Recreation										
Parks	3	3	3	3	3	4	4	4	4	4
Water Park	-	-	-	-	-	-	-	1	1	1
Total Culture & Rec	3	3	3	3	3	4	4	5	5	5
Enterprise										
Water/WWTP	6	6	7	7	6	6	6	5	5	5
Electric	7	7	6	7	7	8	8	6	6	4
Utility Administration	-	-	-	-	-	-	-	2	2	2
Utility billing	4	4	4	4	4	4	4	3	2	2
Total Enterprise	17	17	17	18	17	18	18	16	15	13
Total	62	63	63	65	65	67	67	67	66	62

Source: City Finance Office

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

Schedule 16

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Government										
Elections	1	-	1	-	1	-	1	-	1	-
Registered voters	5,159		4,955		5,368		5,176		5,493	
Number of votes cast	3,863		3,730		4,215		3,446		4,301	
Voter participation (registered)	74.9%		75.3%		78.5%		66.6%		78.3%	
Public Safety										
<i>Police</i>										
Arrests	239	331	414	308	345	254	466	755	661	375
All citations & warnings	N/A	N/A	N/A	N/A	194	2,130	2,159	2,337	1,868	1,826
Calls for service	-	6,043	6,216	5,914	5,928	6,240	6,829	7,432	7,110	7,144
<i>Fire</i>										
Medical	67	150	387	364	394	431	408	422	414	369
Fire	77	76	78	59	78	131	108	73	72	92
Other Services	5	4	1	3	1	5	11	81	97	101
<i>Inspections</i>										
Building Permits	259	515	585	548	470	411	374	410	405	363
Value of Building Permits	\$ 8,412,818	\$ 12,163,273	\$ 9,257,585	\$ 17,171,282	\$ 20,588,608	\$ 33,663,100	\$ 14,973,880	\$ 5,841,601	\$ 8,810,988	\$ 6,327,512
Culture and Recreation										
<i>Library</i>										
Circulation (checked out)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
<i>Parks</i>										
Park Reservations	167	162	158	134	114	91	109	98	103	130
Water Park-Attendance	-	-	-	-	-	-	-	29,598	29,892	19,839
Electric										
Outages	-	58	49	39	41	49	38	32	67	33

Source: Various City Departments

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

Schedule 17

Function/Program	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol squads	5	6	6	6	8	11	12	11	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	4	3	3	3	3	3	3	4	4	5
Public Works										
Vehicles	6	9	8	8	9	8	11	11	11	13
Streets (miles)	45	45	45	45	45	45	48	48	48	48
Culture & Recreation										
Library-Building	1	1	1	1	1	1	1	1	1	1
Water Park	-	-	-	-	-	-	-	1	1	1
Parks	15	15	15	15	15	15	15	15	15	15
Sanitary Sewer										
Collection System (miles)	42	44	44	44	44	44	44	44	44	44
Storm Sewer										
Storm sewer (miles)	40	40	40	40	40	40	40	40	40	40
Water										
Water main (miles)	52.5	52.5	53	53	53	54	56	56	56	56
Electric										
Annual consumption (KWH)	60,332,294	61,649,814	64,803,038	62,713,899	59,829,906	62,079,244	64,934,955	65,931,786	64,515,467	61,511,161

Source: Various City Departments

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