

CITY OF WASECA, MINNESOTA

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2010



Member of the Government Finance Officer's
Association of the United States

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WASECA, MINNESOTA

For the Fiscal Year Ended
December 31, 2010

Prepared by Nathan Reinhardt, Finance Director

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INTRODUCTORY SECTION

CITY OF WASECA, MINNESOTA
Comprehensive Annual Financial Report
Year Ended December 31, 2010

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STATISTICAL SECTION



July 12, 2011

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, 2010.

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, 2010, 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, function and department. The City's budgets may be amended or modified at

any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Departments may request transfers of appropriations within line items in the department; however, special approval is required of the City Council.

Financial Condition

State Property Tax Aid: The City receives State Property Tax Aid in two different forms. The biggest of which is Local Government Aid (LGA) that is paid to the City to be used at the City's discretion. The Market Value Homestead Credit (MVHC) is considered a property tax credit to the homeowner. Qualified homeowners receive on their property tax statements the City property tax amount less the MVHC. The State then reimburses the City the gap between what is owed for the property tax and what the homeowner actually pays. In 2010, the City received LGA of \$2,273,651 and MVHC reimbursements of \$83,328 after significant cuts by the State to these property tax aid programs. In 2010 alone, the State reduced the City's LGA by \$471,202 and the MVHC by \$211,953. In the latest State Economic Forecast in February 2011, the State is projecting a \$5.028 Billion deficit for the upcoming 2012-2013 biennial budget. City LGA and MVHC reimbursements for 2011 and 2012 are paid from the State's 2012-2013 budget. Although the 2010 Legislature cut City LGA and MVHC appropriations for 2011 and 2012 prior to certification, it is possible and likely reductions in State spending will include additional cuts to cities.

The State Property Tax Aid budgeted to be received by the City in 2011 includes the certified 2011 LGA of \$2,682,216 and estimated MVHC of \$289,937; this represents 40.7% of the General Fund revenues. If the City levied an additional amount equivalent to the State Property Tax aid budgeted in 2011, the property tax levy would have to increase 86.5%. Cities have not been told to estimate a reduction in LGA from the certified 2011 amount, however, if State aid is cut the City Council will have to make difficult choices to eliminate the General Fund budget deficit.

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 2011 and beyond.

Local Economy

Waseca is thriving and flourishing due to strong industry clusters, infrastructure, natural resources and labor pool accessibility. Twenty-five percent of private sector jobs in Waseca are in manufacturing and information technology. Key players can be found in these industries: printing and printing support, ethanol production, manufacturing of food, machinery and specialty industries in electronics and electrical components.

The growth of telecommunications, data networks and the wireless industry together with the close proximity to agricultural products and other raw materials have attributed to the success of the area. There are over 10 higher education institutions within a 50 mile radius of Waseca which continually fill the need for a strong skilled workforce. The City of Waseca's construction of a \$16 million wastewater treatment facility will improve the capacity for the City's residential and business growth.

US Highway 14 is a major highway running from coast to coast and in interregional corridor that connects New Ulm, Mankato, Owatonna, Rochester and Winona. Originally constructed as a two-lane highway, the expansion of Highway 14 to a four-lane corridor between Rochester and Mankato will improve safety and commerce.

Cash Management

Idle cash during the year was invested in Certificates of Deposits. The City experienced a decrease in overall interest rates throughout 2010. 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 by the Property and Liability Insurance fund through departmental charges.

Relevant Financial Policies

The GASB has issued Statement No. 51, *Accounting for Financial Reporting for Intangible Assets*. This statement, which the City was 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.

The GASB has also issued Statement No. 54, "Fund Balance reporting and Governmental Fund Type Definitions." This Statement establishes new categories for reporting fund balance and revises the definitions for governmental fund types. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010.

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. 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 2012.

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 approximately \$450 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 2011 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.

In 2009, the City Council authorized \$16 million of wastewater system improvements intended to minimize sewage backups in basements and minimize discharges to Clear Lake. The City was awarded \$6 million in stimulus funds to be used toward the project. In early 2010, \$3 million of trunk sewer main improvements were completed on schedule, to convey additional inflow and infiltration to the wastewater treatment plant (WWTP) during spring and summer rain events. Additionally, sufficient improvements at the WWTP have been completed to pump the additional flow from town. As of 2010, Approximately 70 percent of all WWTP improvements have been completed. The remaining improvements are scheduled to be completed by August 2011.

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, 2009. This is the twenty-sixth 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.

The timely preparation of this report could not have been accomplished without the professional and dedicated hard work of the entire finance department staff. I appreciate the cooperation and support from other City departments both in preparation of this report and in budget management throughout the year. Credit is also given to the Mayor, 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,

Nathan J. Reinhardt, Finance Director, CPA, MBA

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, 2009

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



President

Executive Director

CITY OF WASECA, MINNESOTA
OFFICIALS

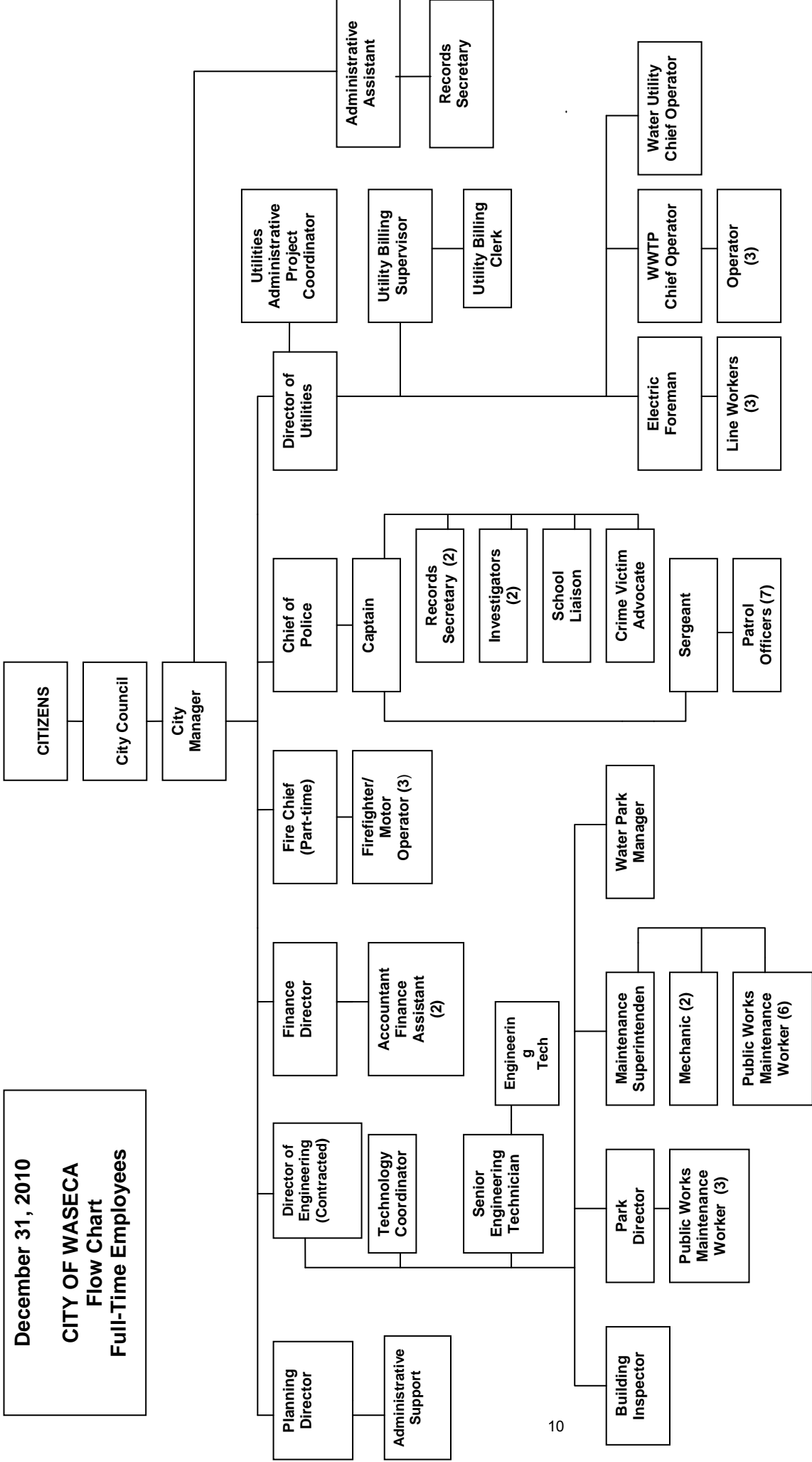
December 31, 2010

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

December 31, 2010
CITY OF WASECA
Flow Chart
Full-Time Employees



FINANCIAL SECTION

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, 2010, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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, 2010, 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 July 12, 2011 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.

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 21 and pages 67 through 68 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

Austin, Minnesota
July 12, 2011

City of Waseca, Minnesota
Management's Discussion and Analysis
December 31, 2010

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, 2010. 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 \$61,210,098 (net assets). Of this amount, \$16,000,546 (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.

The City's total net assets increased by \$1,877,941 during the current year. This increase is a result of capital grants received in the Sewer Fund and significant operating income in the Electric fund.

Capital assets less depreciation, were \$59,176,821 representing a broad base of city infrastructure.

As of the close of the current fiscal year, the City of Waseca's governmental funds reported combined ending fund balances of \$7,722,858. Approximately 86 percent of this total amount, \$6,639,391, 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 \$2,505,772 or 44 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 2010 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 25-26 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Waseca, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Waseca can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financial decisions. The Governmental 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-nine 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-six 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 28-33 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 34-36 of this report.

Notes to the Financial Statements: The notes provided additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 37-63 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 67-68 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 72-104 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 2010 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 \$61,210,098 at December 31, 2010. This is an increase of \$1,877,941 over the 2009 amount, as long-term debt was retired.

A condensed version of the Statement of Net Assets at December 31, 2010 follows:

CITY OF WASECA'S NET ASSETS

	Governmental Activities		Business-Type Activities		Total
	2010	2009	2010	2009	2010
Current and other assets	9,487,845	9,539,332	9,854,236	9,959,391	19,342,081
Capital Assets	27,666,945	27,976,339	31,509,876	25,396,507	59,176,821
Total assets	<u>\$ 37,154,790</u>	<u>\$ 37,515,671</u>	<u>\$ 41,364,112</u>	<u>\$ 35,355,898</u>	<u>\$ 78,518,902</u>
Long-term liabilities outstanding	5,342,054	5,967,721	10,111,715	4,134,981	15,453,769
Other liabilities	436,500	693,812	1,418,535	2,742,898	1,855,035
Total liabilities	<u>5,778,554</u>	<u>6,661,533</u>	<u>11,530,250</u>	<u>6,877,879</u>	<u>17,308,804</u>
Net assets:					
Invested in capital assets, net of related debt	23,707,790	22,351,800	21,501,762	21,358,800	45,209,552
Unrestricted	7,668,446	8,502,338	8,332,100	7,119,219	16,000,546
Total Net Assets	<u>\$ 31,376,236</u>	<u>\$ 30,854,138</u>	<u>\$ 29,833,862</u>	<u>\$ 28,478,019</u>	<u>\$ 61,210,098</u>

By far, the largest portion of the City of Waseca's net assets of \$45,209,552 (approximately 73.9%), 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 \$16,000,546 (approximately 26.1%) 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, 2010 follows:

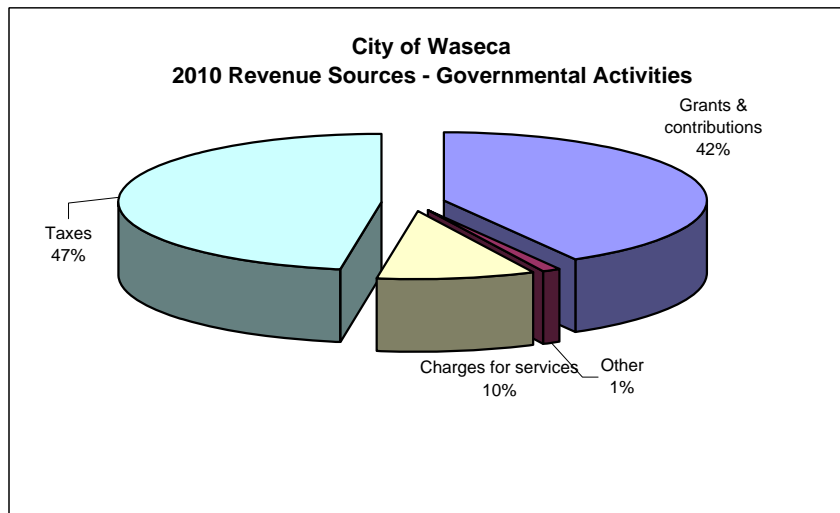
CITY OF WASECA'S CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total
	2010	2009	2010	2009	2010
Revenues:					
Program revenues					
Charges for services	\$ 756,001	\$ 538,930	\$ 10,395,266	\$ 10,229,008	\$ 11,151,267
Operating grants and contributions	657,831	657,632	-	-	657,831
Capital grants and contributions	186,410	1,689,262	333,514	6,070,552	519,924
General revenues					
Taxes	3,660,194	4,010,525	-	-	3,660,194
Grants and contributions not restricted to specific programs	2,358,118	2,496,349	-	-	2,358,118
Unrestricted investment earnings	82,376	118,050	109,665	119,382	192,041
Total revenues	7,700,930	9,510,748	10,838,445	16,418,942	18,539,375
Expenses:					
General government	\$ 1,466,726	\$ 1,296,041	\$ -	\$ -	\$ 1,466,726
Public safety	2,239,732	2,269,907	-	-	2,239,732
Streets and highways	2,303,749	2,197,469	-	-	2,303,749
Sanitation	36,085	61,785	-	-	36,085
Culture and recreation	1,196,169	1,323,007	-	-	1,196,169
Economic Development	160,660	635,338	-	-	160,660
Other	220,444	252,348	-	-	220,444
Water	-	-	945,826	913,070	945,826
Sewer	-	-	1,847,497	1,474,211	1,847,497
Electric	-	-	6,244,546	5,752,967	6,244,546
Total expenses	7,623,565	8,035,895	9,037,869	8,140,248	16,661,434
Excess before transfers	77,365	1,474,853	1,800,576	8,278,694	1,877,941
Transfers	444,733	272,104	(444,733)	(272,104)	-
Change in net assets	522,098	1,746,957	1,355,843	8,006,590	1,877,941
Net Assets - January 1	30,854,138	29,107,181	28,478,019	20,471,429	59,332,157
Net Assets - December 31	\$ 31,376,236	\$ 30,854,138	\$ 29,833,862	\$ 28,478,019	\$ 61,210,098

Governmental Activities

Governmental activities increased the City of Waseca's net assets by \$522,098. The increase is the combination of many surpluses and deficits but the primary reason was an increase in transfers from business-type activities. Expenses include \$1,420,749 of depreciation expense for governmental activities under the full accrual basis of accounting.

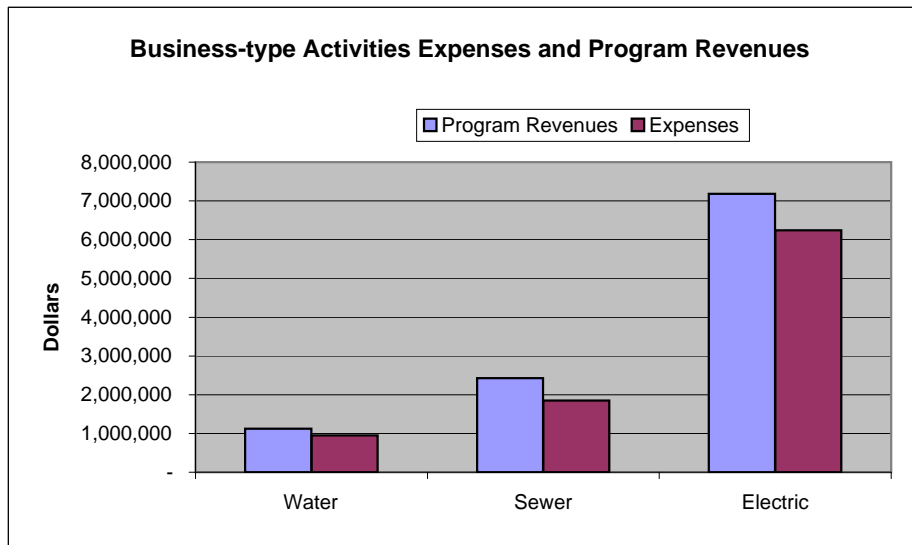
Governmental revenues totaled \$7,700,930. As part of GASB Statement No. 34 reporting changes, Internal Service fund expenses (\$782,489) and Internal Service fund revenues of (\$573,132) were allocated to all the governmental and business-type activities. General revenues decreased by \$524,236 in 2010 due to mainly a \$350,331 decrease in taxes, a \$138,231 decrease in grants and contributions, and a \$35,674 decrease in unrestricted investment earnings. Below is a graph showing the sources of revenues.



Business-type Activities: Business-type activities net assets increased by \$1,355,843. This increase is mainly a combination of operating income from the Water Fund (\$221,156), Sewer Fund (\$363,716) and Electric Fund (\$982,899). The Sewer Fund also received \$333,514 in state TMDL grant funds.

Business type expenses increased by \$897,621 or 11.0% from 2009 to 2010 due mainly to increases in the Sewer Fund of \$373,286 and the Electric Fund of \$491,579. The increase in the Sewer Fund expenses is mainly a result of increased supplies and interest expense, and the increase in the Electric Fund is mainly a result of an increase in power purchased. Business-type activities had an decrease of \$5,570,780 in program revenues due mostly to a \$5,737,038 decrease in capital grants and contributions. In 2009, the City was awarded \$6,000,000 in Federal American Recovery and Reinvestment Act funds used for wastewater treatment system improvements.

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 \$7,722,858. The unreserved fund balance consists of \$6,639,391 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 \$2,505,772, while total fund balance reached \$2,625,772. 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 44.2% of total General fund expenditures.

The fund balance of the City's General fund decreased by \$71,492 during the current fiscal year. The key factor of this decrease can be attributed to the purchase of building and land of \$291,000, to be used for cold storage and eventually a City public safety building. In an effort to balance the State's projected deficit, the State cut the City's local government aid in 2010 by \$471,202 and cut the Market Value Homestead Credit by \$211,953. The revenue reductions were offset by additional cuts to City expenses.

The City continued to fund the Capital Improvement fund with a \$500,000 allocation. Some of the projects were not completed in 2009 and were carried over into 2010; therefore, funding was lower than the requested project costs, resulting in a \$45,444 increase 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 \$245,592 mainly due to lower assessment revenue.

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

Water fund	\$ 2,502,254
Sanitary Sewer Fund	\$ 3,219,375
Electric Fund	\$ 2,725,524

The net assets of the Proprietary funds increased by \$1,350,715 during the current fiscal year. Key factors in this increase include:

The Water fund had an increase in net assets of \$154,944 mainly as a result of operating income of \$221,156.

The Sanitary Sewer fund had an increase in net assets of \$755,842 mainly due to operating income of \$363,716 and the receipt of State TMDL grant funds of \$333,514.

The Electric fund had an increase in net assets of \$439,929 due to the net of operating income of \$982,899 and transfers to the General fund of \$515,470.

The net assets of the Internal Service funds increased by \$148,389, due to the delay of equipment purchases within the Equipment Replacement Fund.

General Fund Budgetary Highlights

The 2010 City budget allowed for a slight increase in property tax revenue in 2010. The General fund transfer to the Capital Improvement fund provided funding for street maintenance and reconstruction. In 2010, a budget amendment of \$98,570 from the Engineering department to Snow Removal for additional costs incurred as a result of record snow fall levels.

Continuing reductions in Local Government Aid will create a competing need for resources. In the past four years, the City has seen a reduction in State Property Tax Aids in the amount of \$ 1,800,218. The state has an anticipated budget deficit in the 2012-13 biennium of more than \$5 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 \$284,070 during the current fiscal year 2010. The budgeted revenues exceeded the actual revenues by \$127,698. Significant variances during the current fiscal year included the following:

- * Budgeted tax revenue exceeded the actual by \$205,731 as the result of tax collections being less than the tax levied.
- * Budgeted police expenditures exceeded actual expenditures by \$161,595 as a result of employee vacancy savings and decreased expenses of supplies and charges.
- * Actual capital outlay expenditures exceeded budgeted expenditures by \$291,458 as a result of the purchase of a building and land.

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, 2010, amounts to \$59,176,821 (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 10.9% (a 1.1% decrease for governmental activities and a 24.1% 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 45-46.

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

- * Street Improvements
- * Purchase of a Street Paver
- * Wastewater Treatment Plant Expansion Project
- * Purchase of Building & Land (Planned for City Public Safety Building)

Long-Term Debt: At the end of the fiscal year, the City of Waseca had total long-term debt of \$15,453,769. 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 debt for the construction of the Wastewater Treatment Plant expansion and conveyance system improvements. The City of Waseca's total debt increased by \$5,351,067 (53.0% increase) during the current fiscal year. The main factor in this increase was the \$6,693,480 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 3% (percent) of the total estimated market value. The current debt limitation for the City of Waseca is \$13,583,976 and \$3,940,000 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 48-52.

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.

Significant economic factors affecting the City are as follows:

According to U.S. Bureau of Labor Statistics as of March 2011, the City's unemployment rate of 7.6% compares unfavorably to the state unemployment rate of 6.6%, but compares favorably to the national average rate of 8.8%. Waseca's unemployment rate was 7.9% in 2009; and 7.2% in 2008.

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.

The 2010 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 2010 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 City sustained steep increases in employee health insurance premium costs, 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

BASIC FINANCIAL STATEMENTS

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CITY OF WASECA, MINNESOTA
STATEMENT OF NET ASSETS
December 31, 2010

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 6,682,335	\$ 7,810,631	\$ 14,492,966	\$ 192,226
Investments	300,000	-	300,000	-
Receivables				
Taxes	121,948	-	121,948	1,583
Accounts	159,232	1,584,401	1,743,633	-
Utility	-	10,543	10,543	-
Mobile home taxes	4,457	-	4,457	-
Assessments	663,536	190,178	853,714	-
Interest	498	-	498	-
Loans	123,611	-	123,611	-
Due from other governments	161,725	29,707	191,432	-
Internal balances	235,053	(235,053)	-	-
Inventory	-	48,168	48,168	-
Land Held for Resale	960,467	-	960,467	365,985
Restricted assets:				
Customer deposits	-	150,936	150,936	-
Capital Assets				
Land	1,412,695	127,215	1,539,910	-
Infrastructure	31,716,211	-	31,716,211	-
Construction in progress	94,731	13,944,528	14,039,259	-
Buildings	3,479,304	3,337,964	6,817,268	-
Improvements other than buildings	7,131,383	28,077,340	35,208,723	-
Machinery and equipment	4,854,101	7,320,481	12,174,582	-
Accumulated depreciation	(21,021,480)	(21,297,652)	(42,319,132)	-
Service territory (net of amortization)	-	223,631	223,631	-
Other assets	74,983	41,094	116,077	-
Total assets	\$ 37,154,790	\$ 41,364,112	\$ 78,518,902	\$ 559,794
LIABILITIES				
Current liabilities				
Accounts payable	282,691	1,130,526	1,413,217	10,230
Customer deposits	-	150,936	150,936	-
Accrued wages	61,199	15,019	76,218	-
Accrued interest	81,461	111,511	192,972	-
Deferred Revenue	11,149	-	11,149	-
Unearned revenue - utility	-	10,543	10,543	-
Noncurrent liabilities:				
Due within one year	784,539	784,405	1,568,944	-
Due in more than one year	4,557,515	9,327,310	13,884,825	-
Total liabilities	\$ 5,778,554	\$ 11,530,250	\$ 17,308,804	\$ 10,230
NET ASSETS				
Invested in capital assets, net of related debt	23,707,790	21,501,762	45,209,552	-
Unrestricted	7,668,446	8,332,100	16,000,546	549,564
Total net assets	\$ 31,376,236	\$ 29,833,862	\$ 61,210,098	\$ 549,564

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, 2010

					Net (Expense) Revenue and Changes in Net Assets			
Program Revenues					Primary Government			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Economic Development Authority
Functions/Programs	Expenses							
Governmental Activities:								
General Government	\$ 1,466,726	\$ 382,223	\$ 246,346	\$ 84,918	\$ (753,239)	\$ -	\$ (753,239)	\$ -
Public Safety	2,239,732	15,895	222,180	-	(2,001,657)	-	(2,001,657)	-
Streets and Highways	2,303,749	113,226	73,673	101,492	(2,015,358)	-	(2,015,358)	-
Sanitation	36,085	-	-	-	(36,085)	-	(36,085)	-
Culture and Recreation	1,196,169	244,657	16,097	-	(935,415)	-	(935,415)	-
Economic Development	160,660	-	99,535	-	(61,125)	-	(61,125)	-
Interest and fees	220,444	-	-	-	(220,444)	-	(220,444)	-
Total Governmental Activities	7,623,565	756,001	\$ 657,831	186,410	(6,023,323)	-	(6,023,323)	-
Business-type Activities								
Water	945,826	1,123,628	-	-	-	177,802	177,802	-
Sewer	1,847,497	2,092,247	-	333,514	-	578,264	578,264	-
Electric	6,244,546	7,179,391	-	-	-	934,845	934,845	-
Total Business-type Activities	9,037,869	10,395,266	-	333,514	-	1,690,911	1,690,911	-
Total Primary Government	\$ 16,661,434	\$ 11,151,267	\$ 657,831	\$ 519,924	\$ (6,023,323)	\$ 1,690,911	\$ (4,332,412)	\$ -
Component Unit								
Economic Development Authority	\$ 15,817	\$ 7,009	\$ 834	\$ -				\$ (7,974)
General Revenues:								
					3,226,835	-	3,226,835	41,046
					237,501	-	237,501	-
					195,858	-	195,858	-
					2,358,118	-	2,358,118	4,077
					82,376	109,665	192,041	2,839
Transfers					444,733	(444,733)	-	-
Total General Revenues and Transfers					\$ 6,545,421	\$ (335,068)	\$ 6,210,353	\$ 47,962
Change in Net Assets					522,098	1,355,843	1,877,941	39,988
Net Assets - Beginning					30,854,138	28,478,019	59,332,157	509,576
Net Assets - Ending					\$ 31,376,236	\$ 29,833,862	\$ 61,210,098	\$ 549,564

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, 2010

	General	Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 2,181,434	\$ 1,065,209	\$ 675,485	\$ 2,369,098	\$ 6,291,226
Investments	300,000	-	-	-	300,000
Receivables					
Taxes	109,900	-	-	12,048	121,948
Accounts	143,722	252	-	15,258	159,232
Mobile home taxes	4,145	-	-	312	4,457
Assessments receivable					
Current	-	408,196	-	233,761	641,957
Delinquent	-	10,248	-	181	10,429
Deferred	-	1,077	-	10,072	11,149
Interest receivable	498	-	-	-	498
Due from other governments	46,710	-	-	115,015	161,725
Land Held for Resale	-	-	-	960,467	960,467
Loans receivable	-	-	-	123,611	123,611
Advance to other funds	120,000	-	-	-	120,000
Due from other funds	2,800	-	-	-	2,800
Total assets	<u>\$ 2,909,209</u>	<u>\$ 1,484,982</u>	<u>\$ 675,485</u>	<u>\$ 3,839,823</u>	<u>\$ 8,909,499</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 130,148	\$ -	\$ 9,472	\$ 94,228	\$ 233,848
Accrued wages payable	58,623	-	-	1,183	59,806
Due to other funds	-	-	-	2,800	2,800
Deferred revenue	94,666	419,520	-	376,001	890,187
Total liabilities	<u>283,437</u>	<u>419,520</u>	<u>9,472</u>	<u>474,212</u>	<u>1,186,641</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	2,505,772	-	-	-	2,505,772
Unreserved, undesignated, reported in:					
Special revenue funds	-	-	-	820,311	820,311
Debt service funds	-	1,065,462	-	59,536	1,124,998
Capital projects funds	-	-	666,013	1,522,297	2,188,310
Total fund balances	<u>2,625,772</u>	<u>1,065,462</u>	<u>666,013</u>	<u>3,365,611</u>	<u>7,722,858</u>
Total liabilities and fund balances	<u>\$ 2,909,209</u>	<u>\$ 1,484,982</u>	<u>\$ 675,485</u>	<u>\$ 3,839,823</u>	<u>\$ 8,909,499</u>

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

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	7,722,858
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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	48,688,425		
Less: Accumulated depreciation	<u>(21,021,480)</u>		27,666,945

Governmental funds do not report a liability for accrued interest until due and payable.	(81,461)
--	----------

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	340,873		
Add allocation to business-type activities	<u>115,053</u>		455,926

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(5,212,696)
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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	(147,413)
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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.	93,038
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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.	879,039
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	<u>31,376,236</u>
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CITY OF WASECA, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2010

	General	Debt Service	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Taxes	\$ 3,223,132	\$ -	\$ -	\$ 440,416	\$ 3,663,548
Licenses	34,869	-	-	-	34,869
Permits and fees	84,736	-	-	-	84,736
Intergovernmental	2,643,746	-	5,666	417,220	3,066,632
Charges for services	28,763	-	-	-	28,763
Program income	-	-	-	238,020	238,020
Fines and forfeitures	35,581	-	-	15,895	51,476
Assessments	-	121,519	-	107,319	228,838
Interest on assessments	-	29,216	-	5,868	35,084
Contributions	2,200	-	400	33,150	35,750
Miscellaneous	131,008	16,677	111,401	87,522	346,608
Total revenues	<u>6,184,035</u>	<u>167,412</u>	<u>117,467</u>	<u>1,345,410</u>	<u>7,814,324</u>
EXPENDITURES					
Current:					
General government	1,135,233	-	-	-	1,135,233
Public safety	1,939,245	-	-	190,727	2,129,972
Streets and highways	1,348,334	-	-	3,035	1,351,369
Sanitation	36,085	-	-	-	36,085
Cultural and recreation	710,059	-	-	189,456	899,515
Economic development	-	-	-	160,391	160,391
Airport	-	-	-	73,084	73,084
Other services	211,363	-	-	-	211,363
Debt service:					
Bond principal	-	360,000	-	300,000	660,000
Interest and fiscal charges	-	53,004	-	167,152	220,156
Capital outlay					
General government	291,458	-	-	-	291,458
Streets and highways	-	-	572,023	-	572,023
Airport	-	-	-	84,918	84,918
Total expenditures	<u>5,671,777</u>	<u>413,004</u>	<u>572,023</u>	<u>1,168,763</u>	<u>7,825,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>512,258</u>	<u>(245,592)</u>	<u>(454,556)</u>	<u>176,647</u>	<u>(11,243)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	632,918	-	500,000	277,593	1,410,511
Transfers out	(1,216,668)	-	-	(103,674)	(1,320,342)
Total other financing sources (uses)	<u>(583,750)</u>	<u>-</u>	<u>500,000</u>	<u>173,919</u>	<u>90,169</u>
Net change in fund balances	<u>(71,492)</u>	<u>(245,592)</u>	<u>45,444</u>	<u>350,566</u>	<u>78,926</u>
Fund balances - beginning	2,697,264	1,311,054	620,569	3,015,045	7,643,932
Fund balances - ending	<u>\$ 2,625,772</u>	<u>\$ 1,065,462</u>	<u>\$ 666,013</u>	<u>\$ 3,365,611</u>	<u>\$ 7,722,858</u>

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

**RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 78,926

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	1,118,381	
Depreciation expense	<u>(1,420,749)</u>	(302,368)

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. (7,023)

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. (18,486)

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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	660,000	
Change in accrued interest	10,210	
Amortization of bond discount, premium, and issuance costs	<u>(10,497)</u>	659,713

Some expenses (changes in 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.

Change in other post-employment benefits	(43,149)	
Change in compensated absences	<u>11,224</u>	(31,925)

The net gain of the Internal Service funds reported with governmental activities 143,261

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 522,098**

CITY OF WASECA, MINNESOTA**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL**

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
REVENUES				
Taxes	\$ 3,428,863	\$ 3,428,863	\$ 3,223,132	\$ (205,731)
Licenses	42,600	42,600	34,869	(7,731)
Permits and fees	103,800	103,800	84,736	(19,064)
Intergovernmental	2,541,424	2,541,424	2,643,746	102,322
Charges for services	25,300	25,300	28,763	3,463
Fines and forfeitures	32,000	32,000	35,581	3,581
Contributions	5,000	5,000	2,200	(2,800)
Miscellaneous	132,746	132,746	131,008	(1,738)
Total revenues	<u>6,311,733</u>	<u>6,311,733</u>	<u>6,184,035</u>	<u>(127,698)</u>
EXPENDITURES				
Current:				
General government				
Legislative	159,825	159,825	148,586	11,239
Administration	338,012	335,769	305,055	30,714
Elections	17,759	20,002	20,002	-
Finance	365,618	365,618	302,437	63,181
Legal	98,220	98,220	79,490	18,730
Buildings and grounds	111,400	111,400	95,924	15,476
Community development	224,174	224,174	183,739	40,435
Total general government	<u>1,315,008</u>	<u>1,315,008</u>	<u>1,135,233</u>	<u>179,775</u>
Public safety				
Police department	1,616,507	1,616,507	1,454,912	161,595
Community services	40,211	40,211	26,828	13,383
Fire department	369,398	369,398	350,465	18,933
Civil defense	3,000	3,000	390	2,610
Building inspections	111,738	111,738	106,650	5,088
Total public safety	<u>2,140,854</u>	<u>2,140,854</u>	<u>1,939,245</u>	<u>201,609</u>
Streets and highways				
Engineering	348,140	348,140	312,149	35,991
Street maintenance	749,525	650,955	660,297	(9,342)
Snow removal	119,612	218,182	221,921	(3,739)
Surface water management	99,768	99,768	42,169	57,599
Street lighting	81,000	81,000	83,791	(2,791)
Traffic signs	38,782	38,782	28,007	10,775
Total streets and highways	<u>1,436,827</u>	<u>1,436,827</u>	<u>1,348,334</u>	<u>88,493</u>
Sanitation				
Street Cleaning	<u>45,840</u>	<u>45,840</u>	<u>36,085</u>	<u>9,755</u>
Cultural and recreation				
Recreation	121,000	121,000	107,798	13,202
Park maintenance	456,346	456,346	419,619	36,727
Library	182,976	182,976	182,642	334
Total culture and recreation	<u>760,322</u>	<u>760,322</u>	<u>710,059</u>	<u>50,263</u>

CITY OF WASECA, MINNESOTA**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****BUDGET AND ACTUAL (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2010

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
				Positive (Negative)
Other				
Other services	256,996	256,996	211,363	45,633
Capital outlay				
General government	-	-	291,458	(291,458)
Total expenditures	5,955,847	5,955,847	5,671,777	284,070
Excess of revenues over expenditures	355,886	355,886	512,258	156,372
OTHER FINANCING SOURCES (USES)				
Transfers in	632,918	632,918	632,918	-
Transfers out	(1,216,668)	(1,216,668)	(1,216,668)	-
Total other financing sources (uses)	(583,750)	(583,750)	(583,750)	-
Net change in fund balances	(227,864)	(227,864)	(71,492)	156,372
Fund balances - beginning	2,697,264	2,697,264	2,697,264	-
Fund balances - ending	<u>\$ 2,469,400</u>	<u>\$ 2,469,400</u>	<u>\$ 2,625,772</u>	<u>\$ 2,625,772</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, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 2,312,193	\$ 3,485,764	\$ 2,012,674	\$ 7,810,631	\$ 391,109
Restricted cash and cash equivalents:					
Customer Deposits	-	-	150,936	150,936	-
Accounts receivable	152,776	306,783	1,124,842	1,584,401	-
Utility receivable	6,326	4,217	-	10,543	-
Assessments receivable	96,811	93,367	-	190,178	-
Due from other governments	-	29,707	-	29,707	-
Inventories	-	-	48,168	48,168	-
Total current assets	<u>2,568,106</u>	<u>3,919,838</u>	<u>3,336,620</u>	<u>9,824,564</u>	<u>391,109</u>
Noncurrent assets:					
Capital assets:					
Land	10,585	28,500	88,130	127,215	-
Buildings	163,011	2,697,728	477,225	3,337,964	-
Improvements	9,308,751	10,198,742	8,569,847	28,077,340	-
Construction in progress	34,508	13,807,197	102,823	13,944,528	-
Machinery and equipment	526,587	5,595,403	1,198,491	7,320,481	-
Less accumulated depreciation	(5,565,920)	(8,817,822)	(6,913,910)	(21,297,652)	-
Total capital assets (net of accumulated depreciation)	<u>4,477,522</u>	<u>23,509,748</u>	<u>3,522,606</u>	<u>31,509,876</u>	<u>-</u>
Other assets:					
Service territory (net of amortization)	-	-	223,631	223,631	-
Deferred bond issuance costs	4,202	36,892	-	41,094	-
Total other assets	<u>4,202</u>	<u>36,892</u>	<u>223,631</u>	<u>264,725</u>	<u>-</u>
Total noncurrent assets	<u>4,481,724</u>	<u>23,546,640</u>	<u>3,746,237</u>	<u>31,774,601</u>	<u>-</u>
Total assets	<u>\$ 7,049,830</u>	<u>\$ 27,466,478</u>	<u>\$ 7,082,857</u>	<u>\$ 41,599,165</u>	<u>\$ 391,109</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 21,153	\$ 606,664	\$ 502,709	\$ 1,130,526	\$ 48,843
Accrued wages payable	3,568	4,423	7,028	15,019	1,393
Accrued interest payable	17,616	93,895	-	111,511	-
Customer deposits payable	-	-	150,936	150,936	-
Revenue notes payable	-	381,000	-	381,000	-
Revenue bonds payable	130,000	240,000	-	370,000	-
Unearned revenue - utility	6,326	4,217	-	10,543	-
Total current liabilities	<u>178,663</u>	<u>1,330,199</u>	<u>660,673</u>	<u>2,169,535</u>	<u>50,236</u>
Noncurrent liabilities:					
Revenue notes payable	-	6,323,144	-	6,323,144	-
Revenue bonds payable	842,779	2,091,191	-	2,933,970	-
Compensated absences payable	15,672	10,569	35,192	61,433	-
Other post-employment benefits payable	5,719	17,587	18,862	42,168	-
Advance from other funds	-	-	120,000	120,000	-
Total noncurrent liabilities	<u>864,170</u>	<u>8,442,491</u>	<u>174,054</u>	<u>9,480,715</u>	<u>-</u>
Total liabilities	<u>1,042,833</u>	<u>9,772,690</u>	<u>834,727</u>	<u>11,650,250</u>	<u>50,236</u>
NET ASSETS					
Invested in capital assets, net of related debt	3,504,743	14,474,413	3,522,606	21,501,762	-
Unrestricted	2,502,254	3,219,375	2,725,524	8,447,153	340,873
Total net assets	<u>\$ 6,006,997</u>	<u>\$ 17,693,788</u>	<u>\$ 6,248,130</u>	<u>29,948,915</u>	<u>\$ 340,873</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(115,053)	
Net assets of business-type activities				<u>\$ 29,833,862</u>	

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, 2010

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
Operating revenues:					
Charges for services	\$ 1,106,678	\$ 2,035,491	\$ 7,154,418	\$ 10,296,587	\$ 542,138
Insurance reimbursement	-	-	-	-	30,994
Miscellaneous	16,950	56,756	24,973	98,679	-
Total operating revenues	<u>1,123,628</u>	<u>2,092,247</u>	<u>7,179,391</u>	<u>10,395,266</u>	<u>573,132</u>
Operating expenses:					
Power purchased	103,071	-	5,041,545	5,144,616	-
Personnel services	278,599	409,698	494,772	1,183,069	115,971
Supplies	118,451	417,436	136,654	672,541	387,082
Services and charges	97,232	370,055	190,174	657,461	3,735
Depreciation	305,119	531,342	322,427	1,158,888	-
Insurance payment	-	-	10,920	10,920	46,357
Insurance premium	-	-	-	-	229,344
Total operating expenses	<u>902,472</u>	<u>1,728,531</u>	<u>6,196,492</u>	<u>8,827,495</u>	<u>782,489</u>
Operating income (loss)	<u>221,156</u>	<u>363,716</u>	<u>982,899</u>	<u>1,567,771</u>	<u>(209,357)</u>
Nonoperating revenues (expenses):					
State grant	-	333,514	-	333,514	-
Loss on disposal of capital assets	-	(23,809)	-	(23,809)	-
Interest income	37,968	46,938	24,754	109,660	3,182
Interest expense	(42,724)	(88,162)	(444)	(131,330)	-
Agent fee	(733)	(733)	-	(1,466)	-
Amortization expense	(1,999)	(5,083)	(51,810)	(58,892)	-
Total nonoperating revenues (expenses)	<u>(7,488)</u>	<u>262,665</u>	<u>(27,500)</u>	<u>227,677</u>	<u>3,182</u>
Income (loss) before transfers	213,668	626,381	955,399	1,795,448	(206,175)
Transfers					
Transfers in	-	188,185	-	188,185	354,564
Transfers out	(58,724)	(58,724)	(515,470)	(632,918)	-
Change in net assets	154,944	755,842	439,929	1,350,715	148,389
Total net assets-beginning	<u>5,852,053</u>	<u>16,937,946</u>	<u>5,808,201</u>		<u>192,484</u>
Total net assets-ending	<u>\$ 6,006,997</u>	<u>\$ 17,693,788</u>	<u>\$ 6,248,130</u>		<u>\$ 340,873</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				5,128	
Change in Net assets of business-type activities				<u>\$ 1,355,843</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, 2010

	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	\$ 1,163,679	\$ 2,142,685	\$ 7,139,490	\$ 10,445,854	\$ -
Cash received from other funds and reimbursements	-	-	-	-	573,132
Cash payments to suppliers	(343,232)	(2,201,469)	(5,369,731)	(7,914,432)	-
Cash payments to employees	(275,027)	(409,330)	(489,526)	(1,173,883)	(115,707)
Cash payments for interfund services used	-	-	-	-	(706,027)
Net cash provided (used) by operating activities	545,420	(468,114)	1,280,233	1,357,539	(248,602)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State grant	-	29,707	-	29,707	-
Transfers from other funds	-	188,185	-	188,185	354,564
Transfers to other funds	(58,724)	(58,724)	(515,470)	(632,918)	-
Net cash provided (used) by noncapital financing activities	(58,724)	159,168	(515,470)	(415,026)	354,564
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
State grant	-	1,558,303	-	1,558,303	-
Proceeds from notes issued	-	6,693,480	-	6,693,480	-
Principal paid on bonds	(125,000)	(230,000)	-	(355,000)	-
Principal paid on notes	-	(370,499)	-	(370,499)	-
Acquisition of capital assets	(137,849)	(6,937,925)	(220,292)	(7,296,066)	-
Agent fee	(733)	(733)	-	(1,466)	-
Interest expense	(44,699)	(38,566)	(444)	(83,709)	-
Net cash used by capital and related financing activities	(308,281)	674,060	(220,736)	145,043	-
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	37,968	46,938	24,754	109,660	3,182
Net cash provided by investing activities	37,968	46,938	24,754	109,660	3,182
Net increase (decrease) in cash and cash equivalents	216,383	412,052	568,781	1,197,216	109,144
Cash and cash equivalents, January 1	2,095,810	3,073,712	1,443,893	6,613,415	281,965
Cash and cash equivalents, December 31	\$ 2,312,193	\$ 3,485,764	\$ 2,012,674	\$ 7,810,631	\$ 391,109
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 221,156	\$ 363,716	\$ 982,899	\$ 1,567,771	\$ (209,357)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	305,119	531,342	322,427	1,158,888	-
Change in assets and liabilities					
(Increase) decrease in accounts receivable	18,353	27,194	(39,901)	5,646	-
Increase in utility receivable	(302)	(201)	-	(503)	-
Decrease in assessment receivable	21,698	23,244	-	44,942	-
Increase in due from other governments	-	(29,707)	-	(29,707)	-
Increase in inventory	-	-	(28,843)	(28,843)	-
Increase (decrease) in accounts payable	(24,478)	(1,384,271)	38,405	(1,370,344)	(39,509)
Increase in accrued wages payable	315	599	1,945	2,859	264
Increase (decrease) in compensated absences payable	1,834	(6,464)	(2,096)	(6,726)	-
Increase in OPEB payable	1,423	6,233	5,397	13,053	-
Increase in unearned revenue - utility	302	201	-	503	-
Total adjustments	324,264	(831,830)	297,334	(210,232)	(39,245)
Net cash provided (used) by operating activities	\$ 545,420	\$ (468,114)	\$ 1,280,233	\$ 1,357,539	\$ (248,602)
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	-

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

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WASECA
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

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. The Economic Development Authority does not issue separate financial statements.

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 fund types. 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 after 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.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues and expenses of the City's Enterprise funds and Internal Service funds are charges to customers for sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non- operating revenues and expenses.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

Cash balances from all funds are pooled and invested to the extent available in certificates of deposit as authorized by resolution of the City Council. Earnings from investments are allocated monthly to each fund based on month end balances of cash and investments. Investments for the City, as well as for its component units, are reported at fair value.

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. Interest incurred during the construction phase of capital assets of business-type activities, if material, is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the City during the current fiscal year was 228,474. Of this amount, \$97,144 was included as part of the cost of capital assets under construction with the Wastewater Treatment System.

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 Distributions 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 and Net Assets

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. Net assets represent the difference between assets and liabilities in the entity-wide financial statements. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Net assets are reported as restricted in the entity-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws, or regulations of other governments

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	\$ (4,985,000)
Compensated absences payable	(227,696)
Total difference	<u>\$ (5,212,696)</u>
Bond issuance costs	\$ 74,983
Bond discounts	18,716
Bond premiums	(661)
Total difference	<u>\$ 93,038</u>
Accrued interest payable	<u>\$ (81,461)</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	\$ 652,386
Deferred Revenue - Delinquent taxes	106,042
Deferred Revenue - Loans receivable	120,611
	<u>\$ 879,039</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, 2010 SCDP Grant, 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 fund, function and department 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.

The City's budgets may be amended or modified at any time by the City Council. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level. Management cannot amend the adopted budget, but must request the City Council to transfer funds between funds or departments or adopt supplemental appropriations when the need arises. There were no supplemental appropriations in 2010.

B. Excess of Expenditures Over Appropriations

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Special Revenue Funds			
2010 SCDP Grant Fund	\$ -	\$ 44,841	\$ 44,841
Airport Fund	75,000	158,002	83,002
Police Separation	3,000	3,100	100
Police Reserve Fund	5,000	5,095	95
Police Crime Victims Fund	40,493	49,274	8,781
Police Forfeiture Fund	1,000	9,179	8,179

The Airport Fund expenditures exceeded budget by \$83,002 which was offset entirely by a Federal grant for capital improvements. The Police Separation Fund and Police Reserve Fund exceeded budgeted expenses by \$100 and \$95, respectively, and fund balance was sufficient to cover this overage.

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 for 2010.

The Police Forfeitures fund was developed 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 \$15,179 in 2010.

The 2010 SDCP Grant fund accounts for the 2010 Small Cities Development Grant activity related to the City's low income housing rehabilitation program. Grant revenue was sufficient to cover 2010 expenses.

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, 2010. At year end, the carrying amount of the City's deposits was \$15,136,128 and the bank balance was \$16,431,570. Of the total bank balance, the FDIC covered \$750,200. The remainder was covered by collateral with a value of \$18,835,276.

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

Certificates of Deposits	\$ 300,000
Savings Account	14,553,262
Checking Account	281,766
Petty Cash and Change Funds	1,100
Total cash, cash equivalents, and investments	<u>15,136,128</u>
Cash and cash equivalents - governmental activities	\$ 6,682,335
Investments - governmental activities	300,000
Cash and cash equivalents - business-type activities	7,810,631
Customer deposits	150,936
Cash and cash equivalents - component unit	192,226
	<u>\$ 15,136,128</u>

Interest Rate Risk: The City's investment policy states that the City will minimize the risk that the fair 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 \$106,042, \$652,386 and \$120,611, respectively.

C. Capital Assets

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

	Beginning Balances	Increases	Adjustments	Decreases	Ending Balances
Capital assets not being depreciated					
Land	\$ 1,281,538	\$ 131,157	\$ -	\$ -	\$ 1,412,695
Construction in progress	464,644	88,740	-	458,653	94,731
Total capital assets not being depreciated	1,746,182	219,897	-	458,653	1,507,426
Depreciable capital assets:					
Buildings	3,319,002	160,302	-	-	3,479,304
Improvements other than buildings	7,179,671	-	-	48,288	7,131,383
Equipment	4,620,865	271,173	10,000	47,937	4,854,101
Infrastructure	30,796,549	919,662	-	-	31,716,211
Total depreciable capital assets	45,916,087	1,351,137	10,000	96,225	47,180,999
Accumulated depreciation					
Buildings	1,531,776	75,242	-	-	1,607,018
Improvements other than buildings	2,454,139	205,134	-	48,288	2,610,985
Equipment	2,535,348	255,762	4,000	40,911	2,754,199
Infrastructure	13,164,667	884,611	-	-	14,049,278
Total accumulated depreciation	19,685,930	1,420,749	4,000	89,199	21,021,480
Total capital assets being depreciated, net	26,230,157	(69,612)	6,000	7,026	26,159,519
Governmental activities capital assets, net	\$ 27,976,339	\$ 150,285	\$ 6,000	\$ 465,679	\$ 27,666,945

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

General Government	\$ 90,484
Public Safety	88,355
Streets and Highways	957,261
Culture and Recreation	284,649
Total depreciation for governmental activities	<u>\$ 1,420,749</u>

Capital asset activity for business-type activities for the year ended December 31, 2010 was as follows:

	Beginning Balances	Increases	Adjustments	Decreases	Ending Balances
Capital assets not being depreciated					
Land	\$ 127,215	\$ -	\$ -	\$ -	\$ 127,215
Construction in progress	6,982,498	7,298,675	-	336,645	13,944,528
Total capital assets not being depreciated	<u>7,109,713</u>	<u>7,298,675</u>	<u>-</u>	<u>336,645</u>	<u>14,071,743</u>
Depreciable capital assets:					
Buildings	3,330,202	7,762	-	-	3,337,964
Improvements other than buildings	27,784,929	292,411	-	-	28,077,340
Equipment	7,330,737	29,895	17,006	57,157	7,320,481
Total depreciable capital assets	<u>38,445,868</u>	<u>330,068</u>	<u>17,006</u>	<u>57,157</u>	<u>38,735,785</u>
Accumulated depreciation					
Buildings	1,215,088	50,900	-	-	1,265,988
Improvements other than buildings	14,970,733	813,017	-	-	15,783,750
Equipment	3,973,253	294,971	11,957	32,267	4,247,914
Total accumulated depreciation	<u>20,159,074</u>	<u>1,158,888</u>	<u>11,957</u>	<u>32,267</u>	<u>21,297,652</u>
Total capital assets being depreciated, net	<u>18,286,794</u>	<u>(828,820)</u>	<u>5,049</u>	<u>24,890</u>	<u>17,438,133</u>
Business-type activities capital assets, net	<u>\$ 25,396,507</u>	<u>\$ 6,469,855</u>	<u>\$ 5,049</u>	<u>\$ 361,535</u>	<u>\$ 31,509,876</u>

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

Water	\$ 305,119
Sewer	531,342
Electric	322,427
Total depreciation for business-type activities	<u>\$ 1,158,888</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 2011 revenue flow provides for costs.

The composition of interfund balances as of December 31, 2010, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	<u>\$ 2,800</u>

Advances to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Electric Fund	<u>\$ 120,000</u>

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, 2010:

Transfers Out	Transfers In					
	General Fund (1)(2)	CIP Fund (3)	Non-Major Governmental Funds (4)(5)(6)	Sewer Fund (7)	Internal Service Funds (8)	Total
General Fund	\$ -	\$ 500,000	\$ 173,919	\$ 188,185	\$ 354,564	\$ 1,216,668
Non-major governmental funds	-	-	103,674	-	-	103,674
Water Fund	58,724	-	-	-	-	58,724
Sewer Fund	58,724	-	-	-	-	58,724
Electric Fund	515,470	-	-	-	-	515,470
Total	\$ 632,918	\$ 500,000	\$ 277,593	\$ 188,185	\$ 354,564	\$ 1,953,260

Transfers were used for the following:

- (1) Transfer from Utilities for administrative and overhead costs of the General Fund
- (2) Transfer from Electric Fund for franchise fee
- (3) Transfer from the General Fund to the CIP Fund to provide funding for street maintenance
- (4) Cities required contribution for the Fire Relief Association
- (5) To close out the Water Park Construction Fund into the Water Park Special Revenue Fund
- (6) To provide funding for debt service payments related to TIF 23 and NW Construction Site
- (7) Transfer to the Sewer Fund to provide funding for the Public Facilities Authority loan (30% levy funded)
- (8) Transfer to the Equipment Replacement Fund to provide funding for various equipment in accordance with the City's approved equipment replacement schedule.

E. Other Assets

Other assets within the Governmental and Enterprise funds for December 31, 2010 are as follows:

	General	Water	Sewer	Electric	Total
Deferred Bond Issuance Costs (Net of amortization)	\$ 74,983	\$ 4,202	\$ 36,892	\$ -	\$ 116,077
Service Territory (Net of amortization)	-	-	-	223,631	223,631
Total Other Assets	\$ 74,983	\$ 4,202	\$ 36,892	\$ 223,631	\$ 339,708

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 12/31/2010
General Obligation Series 2005D	\$ 1,035,000	2005-2016	3.71%	\$ 665,000

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

Year	Governmental Activities	
	Principal	Interest
2011	\$ 120,000	\$ 22,382
2012	125,000	18,095
2013	130,000	13,470
2014	135,000	8,501
2015	75,000	4,545
2016	80,000	1,560
	<u>\$ 665,000</u>	<u>\$ 68,553</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:

	Original Amount	Maturities	Rates	Balance at 12/31/2010
General Obligation Tax Increment Series 2005E	\$ 1,100,000	2005-2026	4.25%	\$ 1,015,000

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

Year	Governmental Activities	
	Principal	Interest
2011	\$ 35,000	\$ 41,393
2012	35,000	39,993
2013	45,000	38,393
2014	50,000	36,493
2015	50,000	34,492
2016-2020	290,000	140,263
2021-2025	415,000	67,056
2026	95,000	2,078
	<u>\$ 1,015,000</u>	<u>\$ 400,161</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:

	Original Amount	Maturities	Rates	Balance at 12/31/2010
General Obligation State Aid Street Bonds Series 2005B	\$ 805,000	2005-2015	3.65%	\$ 400,000

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

Year	Governmental Activities	
	Principal	Interest
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>\$ 400,000</u>	<u>\$ 36,700</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:

	Original Amount	Maturities	Rates	Balance at 12/31/2010
General Obligation Aquatic Center Bonds Series 2006A	\$ 2,040,000	2006-2027	4.34%	\$ 1,860,000

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

Year	Governmental Activities	
	Principal	Interest
2011	80,000	76,885
2012	80,000	73,685
2013	85,000	70,385
2014	85,000	66,985
2015	90,000	63,440
2016-2020	515,000	256,148
2021-2025	630,000	136,015
2026-2027	295,000	13,090
	<u>\$ 1,860,000</u>	<u>\$ 756,633</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. Three special assessment bond issues with a total original issue amount of \$3,100,000 are currently outstanding as follows:

Permanent Improvement Bonds	Original Amount	Maturities	Rates	Balance at 12/31/2010
Series 2000A	\$ 750,000	2000-2011	4.97%	\$ 80,000
Series 2001A	935,000	2001-2013	4.68%	295,000
Series 2004A	1,415,000	2004-2015	5.08%	670,000
Total	<u>\$ 3,100,000</u>			<u>\$ 1,045,000</u>

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

Year	Governmental Activities	
	Principal	Interest
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>\$ 1,045,000</u>	<u>\$ 97,390</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 12/31/2010
Revenue Bonds Series 2001B	\$ 1,270,000	2001-2017	4.46%	\$ 705,000
Revenue Refunding Bonds of 2004B	1,900,000	2004-2016	3.58%	1,215,000
Revenue Bonds Series 2005A	1,760,000	2005-2026	4.18%	1,400,000
Total	<u>\$ 4,930,000</u>			<u>\$ 3,320,000</u>

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

Year	Business-Type Activities	
	Principal	Interest
2011	\$ 370,000	\$ 126,694
2012	375,000	113,192
2013	395,000	98,521
2014	410,000	82,628
2015	430,000	65,680
2016-2020	825,000	162,209
2021-2025	420,000	67,581
2026	95,000	2,078
	<u>\$ 3,320,000</u>	<u>\$ 718,583</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	Rates	Balance at 12/31/2010
General Obligation Wastewater Revenue Note Series 2009A	\$ 7,074,633	2010-2029	2.63%	\$ 6,704,144

As of December 31, 2010, only \$7,074,633 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
2011	\$ 381,000	\$ 173,429
2012	391,000	232,542
2013	401,000	222,270
2014	412,000	211,736
2015	422,000	200,913
2016-2020	2,286,000	832,129
2021-2025	2,602,000	515,680
2026-2029	2,338,000	155,518
	<u>\$ 9,233,000</u>	<u>\$ 2,544,217</u>
Less: undisbursed loan commitments	(2,528,856)	
	<u>\$ 6,704,144</u>	

8. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 780,000	\$ -	\$ (115,000)	\$ 665,000	\$ 120,000
Less: bond discount	(1,286)	-	188	(1,098)	-
GO Tax Increment bonds	1,045,000	-	(30,000)	1,015,000	35,000
Less: bond discount	(7,685)	-	475	(7,210)	-
GO State Aid Street bonds	480,000	-	(80,000)	400,000	80,000
Less: bond discount	(4,723)	-	885	(3,838)	-
GO Aquatic Center bonds	1,935,000	-	(75,000)	1,860,000	80,000
Less: bond discount	(2,907)	-	170	(2,737)	-
Special Assessment bonds	1,405,000	-	(360,000)	1,045,000	315,000
Plus: bond premium	806	-	(145)	661	-
Less: bond discount	(4,669)	-	836	(3,833)	-
Other post-employment benefits	104,264	43,149	-	147,413	-
Compensated absences	238,921	243,471	(254,696)	227,696	154,539
Long term liabilities	<u>\$ 5,967,721</u>	<u>\$ 286,620</u>	<u>\$ (912,287)</u>	<u>\$ 5,342,054</u>	<u>\$ 784,539</u>
Business-type activities					
Bonds payable					
Revenue bonds	\$ 3,675,000	\$ -	\$ (355,000)	\$ 3,320,000	\$ 370,000
Less: bond discount	(18,456)	-	2,426	(16,030)	-
GO Revenue notes	381,163	6,693,480	(370,499)	6,704,144	381,000
Other post-employment benefits	29,115	13,053	-	42,168	-
Compensated absences	68,159	58,316	(65,042)	61,433	33,405
Long term liabilities	<u>\$ 4,134,981</u>	<u>\$ 6,764,849</u>	<u>\$ (788,115)</u>	<u>\$ 10,111,715</u>	<u>\$ 784,405</u>

For the governmental activities, compensated absences and the net other post-employment benefit obligation are generally liquidated by the General fund.

G. Designated Unreserved Fund Balance

Fund balances of various funds at December 31, 2010 have been designated for the following purposes:

General Fund

Unreserved and designated for:

Equipment Replacement and Future Operations \$ 2,505,772

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 2010, the amount of support provided to the library system by the City was \$182,642.

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, 2010 is presented as follows:

Total Revenues	\$ 769,753
Total Expenditures	<u>767,989</u>
Change in Net Assets	1,764
Net Assets, January 1, 2010	<u>674,009</u>
Net Assets, December 31, 2010	<u>\$ 675,773</u>
Total Assets	<u>\$ 726,473</u>
Total Liabilities	<u>\$ 50,700</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 (SMMMPA), a municipal corporation of the State of Minnesota formed under Statutes Chapter 453. SMMMPA, 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, SMMMPA 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 April 1, 2030.

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.

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any instances of noncompliance which would have a material effect on the financial statements

E. Construction Commitment

The City has entered into several construction contracts for improvements to the wastewater treatment system. The estimated costs to completion of the \$16 million project are \$2.2 million as of December 31, 2010. Accounts payable at December 31, 2010 include \$569,267 in contracts and retainages payable.

F. Pension Plans

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****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 General Employees Retirement Fund, the Public Employees Police and Fire Fund, which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

General Employees Retirement Fund 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 Public Employees Police and Fire Fund.

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 receives 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 year thereafter. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years of service 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 GERF 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 Public Employees Retirement Fund and Public Employees Police and Fire Fund. 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.

Funding Policy

Pension benefits are funded from member and employer contributions and income from investment of fund assets. Rates for employer and employee contributions are set by Minnesota Statute, Chapter 353. These statutes are established and amended by the State Legislature. The City of Waseca makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1 and 6.0 percent, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.4 percent in 2010.

The City of Waseca was required to contribute the following percentages of annual covered payroll in 2010:

GERF	
Basic Plan members	11.78 %
Coordinated Plan members	7.00 %
PEPFF	14.10 %

The City of Waseca's contributions for the years ending December 31, 2010, 2009, and 2008, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2010</u>	<u>2009</u>	<u>2008</u>
General Employees Retirement Fund	\$ 159,882	\$ 157,269	\$ 166,990
Public Employees Police and Fire Fund	134,763	135,273	131,204

These contribution amounts are 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 5.0 percent of salary which is matched by the elected official's employer. Employees may elect to make member contributions in an amount not to exceed the employer share. Employee and employer 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 2.00 percent of employer contributions and .25 percent of the assets in each member's account annually.

Total contributions by dollar amount and percentage of covered payroll made by the City of Waseca during fiscal year ended December 31, 2010, were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 2,198	\$ 2,198
Percentage of Covered Payroll	5.00%	5.00%

Required contribution rates were 5.00 percent.

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. On-behalf payments of fringe benefits and salaries for the government's employees were recognized as revenues and expenditures/expenses during the period.

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 on a level dollar closed basis. The contribution required from the City for the year ended December 31, 2010 was \$75,657. The City contributed \$75,657 in 2010 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 \$48,422 and remitted Fire Aid in the amount of \$48,422 in 2010.

The Required Supplementary Information providing a three-year history of Funding Progress is on page 68.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the year ended December 31, 2010 were as follows:

Annual Required Contribution	\$ 75,657
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	<u>48,422</u>
Annual Pension Cost	124,079
Contributions Made	<u>124,079</u>
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation - Beginning of Year	-
Net Pension Obligation - End of Year	<u>\$ -</u>

The annual required contribution for the current year was determined as part of December 31, 2010 actuarial valuation using the entry age actuarial cost method on a closed basis. The significant actuarial assumptions included: (a) 5% investments rate of return; and (b) age and service retirement was assumed to occur at age 50. Actuarial assumptions for projected salary increases, inflation rate, and cost of living adjustments were not applicable to this calculation. 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, 2010, 2009 and 2008 are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2008	\$ 54,426	100.0%	\$ -
12/31/2009	54,399	100.0%	-
12/31/2010	124,079	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
12/31/2008	1,098,133	1,541,112	(442,979)	71.3%	3,100
12/31/2009	1,007,770	1,356,375	(348,605)	74.3%	3,100
12/31/2010	1,094,553	1,325,952	(231,399)	82.5%	3,100

G. 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 2010 were \$26,341. 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 currently three 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).

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.

	Plan 1	Plan 2
Single	\$ 378.00	\$ 454.50
Married	1,176.50	1,415.50

Participants

1.	Active Employees	61
2.	Covered retirees, beneficiaries and disabled	5
3.	Total	<u>66</u>

Annual OPEB Costs and Net OPEB Obligation

The City's last actuarial valuation was performed for the plan on January 1, 2008 to determine the funded status of the plan as well as the employer's annual required contribution (ARC) for the fiscal year ended December 31, 2010. The City's annual OPEB cost (expense) was \$101,667. The transition liability was set at zero as of January 1, 2008. The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Implicit Rate	Cumulative Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
2008	\$ 103,970	(25,757)	(4,168)	\$ 74,045	24.8%
2009	102,815	(27,178)	(16,303)	133,379	26.4%
2010	101,667	(26,341)	(19,124)	189,581	25.9%

The net OPEB obligation (NOPEBO) as of December 31, 2010, was calculated as follows:

Annual Required Contribution	\$ 103,970
Interest on Net OPEB Obligation	5,335
Adjustment to ARC	<u>(7,638)</u>
Annual OPEB Cost	101,667
Contributions made	(26,341)
Implicit rate	<u>(19,124)</u>
Increase in Net OPEB Obligation	56,202
Net OPEB Obligation Beginning of Year	<u>133,379</u>
Net OPEB Obligation End of Year	\$ 189,581

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2008 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	930,002
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	930,002
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	3,699,000
UAAL as a percentage of covered payroll	25.14%

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 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.

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.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members up to that date. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with long-term perspective of the calculations.

In the January 1, 2008 actuarial valuation the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses). The actuarial assumptions also included a current year healthcare cost trend rate of 10% in 2008 grading to 5% over 10 years. It is assumed that 55% of active participants continue coverage until age 65. Participants are assumed to continue in their current coverage type (single or family). Retirement age is considered the latest of age 60, plan eligibility or current age. Life expectancy is based on the 2000 United States Life Tables for Males and Females at the National Center for Health Statistics website. 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. The actuarial value of assets was not determined as the City has not advance funded its obligations. The plan's unfunded actuarial accrued liability is being amortized as a level amount of projected payroll on a closed basis over a period of 30 years. The Monthly retiree medical costs per person were estimated to be \$705.58 and \$601.17 under plans 1 and 2 respectively.

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, 2010.

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, 2010.

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, 2010 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, the Huebert property, and the Cunningham, Lierman, Cole Estate. The balance at year-end consists of:

Land	\$ 222,916
Capitalized interest	46,987
Special assessments	<u>96,082</u>
Total	<u><u>\$ 365,985</u></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**

REQUIRED SUPPLEMENTARY INFORMATION

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City of Waseca, Minnesota
Schedule of Funding Progress for Postemployment Benefit Plan
December 31, 2010

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
December 31, 2010**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
12/31/2010	\$ 1,094,553	\$ 1,325,952	\$ (231,399)	82.5%
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%

COMBINING STATEMENTS

NONMAJOR FUNDS

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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.

2010 SCDP Grant – This fund accounts for the 2010 Small Cities Development Grant activity used for the City's housing rehabilitation program.

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, 2010

	Other Governmental Funds			
	2010			
	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 788,330	\$ 58,552	\$ 1,522,216	\$ 2,369,098
Taxes receivable	4,144	7,904	-	12,048
Mobile home taxes receivable	-	312	-	312
Accounts receivable	15,177	-	81	15,258
Assessments receivable	-	-	244,014	244,014
Loans receivable	123,611	-	-	123,611
Due from other governments	115,015	-	-	115,015
Land held for resale	-	-	960,467	960,467
Total assets	<u>\$ 1,046,277</u>	<u>\$ 66,768</u>	<u>\$ 2,726,778</u>	<u>\$ 3,839,823</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 94,228	\$ -	\$ -	\$ 94,228
Accrued wages	1,183	-	-	1,183
Deferred revenue	124,755	7,232	244,014	376,001
Due to other funds	2,800	-	-	2,800
Total liabilities	<u>222,966</u>	<u>7,232</u>	<u>244,014</u>	<u>474,212</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	820,311	-	-	820,311
Debt service funds	-	59,536	-	59,536
Capital projects funds	-	-	1,522,297	1,522,297
Total fund balances	<u>823,311</u>	<u>59,536</u>	<u>2,482,764</u>	<u>3,365,611</u>
Total liabilities and fund balances	<u>\$ 1,046,277</u>	<u>\$ 66,768</u>	<u>\$ 2,726,778</u>	<u>\$ 3,839,823</u>

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

	Other Governmental Funds			
	2010			
	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property taxes	\$ 237,501	\$ 202,915	\$ -	\$ 440,416
Fines and forfeitures	15,895	-	-	15,895
Intergovernmental	248,007	95,540	73,673	417,220
Assessments	-	-	107,319	107,319
Program income	238,020	-	-	238,020
Contributions	33,150	-	-	33,150
Interest	-	-	5,868	5,868
Miscellaneous	66,707	280	20,535	87,522
Total revenues	<u>839,280</u>	<u>298,735</u>	<u>207,395</u>	<u>1,345,410</u>
EXPENDITURES				
Current:				
Public safety	190,727	-	-	190,727
Streets and highways	-	-	3,035	3,035
Culture and recreation	189,456	-	-	189,456
Economic development	160,391	-	-	160,391
Airport	73,084	-	-	73,084
Debt service:				
Bond principal	-	300,000	-	300,000
Interest and fiscal charges	-	167,152	-	167,152
Capital outlay				
Airport	84,918	-	-	84,918
Total expenditures	<u>698,576</u>	<u>467,152</u>	<u>3,035</u>	<u>1,168,763</u>
Excess (deficiency) of revenues over (under) expenditures	<u>140,704</u>	<u>(168,417)</u>	<u>204,360</u>	<u>176,647</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	105,438	172,155	-	277,593
Transfers to other funds	(76,393)	-	(27,281)	(103,674)
Total other financing sources (uses)	<u>29,045</u>	<u>172,155</u>	<u>(27,281)</u>	<u>173,919</u>
Net change in fund balances	169,749	3,738	177,079	350,566
Fund balances - beginning	653,562	55,798	2,305,685	3,015,045
Fund balances - ending	<u>\$ 823,311</u>	<u>\$ 59,536</u>	<u>\$ 2,482,764</u>	<u>\$ 3,365,611</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2010

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	TIF Funds	Airport	Waseca Water Park Fund	Waseca Housing Fund
ASSETS							
Cash and cash equivalents	\$ 227,371	\$ 78,161	\$ -	\$ 185,216	101,936	\$ 16,810	\$ 119,756
Taxes receivable	-	-	-	4,144	-	-	-
Accounts receivable	-	-	2,800	-	-	585	-
Loans receivable	120,611	-	-	-	-	-	3,000
Due from other governments	-	-	3,046	-	111,969	-	-
Total assets	<u>\$ 347,982</u>	<u>\$ 78,161</u>	<u>\$ 5,846</u>	<u>\$ 189,360</u>	<u>213,905</u>	<u>\$ 17,395</u>	<u>\$ 122,756</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ -	\$ 3,046	\$ 37,621	51,215	\$ 2,286	\$ -
Accrued wages	-	-	-	-	-	702	-
Deferred revenue	120,611	-	-	4,144	-	-	-
Due to other funds	-	-	2,800	-	-	-	-
Total liabilities	<u>120,611</u>	<u>-</u>	<u>5,846</u>	<u>41,765</u>	<u>51,215</u>	<u>2,988</u>	<u>-</u>
Fund balances:							
Reserved for:							
Loans	-	-	-	-	-	-	3,000
Unreserved, undesignated	227,371	78,161	-	147,595	162,690	14,407	119,756
Total fund balances	<u>227,371</u>	<u>78,161</u>	<u>-</u>	<u>147,595</u>	<u>162,690</u>	<u>14,407</u>	<u>122,756</u>
Total liabilities and fund balances	<u>\$ 347,982</u>	<u>\$ 78,161</u>	<u>\$ 5,846</u>	<u>\$ 189,360</u>	<u>213,905</u>	<u>\$ 17,395</u>	<u>\$ 122,756</u>

Special Revenue							
Historical Preservation Fund	Police Separation Fund	Police Reserves Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Fire Relief Fund	Total
\$ 3,499	\$ 10,139	\$ 2,753	\$ 566	\$ 3,886	\$ 38,237	\$ -	\$ 788,330
-	-	-	-	-	-	-	4,144
-	-	310	-	11,482	-	-	15,177
-	-	-	-	-	-	-	123,611
-	-	-	-	-	-	-	115,015
<u>\$ 3,499</u>	<u>\$ 10,139</u>	<u>\$ 3,063</u>	<u>\$ 566</u>	<u>\$ 15,368</u>	<u>\$ 38,237</u>	<u>\$ -</u>	<u>\$ 1,046,277</u>
\$ -	\$ -	\$ 60	\$ -	\$ -	\$ -	\$ -	\$ 94,228
-	-	-	-	481	-	-	1,183
-	-	-	-	-	-	-	124,755
-	-	-	-	-	-	-	2,800
<u>-</u>	<u>-</u>	<u>60</u>	<u>-</u>	<u>481</u>	<u>-</u>	<u>-</u>	<u>222,966</u>
-	-	-	-	-	-	-	3,000
3,499	10,139	3,003	566	14,887	38,237	-	820,311
3,499	10,139	3,003	566	14,887	38,237	-	823,311
<u>\$ 3,499</u>	<u>\$ 10,139</u>	<u>\$ 3,063</u>	<u>\$ 566</u>	<u>\$ 15,368</u>	<u>\$ 38,237</u>	<u>\$ -</u>	<u>\$ 1,046,277</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, 2010

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	TIF Funds	Airport	Waseca Water Park Fund	Waseca Housing Fund
REVENUES							
Property taxes	\$ -	\$ -	\$ -	237,501	\$ -	\$ -	\$ -
Fines and forfeitures	-	-	-	-	-	-	-
Intergovernmental	-	-	42,341	1,139	100,861	500	-
Program income	-	-	-	-	77,802	160,218	-
Contributions	-	-	-	-	-	15,000	13,650
Miscellaneous	27,217	30,857	-	1,263	1,783	200	1,652
Total revenues	27,217	30,857	42,341	239,903	180,446	175,918	15,302
EXPENDITURES							
Current:							
Public safety	-	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	189,456	-
Economic development	31,204	-	44,841	76,241	-	-	-
Airport	-	-	-	-	73,084	-	-
Capital outlay							
Airport	-	-	-	-	84,918	-	-
Total expenditures	31,204	-	44,841	76,241	158,002	189,456	-
Excess (deficiency) of revenues over (under) expenditures	(3,987)	30,857	(2,500)	163,662	22,444	(13,538)	15,302
OTHER FINANCING SOURCES (USES)							
Transfers from other funds	-	-	2,500	-	-	27,281	-
Transfers to other funds	-	(2,500)	-	(73,893)	-	-	-
Total other financing sources (uses)	-	(2,500)	2,500	(73,893)	-	27,281	-
Net change in fund balances	(3,987)	28,357	-	89,769	22,444	13,743	15,302
Fund balances - beginning	231,358	49,804	-	57,826	140,246	664	107,454
Fund balances - ending	\$ 227,371	\$ 78,161	-	147,595	\$ 162,690	\$ 14,407	\$ 122,756

Special Revenue							
Historical Preservation Fund	Police Separation Fund	Police Reserve Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Fire Relief Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	237,501
-	-	-	-	-	15,895	-	15,895
10,900	-	-	-	43,844	-	48,422	248,007
-	-	-	-	-	-	-	238,020
-	-	1,500	-	3,000	-	-	33,150
11	151	2,949	7	120	497	-	66,707
<u>10,911</u>	<u>151</u>	<u>4,449</u>	<u>7</u>	<u>46,964</u>	<u>16,392</u>	<u>48,422</u>	<u>839,280</u>
-	3,100	5,095	-	49,274	9,179	124,079	190,727
-	-	-	-	-	-	-	189,456
8,105	-	-	-	-	-	-	160,391
-	-	-	-	-	-	-	73,084
-	-	-	-	-	-	-	84,918
<u>8,105</u>	<u>3,100</u>	<u>5,095</u>	<u>-</u>	<u>49,274</u>	<u>9,179</u>	<u>124,079</u>	<u>698,576</u>
<u>2,806</u>	<u>(2,949)</u>	<u>(646)</u>	<u>7</u>	<u>(2,310)</u>	<u>7,213</u>	<u>(75,657)</u>	<u>140,704</u>
-	-	-	-	-	-	75,657	105,438
-	-	-	-	-	-	-	(76,393)
-	-	-	-	-	-	75,657	29,045
2,806	(2,949)	(646)	7	(2,310)	7,213	-	169,749
693	13,088	3,649	559	17,197	31,024	-	653,562
<u>\$ 3,499</u>	<u>\$ 10,139</u>	<u>\$ 3,003</u>	<u>\$ 566</u>	<u>\$ 14,887</u>	<u>\$ 38,237</u>	<u>\$ -</u>	<u>\$ 823,311</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, 2010

	EDPG Clear Lake Press		Variance With Final Budget
	<u>Budget</u>	<u>Actual</u>	
REVENUES			
Miscellaneous	\$ 4,240	\$ 27,217	\$ 22,977
EXPENDITURES			
Current:			
Economic development	50,100	31,204	18,896
Excess (deficiency) of revenues over (under) expenditures	(45,860)	(3,987)	41,873
Fund balances - beginning	231,358	231,358	-
Fund balances - ending	<u>\$ 185,498</u>	<u>\$ 227,371</u>	<u>\$ 41,873</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
2010 SCDP Special Revenue Fund
For the Year Ended December 31, 2010

	2010 SCDP Grant		Variance With Final Budget
	Budget	Actual	
REVENUES			
Intergovernmental	\$ -	\$ 42,341	\$ 42,341
EXPENDITURES			
Current:			
Economic development	-	44,841	(44,841)
Excess (deficiency) of revenues over (under) expenditures	-	(2,500)	(2,500)
OTHER FINANCING SOURCES			
Transfers from other funds	-	2,500	2,500
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

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, 2010

	TIF Funds		Variance With Final Budget
	Budget	Actual	
REVENUES			
Property taxes	\$ 235,655	\$ 237,501	\$ 1,846
Intergovernmental	-	1,139	1,139
Miscellaneous	-	1,263	1,263
Total revenues	<u>235,655</u>	<u>239,903</u>	<u>4,248</u>
EXPENDITURES			
Current:			
Economic development	<u>131,193</u>	<u>76,241</u>	<u>54,952</u>
Excess of revenues over expenditures	104,462	163,662	59,200
OTHER FINANCING USES			
Transfers to other funds	<u>(73,893)</u>	<u>(73,893)</u>	<u>-</u>
Net change in fund balances	30,569	89,769	59,200
Fund balances - beginning	<u>57,826</u>	<u>57,826</u>	<u>-</u>
Fund balances - ending	<u>\$ 88,395</u>	<u>\$ 147,595</u>	<u>\$ 59,200</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, 2010

	Airport Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 16,500	\$ 100,861	\$ 84,361
Program Income	72,000	77,802	5,802
Miscellaneous	500	1,783	1,283
Total revenues	<u>89,000</u>	<u>180,446</u>	<u>91,446</u>
EXPENDITURES			
Current:			
Airport	63,000	73,084	(10,084)
Capital outlay			
Airport	12,000	84,918	(72,918)
Total expenditures	<u>75,000</u>	<u>158,002</u>	<u>83,002</u>
Excess of revenues over expenditures	14,000	22,444	8,444
Fund balances - beginning	140,246	140,246	-
Fund balances - ending	<u>\$ 154,246</u>	<u>\$ 162,690</u>	<u>\$ 8,444</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, 2010

	Waseca Water Park Fund		Variance With Final Budget
REVENUES	Budget	Actual	
Intergovernmental	\$ -	\$ 500	\$ 500
Program income	174,000	160,218	(13,782)
Contributions	-	15,000	15,000
Miscellaneous	445	200	(245)
Total revenues	<u>174,445</u>	<u>175,918</u>	<u>1,473</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>236,735</u>	<u>189,456</u>	<u>47,279</u>
Excess (deficiency) of revenues over (under) expenditures	(62,290)	(13,538)	48,752
OTHER FINANCING SOURCES			
Transfers from other funds	<u>-</u>	<u>27,281</u>	<u>27,281</u>
Net change in fund balances	(62,290)	13,743	76,033
Fund balances - beginning	664	664	-
Fund balances - ending	<u><u>\$ (61,626)</u></u>	<u><u>\$ 14,407</u></u>	<u><u>\$ 76,033</u></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, 2010

	Waseca Housing Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Contributions	\$ 13,650	\$ 13,650	\$ -
Miscellaneous	1,000	1,652	652
Total revenues	<u>14,650</u>	<u>15,302</u>	<u>652</u>
EXPENDITURES			
Current:			
Economic development	<u>15,150</u>	<u>-</u>	<u>15,150</u>
Excess (deficiency) of revenues over (under) expenditures	(500)	15,302	15,802
Fund balances - beginning	107,454	107,454	-
Fund balances - ending	<u>\$ 106,954</u>	<u>\$ 122,756</u>	<u>\$ 15,802</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, 2010

	Police Separation Fund		Variance With
REVENUES	Budget	Actual	Final Budget
Miscellaneous	\$ 100	\$ 151	\$ 51
EXPENDITURES			
Current:			
Public safety	3,000	3,100	(100)
Deficiency of revenues under expenditures	(2,900)	(2,949)	(49)
Fund balances - beginning	13,088	13,088	-
Fund balances - ending	\$ 10,188	\$ 10,139	\$ (49)

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, 2010

	Police Reserve Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Contributions	\$ 250	\$ 1,500	\$ 1,250
Miscellaneous	4,270	2,949	(1,321)
Total revenues	<u>4,520</u>	<u>4,449</u>	<u>(71)</u>
EXPENDITURES			
Current:			
Public safety	<u>5,000</u>	<u>5,095</u>	<u>(95)</u>
Deficiency of revenues under expenditures	(480)	(646)	(166)
Fund balances - beginning	3,649	3,649	-
Fund balances - ending	<u>\$ 3,169</u>	<u>\$ 3,003</u>	<u>\$ (166)</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, 2010

	Police Crime Victims Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Intergovernmental	\$ 43,172	\$ 43,844	\$ 672
Contributions	-	3,000	3,000
Miscellaneous	130	120	(10)
Total revenues	<u>43,302</u>	<u>46,964</u>	<u>3,662</u>
EXPENDITURES			
Current:			
Public safety	<u>40,493</u>	<u>49,274</u>	<u>(8,781)</u>
Excess (deficiency) of revenues over (under) expenditures	2,809	(2,310)	(5,119)
Fund balances - beginning	17,197	17,197	-
Fund balances - ending	<u>\$ 20,006</u>	<u>\$ 14,887</u>	<u>\$ (5,119)</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, 2010

	Police Forfeiture Fund		Variance With Final Budget
	Budget	Actual	
REVENUES			
Fines and Forfeitures	\$ 1,000	\$ 15,895	\$ 14,895
Miscellaneous	213	497	284
Total revenues	<u>1,213</u>	<u>16,392</u>	<u>15,179</u>
EXPENDITURES			
Current:			
Public safety	<u>1,000</u>	<u>9,179</u>	<u>(8,179)</u>
Excess of revenues over expenditures	213	7,213	7,000
Fund balances - beginning	31,024	31,024	-
Fund balances - ending	<u>\$ 31,237</u>	<u>\$ 38,237</u>	<u>\$ 7,000</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, 2010

	Fire Relief Fund		Variance With
REVENUES	Budget	Actual	Final Budget
Intergovernmental	\$ 66,147	\$ 48,422	\$ (17,725)
EXPENDITURES			
Current:			
Public safety	141,804	124,079	17,725
Deficiency of revenues under expenditures	(75,657)	(75,657)	-
OTHER FINANCING SOURCES			
Transfers from other funds	75,657	75,657	-
Net change in fund balances	-	-	-
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - TIF SPECIAL REVENUE FUNDS
December 31, 2010

	TIF Special Revenue Funds						Total
	TIF Parkview Est. Fund	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	TIF South Loon Fund	
ASSETS							
Cash and cash equivalents	\$ 8,041	\$ 15,511	\$ 123,566	\$ 1,349	\$ 17,913	\$ 18,836	\$ 185,216
Taxes receivable	-	-	3,142	-	-	1,002	4,144
Total assets	<u>\$ 8,041</u>	<u>\$ 15,511</u>	<u>\$ 126,708</u>	<u>\$ 1,349</u>	<u>\$ 17,913</u>	<u>\$ 19,838</u>	<u>\$ 189,360</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ -	\$ 7,226	\$ 9,602	\$ 2,003	\$ 13,332	\$ 5,458	\$ 37,621
Deferred revenue	-	-	3,142	-	-	1,002	4,144
Total liabilities	<u>-</u>	<u>7,226</u>	<u>12,744</u>	<u>2,003</u>	<u>13,332</u>	<u>6,460</u>	<u>41,765</u>
Fund balances:							
Unreserved, undesignated	8,041	8,285	113,964	(654)	4,581	13,378	147,595
Total fund balances	<u>8,041</u>	<u>8,285</u>	<u>113,964</u>	<u>(654)</u>	<u>4,581</u>	<u>13,378</u>	<u>147,595</u>
Total liabilities and fund balances	<u>\$ 8,041</u>	<u>\$ 15,511</u>	<u>\$ 126,708</u>	<u>\$ 1,349</u>	<u>\$ 17,913</u>	<u>\$ 19,838</u>	<u>\$ 189,360</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, 2010

	TIF Special Revenue Funds						
	TIF Parkview Est. Fund	TIF Charter Oaks Fund	TIF Central Fund	TIF Waseca Village Fund	TIF Colony Ct III Fund	TIF South Loon Fund	Total
REVENUES							
Property taxes	\$ -	\$ 16,000	\$ 162,645	\$ 3,992	\$ 29,520	\$ 25,344	\$ 237,501
Intergovernmental	-	-	1,139	-	-	-	1,139
Miscellaneous	127	131	866	4	78	57	1,263
Total revenues	<u>127</u>	<u>16,131</u>	<u>164,650</u>	<u>3,996</u>	<u>29,598</u>	<u>25,401</u>	<u>239,903</u>
EXPENDITURES							
Current:							
Economic development	683	15,135	16,364	4,689	27,347	12,023	76,241
Excess (deficiency) of revenues over (under) expenditures	(556)	996	148,286	(693)	2,251	13,378	163,662
OTHER FINANCING USES							
Transfers to other funds	-	-	(73,893)	-	-	-	(73,893)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(73,893)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(73,893)</u>
Net change in fund balances	(556)	996	74,393	(693)	2,251	13,378	89,769
Fund balances - beginning	8,597	7,289	39,571	39	2,330	-	57,826
Fund balances - ending	<u>\$ 8,041</u>	<u>\$ 8,285</u>	<u>\$ 113,964</u>	<u>\$ (654)</u>	<u>\$ 4,581</u>	<u>\$ 13,378</u>	<u>\$ 147,595</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
December 31, 2010

	Debt Service						
	Aquatic Park Fund	Equipment Certificates		Northwest Construction Site	Municipal State Aid	Tax Increment District #23	Total
		2004	2005				
ASSETS							
Cash and cash equivalents	\$ 9,901	\$ 2,277	\$ 1,203	\$ 1,593	\$ 1,763	\$ 41,815	\$ 58,552
Taxes receivable	5,591	1,284	1,029	-	-	-	7,904
Mobile home taxes receivable	167	79	66	-	-	-	312
Total assets	<u>\$ 15,659</u>	<u>\$ 3,640</u>	<u>\$ 2,298</u>	<u>\$ 1,593</u>	<u>\$ 1,763</u>	<u>\$ 41,815</u>	<u>\$ 66,768</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Deferred revenue	\$ 4,919	\$ 1,284	\$ 1,029	\$ -	\$ -	\$ -	\$ 7,232
Total liabilities	<u>4,919</u>	<u>1,284</u>	<u>1,029</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,232</u>
Fund balances:							
Unreserved, undesignated	10,740	2,356	1,269	1,593	1,763	41,815	59,536
Total fund balances	<u>10,740</u>	<u>2,356</u>	<u>1,269</u>	<u>1,593</u>	<u>1,763</u>	<u>41,815</u>	<u>59,536</u>
Total liabilities and fund balances	<u>\$ 15,659</u>	<u>\$ 3,640</u>	<u>\$ 2,298</u>	<u>\$ 1,593</u>	<u>\$ 1,763</u>	<u>\$ 41,815</u>	<u>\$ 66,768</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, 2010

	Debt Service						
	Aquatic Park Fund	Equipment Certificates		Northwest Construction Site	Municipal State Aid	Tax Increment District #23	Total
		2004	2005				
REVENUES							
Property taxes	\$ 156,036	\$ 1,661	\$ 687	\$ 44,531	\$ -	\$ -	\$ 202,915
Intergovernmental	-	-	-	-	95,540	-	95,540
Miscellaneous	-	18	13	-	31	218	280
Total revenues	<u>156,036</u>	<u>1,679</u>	<u>700</u>	<u>44,531</u>	<u>95,571</u>	<u>218</u>	<u>298,735</u>
EXPENDITURES							
Debt service:							
Bond principal	75,000	-	-	115,000	80,000	30,000	300,000
Interest and fiscal charges	80,616	-	-	27,098	16,142	43,296	167,152
Total expenditures	<u>155,616</u>	<u>-</u>	<u>-</u>	<u>142,098</u>	<u>96,142</u>	<u>73,296</u>	<u>467,152</u>
Excess (deficiency) of revenues over (under) expenditures	<u>420</u>	<u>1,679</u>	<u>700</u>	<u>(97,567)</u>	<u>(571)</u>	<u>(73,078)</u>	<u>(168,417)</u>
OTHER FINANCING SOURCES							
Transfers from other funds	-	-	-	98,262	-	73,893	172,155
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,262</u>	<u>-</u>	<u>73,893</u>	<u>172,155</u>
Net change in fund balances	420	1,679	700	695	(571)	815	3,738
Fund balances - beginning	10,320	677	569	898	2,334	41,000	55,798
Fund balances - ending	<u>\$ 10,740</u>	<u>\$ 2,356</u>	<u>\$ 1,269</u>	<u>\$ 1,593</u>	<u>\$ 1,763</u>	<u>\$ 41,815</u>	<u>\$ 59,536</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
December 31, 2010

	Capital Projects						
	Municipal State Aid Construction	Municipal State Aid Maintenance	Water Park Construction Fund	Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Total
ASSETS							
Cash and cash equivalents	\$ 485,604	\$ 426,351	\$ -	\$ 188,536	\$ 153,169	\$ 268,556	\$ 1,522,216
Accounts receivable	-	-	-	81	-	-	81
Assessments receivable	-	-	-	233,761	-	-	233,761
Assessments - Delinquent	-	-	-	181	-	-	181
Assessments - Deferred	-	-	-	10,072	-	-	10,072
Land held for resale	-	-	-	-	960,467	-	960,467
Total assets	<u>\$ 485,604</u>	<u>\$ 426,351</u>	<u>\$ -</u>	<u>\$ 432,631</u>	<u>\$ 1,113,636</u>	<u>\$ 268,556</u>	<u>\$ 2,726,778</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Deferred revenue	\$ -	\$ -	\$ -	\$ 244,014	\$ -	\$ -	\$ 244,014
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>244,014</u>	<u>-</u>	<u>-</u>	<u>244,014</u>
Fund balances:							
Reserved for:							
Land held for resale	-	-	-	-	960,467	-	960,467
Unreserved, undesignated	485,604	426,351	-	188,617	153,169	268,556	1,522,297
Total fund balances	<u>485,604</u>	<u>426,351</u>	<u>-</u>	<u>188,617</u>	<u>1,113,636</u>	<u>268,556</u>	<u>2,482,764</u>
Total liabilities and fund balances	<u>\$ 485,604</u>	<u>\$ 426,351</u>	<u>\$ -</u>	<u>\$ 432,631</u>	<u>\$ 1,113,636</u>	<u>\$ 268,556</u>	<u>\$ 2,726,778</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, 2010

	Capital Projects						
	Municipal State Aid Construction	Municipal State Aid Maintenance	Water Park Construction Fund	Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Total
REVENUES							
Intergovernmental	\$ -	\$ 73,673	\$ -	\$ -	\$ -	\$ -	\$ 73,673
Assessments	-	-	-	107,319	-	-	107,319
Interest	-	-	-	5,868	-	-	5,868
Miscellaneous	7,109	5,891	93	1,268	2,243	3,931	20,535
Total revenues	<u>7,109</u>	<u>79,564</u>	<u>93</u>	<u>114,455</u>	<u>2,243</u>	<u>3,931</u>	<u>207,395</u>
EXPENDITURES							
Current:							
Streets and highways	75	2,960	-	-	-	-	3,035
Total expenditures	<u>75</u>	<u>2,960</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,035</u>
Excess of revenues over expenditures	<u>7,034</u>	<u>76,604</u>	<u>93</u>	<u>114,455</u>	<u>2,243</u>	<u>3,931</u>	<u>204,360</u>
OTHER FINANCING USES							
Transfers to other funds	-	-	(27,281)	-	-	-	(27,281)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(27,281)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(27,281)</u>
Net change in fund balances	7,034	76,604	(27,188)	114,455	2,243	3,931	177,079
Fund balances - beginning	478,570	349,747	27,188	74,162	1,111,393	264,625	2,305,685
Fund balances - ending	<u>\$ 485,604</u>	<u>\$ 426,351</u>	<u>\$ -</u>	<u>\$ 188,617</u>	<u>\$ 1,113,636</u>	<u>\$ 268,556</u>	<u>\$ 2,482,764</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, 2010

	Municipal State Aid Maintenance		Variance With
	Budget	Actual	Final Budget
REVENUES			
Intergovernmental	\$ 65,000	\$ 73,673	\$ 8,673
Miscellaneous	5,000	5,891	891
Total revenues	<u>70,000</u>	<u>79,564</u>	<u>9,564</u>
EXPENDITURES			
Current:			
Streets and highways	<u>70,000</u>	<u>2,960</u>	<u>67,040</u>
Excess of revenues over expenditures	-	76,604	76,604
Fund balances - beginning	<u>349,747</u>	<u>349,747</u>	-
Fund balances - ending	<u><u>\$ 349,747</u></u>	<u><u>\$ 426,351</u></u>	<u><u>\$ 76,604</u></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, 2010

	Annexation and Growth		Variance With
	Budget	Actual	Final Budget
REVENUES			
Miscellaneous	\$ 2,200	\$ 3,931	\$ 1,731
Fund balances - beginning	264,625	264,625	-
Fund balances - ending	<u>\$ 266,825</u>	<u>\$ 268,556</u>	<u>\$ 1,731</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, 2010

	Capital Improvement Fund		Variance With
	Budget	Actual	Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 5,666	\$ 5,666
Contributions	-	400	400
Miscellaneous	3,638	111,401	107,763
Total revenues	<u>3,638</u>	<u>117,467</u>	<u>113,829</u>
EXPENDITURES			
Capital outlay:			
Improvements	<u>1,001,140</u>	<u>572,023</u>	<u>429,117</u>
Excess (Deficiency) of revenues over (under) expenditures	(997,502)	(454,556)	542,946
OTHER FINANCING SOURCES			
Transfers from other funds	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net change in fund balances	(497,502)	45,444	542,946
Fund balances - beginning	<u>620,569</u>	<u>620,569</u>	<u>-</u>
Fund balances - ending	<u>\$ 123,067</u>	<u>\$ 666,013</u>	<u>\$ 542,946</u>

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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, 2010

	<u>Central Garage Services</u>	<u>Property & Liability Insurance Fund</u>	<u>Workers Compensation Insurance Fund</u>	<u>Equipment Replacement Fund</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 8,278	\$ 88,532	\$ 63,092	\$ 231,207	\$ 391,109
Total assets	<u>8,278</u>	<u>88,532</u>	<u>63,092</u>	<u>231,207</u>	<u>391,109</u>
LIABILITIES					
Accounts payable	5,081	2,670	-	41,092	48,843
Accrued wages	1,393	-	-	-	1,393
Total liabilities	<u>6,474</u>	<u>2,670</u>	<u>-</u>	<u>41,092</u>	<u>50,236</u>
NET ASSETS					
Unrestricted	1,804	85,862	63,092	190,115	340,873
Total net assets	<u>\$ 1,804</u>	<u>\$ 85,862</u>	<u>\$ 63,092</u>	<u>\$ 190,115</u>	<u>\$ 340,873</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010**

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Equipment Replacement Fund	Total
Operating revenues:					
Charges to other funds	\$ 265,186	\$ 123,189	\$ 153,763	\$ -	\$ 542,138
Insurance reimbursement	-	30,569	425	-	30,994
Total operating revenues	<u>265,186</u>	<u>153,758</u>	<u>154,188</u>	<u>-</u>	<u>573,132</u>
Operating expenses:					
Personal services	115,971	-	-	-	115,971
Supplies	144,354	-	-	242,728	387,082
Services and charges	3,735	-	-	-	3,735
Insurance payment	-	46,357	-	-	46,357
Insurance premiums	-	127,682	101,662	-	229,344
Total operating expenses	<u>264,060</u>	<u>174,039</u>	<u>101,662</u>	<u>242,728</u>	<u>782,489</u>
Operating income (loss)	<u>1,126</u>	<u>(20,281)</u>	<u>52,526</u>	<u>(242,728)</u>	<u>(209,357)</u>
Nonoperating revenues:					
Investment earnings	<u>5</u>	<u>902</u>	<u>429</u>	<u>1,846</u>	<u>3,182</u>
Total nonoperating revenues	<u>5</u>	<u>902</u>	<u>429</u>	<u>1,846</u>	<u>3,182</u>
Income (loss) before transfers	1,131	(19,379)	52,955	(240,882)	(206,175)
Transfers from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>354,564</u>	<u>354,564</u>
Change in net assets	1,131	(19,379)	52,955	113,682	148,389
Total net assets-beginning	<u>673</u>	<u>105,241</u>	<u>10,137</u>	<u>76,433</u>	<u>192,484</u>
Total net assets-ending	<u>\$ 1,804</u>	<u>\$ 85,862</u>	<u>\$ 63,092</u>	<u>\$ 190,115</u>	<u>\$ 340,873</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

	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	\$ 265,186	\$ 153,758	\$ 154,188	\$ -	\$ 573,132
Cash payments to employees for services	(115,707)	-	-	-	(115,707)
Cash payments for interfund services used	(156,067)	(171,843)	(101,662)	(276,455)	(706,027)
Net cash provided (used) by operating activities	(6,588)	(18,085)	52,526	(276,455)	(248,602)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	-	-	354,564	354,564
Net cash provided by investing activities	-	-	-	354,564	354,564
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on Investments	5	902	429	1,846	3,182
Net cash provided by investing activities	5	902	429	1,846	3,182
Net increase (decrease) in cash and cash equivalents	(6,583)	(17,183)	52,955	79,955	109,144
Cash and cash equivalents-January 1	14,861	105,715	10,137	151,252	281,965
Cash and cash equivalents-December 31	\$ 8,278	\$ 88,532	\$ 63,092	\$ 231,207	\$ 391,109
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 1,126	\$ (20,281)	\$ 52,526	\$ (242,728)	\$ (209,357)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:					
Increase (decrease) in accounts payable	(7,978)	2,196	-	(33,727)	(39,509)
Increase in accrued wages	264	-	-	-	264
Total adjustments	(7,714)	2,196	-	(33,727)	(39,245)
Net cash provided (used) by operating activities	\$ (6,588)	\$ (18,085)	\$ 52,526	\$ (276,455)	\$ (248,602)

COMPONENT UNIT

COMPONENT UNIT

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ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Balance Sheet
General Fund
December 31, 2010

	<u>2010</u>
ASSETS	
Cash and cash equivalents	\$ 192,226
Taxes receivable	1,583
Land held for resale	<u>365,985</u>
TOTAL ASSETS	\$ <u>559,794</u>
LIABILITIES	
Accounts payable	\$ 10,230
Deferred revenue	<u>1,318</u>
TOTAL LIABILITIES	<u>11,548</u>
FUND BALANCE	
Unreserved-designated	548,246
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>1,318</u>
Net assets of governmental activities	\$ <u>549,564</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, 2010

	<u>2010</u>
REVENUES	
Taxes	\$ 41,177
Intergovernmental	4,911
Interest earnings	2,839
Miscellaneous	<u>7,009</u>
TOTAL REVENUES	<u>55,936</u>
EXPENDITURES	
Services and charges	<u>15,817</u>
NET CHANGE IN FUND BALANCE	40,119
FUND BALANCE - BEGINNING	<u>508,127</u>
FUND BALANCE - ENDING	<u><u>\$ 548,246</u></u>

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

Net change in fund balance - governmental fund	\$ 40,119
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>(131)</u>
Changes in net assets of governmental activities	<u><u>\$ 39,988</u></u>

CAPITAL ASSETS

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

December 31, 2010

	Land	Buildings	Infrastructure	Construction in Progress	Improvements Other than Buildings	Equipment	Total
GENERAL GOVERNMENT							
Legislature	\$ -	\$ 79,601	\$ -	\$ -	\$ -	\$ 12,523	\$ 92,124
Finance	-	-	-	-	-	172,667	172,667
Buildings and grounds	191,461	870,751	-	-	30,867	303,499	1,396,578
Community Development	183,848	78,717	-	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	375,309	1,029,069	-	-	30,867	488,689	1,923,934
PUBLIC SAFETY							
Police	-	24,131	-	-	-	341,038	365,169
Community Service	133,935	-	-	-	13,491	-	147,426
Civil defense	-	-	-	-	-	102,306	102,306
Fire	38,000	122,975	-	-	65,925	1,495,678	1,722,578
TOTAL PUBLIC SAFETY	171,935	147,106	-	-	79,416	1,939,022	2,337,479
HIGHWAYS							
Engineering	-	-	-	-	-	133,827	133,827
Street garage	25,980	158,885	-	-	2,225	1,756,550	1,943,640
Traffic signs and markings	-	-	-	-	53,115	-	53,115
Storm sewer	-	-	4,283,126	-	-	17,279	4,300,405
Highways	128,860	33,443	25,941,043	94,731	-	-	26,198,077
TOTAL HIGHWAYS	154,840	192,328	30,224,169	94,731	55,340	1,907,656	32,629,064
RECREATION							
Park	403,106	200,499	1,492,042	-	2,003,477	476,195	4,575,319
Water Park	-	965,674	-	-	2,614,861	9,462	3,589,997
Lake restoration	130,250	-	-	-	922,822	24,077	1,077,149
Library	2,675	327,110	-	-	7,215	2,000	339,000
TOTAL RECREATION	536,031	1,493,283	1,492,042	-	5,548,375	511,734	9,581,465
AIRPORT	174,580	617,518	-	-	787,318	7,000	1,586,416
LOON LAKE PROJECT	-	-	-	-	630,067	-	630,067
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 1,412,695	\$ 3,479,304	\$ 31,716,211	\$ 94,731	\$ 7,131,383	\$ 4,854,101	\$ 48,688,425

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

For the Year Ended December 31, 2010

	Beginning Balances	Adjustments	Additions	Deletions	Ending Balances
GENERAL GOVERNMENT					
Legislature	\$ 92,124	\$ -	\$ -	\$ -	\$ 92,124
Finance	125,567	-	47,100	-	172,667
Buildings and grounds	1,105,120	-	291,458	-	1,396,578
Community Development	262,565	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	1,585,376	-	338,558	-	1,923,934
PUBLIC SAFETY					
Police	329,833	-	35,336	-	365,169
Community Service	147,426	-	-	-	147,426
Civil defense	102,306	-	-	-	102,306
Fire	1,703,163	-	19,415	-	1,722,578
TOTAL PUBLIC SAFETY	2,282,728	-	54,751	-	2,337,479
HIGHWAYS					
Engineering	133,827	-	-	-	133,827
Street garage	1,823,208	10,000	136,055	(25,623)	1,943,640
Traffic signs and markings	53,115	-	-	-	53,115
Storm sewer	4,300,405	-	-	-	4,300,405
Highways	25,648,329	-	1,008,401	(458,653)	26,198,077
TOTAL HIGHWAYS	31,958,884	10,000	1,144,456	(484,276)	32,629,064
RECREATION					
Park	4,612,652	-	33,269	(70,602)	4,575,319
Water Park	3,589,997	-	-	-	3,589,997
Lake restoration	1,077,149	-	-	-	1,077,149
Library	339,000	-	-	-	339,000
TOTAL RECREATION	9,618,798	-	33,269	(70,602)	9,581,465
AIRPORT	1,586,416	-	-	-	1,586,416
LOON LAKE PROJECT	630,067	-	-	-	630,067
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 47,662,269	\$ 10,000	\$ 1,571,034	\$ (554,878)	\$ 48,688,425

STATISTICAL SECTION

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.	112-115
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	116-119
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.	120-124
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.	125-126
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.	127-129

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 Nine Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 23,707,790
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	7,668,446
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>	<u>\$ 31,376,236</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	\$ 21,501,762
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	8,332,100
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>	<u>\$ 29,833,862</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	\$ 45,209,552
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	16,000,546
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>	<u>\$ 61,210,098</u>

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

City of Waseca

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

Schedule 2

	Fiscal Year								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
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	\$ 1,466,726
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	2,239,732
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	2,303,749
Sanitation	61,265	17,102	44,224	31,339	44,022	47,005	49,926	61,785	36,085
Culture and recreation	662,247	660,919	707,194	852,982	1,221,345	1,024,144	1,028,410	1,323,007	1,196,169
Economic Development	-	-	-	1,129,979	539,282	-	-	635,338	160,660
Lake restoration	17,875	-	-	-	-	-	-	-	-
Interest and fees	110,217	93,947	118,591	180,485	312,347	319,465	287,660	252,348	220,444
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	7,623,565
Business-type activities:									
Water	824,918	839,938	1,032,904	947,391	922,119	904,267	888,636	913,070	945,826
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	1,847,497
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	6,244,546
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	9,037,869
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	\$ 16,661,434
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	\$ 382,223
Public safety	84,562	82,144	86,196	102,154	122,199	168,311	149,800	116,263	15,895
Streets and highways	124,255	386,666	149	6,918	12,631	2,090	5,665	47,158	113,226
Culture and recreation	-	-	4,809	15,607	9,070	216,861	186,727	130,739	244,657
Economic Development	-	-	-	-	577	-	-	-	-
Operating grants and contributions	297,180	718,908	879,219	1,775,034	1,313,662	768,514	518,481	657,632	657,831
Capital grants and contributions	411,399	912,720	489,054	1,192,075	359,661	187,414	273,571	1,689,262	186,410
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	1,600,242
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	1,123,628
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	2,092,247
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	7,179,391
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	333,514
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	10,728,780
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	\$ 12,329,022
Net (Expense) Revenue									
Governmental activities	\$ (4,452,652)	\$ (3,766,789)	\$ (4,804,824)	\$ (3,645,709)	\$ (4,675,411)	\$ (6,356,557)	\$ (6,374,734)	\$ (5,150,071)	\$ (6,023,323)
Business-type activities	999,319	917,971	481,445	956,713	1,787,677	1,338,442	1,242,684	8,159,312	1,690,911
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	\$ (4,332,412)
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	\$ 3,226,835
TIF Revenue	49,382	145,375	171,905	187,696	238,302	230,464	220,056	234,786	237,501
Franchise taxes	122,548	152,829	142,898	179,111	153,262	173,836	194,268	194,268	195,858
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	2,358,118
Unrestricted investment earnings	124,226	94,418	112,351	226,697	383,959	310,848	231,281	118,050	82,376
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	444,733
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	6,545,421
Business-type activities:									
Unrestricted investment earnings	51,085	36,914	66,260	143,443	164,697	202,739	168,498	119,382	109,665
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)	(444,733)
Total business-type activities	(367,915)	(298,086)	(113,240)	970,080	241,873	(404,305)	(1,717,315)	(152,722)	(335,068)
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	\$ 6,210,353
Change in Net Assets									
Governmental activities	\$ 450,214	\$ 757,908	\$ (229,281)	\$ 769,810	\$ 837,136	\$ 707,882	\$ 1,701,620	\$ 1,746,957	\$ 522,098
Business-type activities	631,404	619,885	368,205	1,926,793	2,029,550	934,137	(474,631)	8,006,590	1,355,843
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	\$ 1,877,941

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)

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000	\$ 180,000	\$ 160,000	\$ 120,000	\$ 120,000
Unreserved	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	2,505,772
Total General fund	<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>	<u>\$ 2,625,772</u>
All Other Governmental Funds										
Reserved, reported in:										
Special Revenue funds	\$ 365,180	\$ 324,935	\$ 284,134	\$ 237,796	\$ 32,107	\$ 32,107	\$ 32,107	\$ 23,000	\$ 3,000	\$ 3,000
Capital Projects funds	-	-	-	-	1,142,609	1,142,609	1,145,882	1,145,882	960,467	960,467
Debt Service funds	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	126,118	236,340	270,376	250,114	741,627	889,963	569,543	661,021	650,562	820,311
Capital Projects funds	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	2,188,310
Debt Service funds	-	-	-	-	-	(37,180)	1,857,287	1,505,681	1,366,852	1,124,998
Total all other Governmental funds	<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>	<u>\$ 5,097,086</u>
Total all funds	<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>	<u>\$ 7,722,858</u>

City of Waseca

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

Schedule 4

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
REVENUES										
Taxes	\$ 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	\$ 3,663,548
Licenses	188,644	34,727	37,215	41,111	42,797	42,568	53,470	42,007	34,859	34,869
Permits and fees	-	116,299	173,495	134,989	264,112	136,202	79,324	102,834	96,938	84,736
Intergovernmental	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	3,066,632
TIF revenue	56,313	-	-	-	-	-	-	-	-	-
Charges for services	11,092	7,554	8,352	10,182	20,663	40,357	62,238	45,477	38,809	28,763
Program income	-	-	-	-	-	-	210,116	232,231	201,123	238,020
Construction revenue	-	-	211,139	-	-	-	-	-	-	-
Fines	50,544	39,010	38,724	35,025	36,300	30,883	46,019	48,749	40,415	51,476
Assessments	-	104,205	344,162	365,166	313,129	55,204	235,363	158,552	223,682	228,838
Interest on assessments	-	34,702	28,782	44,710	40,427	66,467	58,803	47,008	39,864	35,084
Contributions	-	-	-	-	-	750,000	297,683	109,688	37,815	35,750
Miscellaneous	417,524	266,848	247,267	234,180	929,396	717,097	430,203	357,647	254,806	346,608
Total revenues	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	7,814,324
EXPENDITURES										
Current:										
General government	819,749	887,655	947,402	960,021	1,181,744	1,026,769	1,178,699	1,151,143	1,180,094	1,135,233
Public safety	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	2,129,972
Streets and highways	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	1,351,369
Sanitation	34,768	61,265	17,102	44,224	31,339	44,022	47,005	49,926	61,784	36,085
Cultural and recreation	586,316	608,048	630,972	596,446	697,503	651,729	690,852	714,532	719,001	899,515
Lake restoration	30,415	17,875	-	-	-	-	-	-	-	-
Personal services	-	50,716	69,927	89,023	-	573	133,806	129,738	141,467	-
Materials and supplies	-	20,760	10,618	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	894,185	480,578	474,809	420,138	-
Economic development	-	-	-	-	-	-	-	-	185,415	160,391
Other services	527,811	262,020	222,769	130,242	228,528	235,345	253,972	272,582	199,903	211,363
Airport	-	-	-	-	-	-	-	-	-	73,084
Debt service:										
Bond principal	60,000	125,000	125,000	215,000	290,000	795,000	820,000	940,000	925,000	660,000
Interest and fiscal charges	50,143	94,481	89,386	81,941	154,019	240,252	326,795	287,660	250,956	220,156
Capital outlay	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	948,399
Total expenditures	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	7,825,567
Excess of revenues over (under) expenditures	(115,946)	154,494	(508,435)	(1,975,188)	(1,063,723)	(2,725,897)	(1,004,601)	(1,006,705)	(145,749)	(11,243)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	1,410,511
Proceeds from capital lease	101,103	92,373	-	-	-	-	-	-	-	-
Proceeds from equipment notes	-	-	305,000	620,000	425,000	-	-	-	-	-
Proceeds from bond issue	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	(803,600)	(917,250)	(726,946)	(1,180,703)	(1,917,083)	(1,667,000)	(3,011,939)	(1,400,129)	(1,456,153)	(1,320,342)
Total other financing sources (uses)	1,201,103	261,373	542,553	2,238,799	3,360,269	2,259,308	608,162	260,242	(9,320)	90,169
Net change in fund balances	\$ 1,085,157	\$ 415,867	\$ 34,118	\$ 263,611	\$ 2,296,546	\$ (466,589)	\$ (396,439)	\$ (746,463)	\$ (155,069)	\$ 78,926

Debt service as a percentage of noncapital expenditures	2.2%	4.5%	4.2%	5.2%	6.7%	17.0%	15.5%	17.3%	16.5%	13.1%
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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
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
2010	373,709,300	56,241,100	22,848,800	452,799,200	123,168,700	329,630,500	64.20

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**Schedule 6**

Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

	City Direct Rate					Overlapping Rates								Total Direct and Overlapping Tax Rate					
Fiscal Year	Operating Rate		Debt Service Rate		Total Direct Rate	Ind School District #829	Waseca County	Special Districts	* HRA	EDA	Total Overlapping								
2001	-	%	-	%	48.83	%	55.77	%	47.46	%	0.18	%	0.56	%	-	%	103.96	%	152.79
2002	-		-		64.82		27.40		59.79		0.29		0.67		-		88.15		152.97
2003	-		-		55.19		26.40		57.47		0.27		0.62		-		84.75		139.94
2004	-		-		51.84		22.85		53.29		0.25		0.54		-		76.93		128.77
2005	-		-		53.81		20.74		55.30		0.24		0.54		-		76.82		130.63
2006	-		-		57.21		21.15		54.90		0.22		0.47		0.98		77.73		134.94
2007	56.95		6.15		63.10		22.27		52.99		0.20		0.43		0.93		76.82		139.92
2008	57.28		6.31		63.58		24.08		54.30		0.20		0.42		0.90		79.89		143.47
2009	57.24		8.77		66.01		23.06		54.15		0.19		0.41		0.89		78.70		144.71
2010	60.53		3.68		64.20		19.46		51.55		0.18		-		0.88		72.07		136.27

Source: Waseca County, Minnesota Auditors' Office**Notes:** * As of 2010 HRA included in Waseca County

City of WasecaPrincipal Property Taxpayers,
Current Year and Ten Years Ago**Schedule 7**

Taxpayer	2010			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	3.48%	\$ 234,753	1	5.90%
WalMart	86,384	2	1.69%	-		
Northern States Power	77,350	3	1.51%	-		
Alliance Development Corp	64,706	4	1.27%	-		
Birds Eye Foods Inc	50,333	5	0.99%	96,525	2	2.43%
Waseca Properties	49,081	6	0.96%	56,382	5	1.42%
Woodville Holdings LLC	38,990	7	0.76%	62,627	4	1.58%
Gary & Kathy Worke Family LLC	36,639	8	0.72%	-		
FHS Waseca/Portage LP-HyVee	33,762	9	0.66%	84,180	3	2.12%
Clear Lake Press Inc	31,490	10	0.62%	-		
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>\$ 646,599</u>		<u>12.66%</u>	<u>\$ 722,867</u>		<u>18.18%</u>
Total tax capacity			<u>\$ 5,109,575</u>			<u>\$ 3,975,868</u>

Source: Waseca County, Minnesota Assessor's Office

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

Schedule 8

	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy			Total Collections to Date				
Fiscal Year	Operating		Amount	Percentage of Levy	*Collections in Subsequent Years	Amount	Percentage of Levy			
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%		19,907		1,980,968	100.00%
2005		2,174,129		2,148,347	98.81%		24,527		2,172,874	99.94%
2006		2,350,192		2,322,512	98.82%		26,141		2,348,653	99.93%
2007		2,745,666		2,696,395	98.21%		42,927		2,739,322	99.77%
2008		2,865,683		2,813,204	98.17%		41,503		2,854,707	99.62%
2009		2,888,115		2,831,258	98.03%		39,285		2,870,543	99.39%
2010		3,092,496		2,855,196	92.33%		-		2,855,196	92.33%

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

* In the fiscal year 2010, \$211,953 - Market Value Homestead Credit was unallotted to the City of Waseca and therefore, uncollected. Uncollected property taxes related to operating activities, less this unallotted Market Value Credit totaled \$47,958.49.

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

Schedule 9

Fiscal Year	Governmental Activities				Business-Type Activities		Total Primary Government	(1)			
	Special	General	G.O.	Capital Leases	General	General		Percentage of Taxable Market Value	Percentage of Personal Income	Per Capita	
	Assessments Bonds	Obligation Bonds	Equipment Certificates		Obligation Revenue Bonds	Obligation Revenue Notes					
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	-	-	3,675,000	381,163	9,701,163	2.18%	N/A	991.03	
2010	1,045,000	3,940,000	-	-	3,320,000	6,704,144	15,009,144	3.31%	N/A	1,595.02	

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

Direct and Overlapping Governmental Activities Debt
As of December 31, 2010

Schedule 10

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Waseca County	\$ 3,180,000	29.07%	\$ 924,426
Ind School District #829	11,025,000	53.88%	<u>5,940,270</u>
Total Overlapping			<u>6,864,696</u>
City of Waseca Direct Debt	\$ 4,985,000	100.00%	<u>\$ 4,985,000</u>
Total Direct and Overlapping Debt:			<u><u>\$ 11,849,696</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

	2001	2002	2003	2004	2005
Debt limit	\$ 5,773,082	\$ 6,121,430	\$ 6,121,430	\$ 7,678,048	\$ 7,905,674
Total net debt applicable to limit	-	-	-	-	4,215,000
Legal debt margin	<u>\$ 5,773,082</u>	<u>\$ 6,121,430</u>	<u>\$ 6,121,430</u>	<u>\$ 7,678,048</u>	<u>\$ 3,690,674</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	53.32%

Minn. Stat. Section 475.53 state that except as otherwise provided in sections 475.51 to 475.74, 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 three percent of the market value. In years prior to and including 2007 this limit was two percent.

Schedule 11

2006	2007	2008	2009	2010
\$ 7,635,608	\$ 8,409,880	\$ 13,042,977	\$ 13,331,973	\$ 13,583,976
5,845,000	5,390,000	4,810,000	4,240,000	3,940,000
<u>\$ 1,790,608</u>	<u>\$ 3,019,880</u>	<u>\$ 8,232,977</u>	<u>\$ 9,091,973</u>	<u>\$ 9,643,976</u>
76.55%	64.09%	36.88%	31.80%	29.00%

Legal Debt Margin Calculation for Fiscal Year 2010

Market value		\$ <u>452,799,200</u>
Debt limit (3% of Market Value)		13,583,976
Debt applicable to limit:		
Total bonded debt	\$ 8,305,000	
Less: Special Assessment Bonds	(1,045,000)	
Less: Revenue Bonds	<u>(3,320,000)</u>	
Debt applicable to limit		<u>3,940,000</u>
Legal debt margin		<u>\$ 9,643,976</u>

City of Waseca
Pledged-Revenue Coverage,
Last Ten Fiscal Years

Schedule 12

Special Assessment Bonds

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
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
2010	167,412	360,000	51,710	411,710	0.41

Water Fund

Water Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
			Principal	Interest	Total		
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
2010	1,161,596	597,353	564,243	125,000	44,699	169,699	3.32

Sanitary Sewer Fund

Summary Cover Fund							
Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
		Principal	Interest	Total			
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
2010	2,472,699	1,197,189	1,275,510	600,499	135,709	736,208	1.73

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

* Less depreciation

City of WasecaDemographic 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
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	648,132	34,528	2,086	7.9%
2010	9,410	Not available	Not available	2,088	7.6%

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	2010			**1999		
	Employees	Rank	* Percentage of Total County Employment	Employees	Rank	* Percentage of Total County Employment
Brown Printing	836	1	8.88%	1,300	1	14.02%
Waseca School District	428	2	4.55%	375	2	4.05%
Itron	400	3	4.25%	320	3	3.45%
Emerson Network Power	359	4	3.82%	247	5	2.66%
Federal Correctional Institute	223	5	2.37%	250	4	2.70%
ELM Homes Inc	168	6	1.79%	175	6	1.89%
Waseca Medical Center	165	7	1.75%	140	7	1.51%
Birds Eye Foods	154	8	1.64%	130	8	1.40%
Waseca County	125	9	1.33%	130	9	1.40%
Mediacom	100	10	1.06%			0.00%
Winegars	-	-	0.00%	115	10	1.24%
Total	<u>2,958</u>		<u>31.44%</u>	<u>3,182</u>		<u>34.32%</u>

* Represents employment for Waseca County-City information not available

** 2001 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

Schedule 15**Full-time Equivalent Employees as of December 31,**

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Administration	4	4	4	4	4	4	4	4	3	3
Finance	3	3	3	3	3	3	3	4	4	3
Community Development	1	1	2	2	2	2	2	1	2	1
Total General Government	8	8	9	9	9	9	9	9	9	7
Public Safety										
Police	15	15	15	15	15	15	16	17	17	16
Building Inspection	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	21	22	22	19
Public Works										
Engineering	4	4	4	5	5	5	5	4	3	3
Streets/Shop	11	11	11	11	11	11	11	11	10	10
Total Public Works	15	15	15	16	16	16	16	15	13	13
Culture & Recreation										
Parks	3	3	3	3	4	4	4	4	4	4
Water Park	-	-	-	-	-	-	1	1	1	1
Total Culture & Rec	3	3	3	3	4	4	5	5	5	5
Enterprise										
Water/WWTP	6	7	7	6	6	6	5	5	5	4
Electric	7	6	7	7	8	8	6	6	4	4
Utility Administration	-	-	-	-	-	-	2	2	2	2
Utility billing	4	4	4	4	4	4	3	2	2	2
Total Enterprise	17	17	18	17	18	18	16	15	13	12
Total	63	63	65	65	67	67	67	66	62	56

Source: City Finance Office

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General Government										
Elections	-	1	-	1	-	1	-	1	-	1
Registered voters		4,955		5,368		5,176		5,493		4,687
Number of votes cast		3,730		4,215		3,446		4,301		3,317
Voter participation (registered)		75.3%		78.5%		66.6%		78.3%		70.8%
Public Safety										
Police										
Arrests	331	414	308	345	254	466	755	661	375	326
All citations & warnings	N/A	N/A	N/A	194	2,130	2,159	2,337	1,868	1,826	1,959
Calls for service	6,043	6,216	5,914	5,928	6,240	6,829	7,432	7,110	7,144	7,085
Fire										
Medical	150	387	364	394	431	408	422	414	369	430
Fire	76	78	59	78	131	108	73	72	92	89
Other Services	4	1	3	1	5	11	81	97	101	105
Inspections										
Building Permits	515	585	548	470	411	374	410	405	363	383
Value of Building Permits	\$ 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	\$ 8,874,557
Culture and Recreation										
Library										
Circulation (checked out)	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Parks										
Park Reservations	162	158	134	114	91	109	98	103	130	101
Water Park-Attendance	-	-	-	-	-	-	29,598	29,892	19,839	27,877
Electric										
Outages	58	49	39	41	49	38	32	67	33	62

Source: Various City Departments

City of Waseca

Capital Asset Statistics by Function/Program
Last Ten Years

Schedule 17

Function/Program	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol squads	6	6	6	8	11	12	11	11	11	11
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	3	3	3	3	4	4	5	5
Public Works										
Vehicles	9	8	8	9	8	11	11	11	13	13
Streets (miles)	45	45	45	45	45	48	48	48	48	48
Culture & Recreation										
Library-Building	1	1	1	1	1	1	1	1	1	1
Water Park	-	-	-	-	-	-	1	1	1	1
Parks	15	15	15	15	15	15	15	15	15	15
Sanitary Sewer										
Collection System (miles)	44	44	44	44	44	44	44	44	44	45.9
Storm Sewer										
Storm sewer (miles)	40	40	40	40	40	40	40	40	40	40
Water										
Water main (miles)	52.5	53	53	53	54	56	56	56	56	56
Electric										
Annual consumption (KWH)	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	64,168,134

Source: Various City Departments

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