

CITY OF WASECA MINNESOTA

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2013



Member of the Government Finance Officers Association

COMPREHENSIVE ANNUAL FINANCIAL REPORT

CITY OF WASECA, MINNESOTA

For the Fiscal Year Ended

December 31, 2013

Prepared by Andrew Splinter, Accountant

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CITY OF WASECA, MINNESOTA
Comprehensive Annual Financial Report
Year Ended December 31, 2013

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April 7, 2014

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, 2013.

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 respects.

The City of Waseca's financial statements have been audited by Abdo, Eick & Meyers 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, 2013, 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 complement 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, 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: Since 2008, the City has seen dramatic reductions in State property tax aid. Earlier this year Governor Dayton signed into law a tax bill that included an \$80 million increase in LGA beginning with the 2014 distribution, as well as a new formula that was supported by the League of MN Cities, Coalition of Greater MN Cities, and Metro Cities. The annual appropriation does not include a growth factor that was part of the original bill, but the appropriation will increase by \$1.5 million in 2015 and another \$1.5 million in 2016. For the City of Waseca the Certified LGA under the new formula for 2014 is \$2,631,156 which is an increase of \$357,505 from 2013. This will not fully restore the State property tax aid to pre-recession levels, however, it does allow the City to catch-up on many delayed initiatives and projects from that period.

In the latest State Economic Forecast released in November 2013, the State projected an \$825 million budget surplus for the 2014-2015 biennial budget. City LGA for 2013 and 2014 are paid from the State's 2014-2015 budget. The Certified LGA, budgeted to be received by the City in 2014, is \$2,631,156; this represents 36.2% of General fund revenues. In comparison, in 2009 State property tax aid represented 42% of General fund revenues. If the City levied an additional amount equivalent to the LGA budgeted in 2014, the property tax levy would have to increase 76.6%

Local Economy

Waseca is thriving and flourishing due to strong industry clusters, infrastructure, natural resources and labor pool accessibility. Twenty-seven percent of jobs in Waseca are in manufacturing and twenty-two percent are in educational services and health care. Key players can be found in these industries: printing and printing support, packaging of food, machinery and specialty industries in electronics and electrical components. The City of Waseca is also the home of the Waseca County government center and Federal Correctional Institute - Waseca. The City of Waseca's completion of the Waseca Public Safety Center will allow for better public service and improve the capacity for the City's residential and business growth.

US Highway 14 is a major highway running from coast to coast and an 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 Owatonna and Mankato will improve safety and commerce.

Relevant Financial Policies

The GASB issued Statement No. 54, "Fund Balance reporting and Governmental Fund Type Definitions." This Statement, which the City was required to adopt in 2011, established new categories for reporting fund balance and revises the definitions for governmental fund types. In 2011, the City approved a fund balance policy that coincides with this statement.

The fund balance policy dictates that the unrestricted fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year. At the end of each fiscal year, the City will maintain an unrestricted fund balance in the General Fund for working capital in a range equal to 35-50% of the subsequent year's General Fund expenditure budget. Appropriation from the minimum fund balance shall require the approval of the City Council. Any planned use of fund balance in the General Fund below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

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 in future planning and budgeting.

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.

In 2013, the City broke ground on its new Public Safety Building. The project consists of an adaptive reuse of a 25,979 square foot building, parking lot, landscaping and infrastructure improvements. The building, located at 303 South State Street, is positioned in the downtown area of Waseca and in close proximity to other City facilities. The building will house the Waseca Police Department, Fire Department, and Visitation and Exchange Center. The Visitation and Exchange Center is part of a \$400,000 federal grant awarded to the City in September 2012. This supervised visitation center will support supervised visitation and safe exchange options for families with a history of domestic violence, dating violence, sexual assault, child abuse, and stalking.

Initiatives related to Enterprise funds in 2013 included a Water Rate Utility Study and the creation of a Surface Water Utility. The Water Rate Utility Study was prepared by staff to analyze the impact of state conservation rate mandates as well as revenue needed to fund operations and capital improvements. The rate structure approved at the November 19th City Council meeting will be phased in over a two year period and provides approximately \$56,500 of additional revenue in 2014. The creation of the Surface Water

Utility results in a dedicated fund which can only be expended for the purposes collect; examples include the state storm water (MS4) permit compliance, water quality improvements, storm sewer maintenance, new infrastructure and system upgrades in order to alleviate localized flooding issues. The City has budgeted \$108,000 in surface water charges for services for 2014.

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, 2012. This is the twenty-ninth 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,

A handwritten signature in cursive script that reads "J. Crystal Prentice". The signature is written in dark ink and is positioned above a horizontal line.

J. Crystal Prentice

City Manager



Government Finance Officers Association

**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, 2012



Executive Director/CEO

CITY OF WASECA, MINNESOTA
OFFICIALS

December 31, 2013

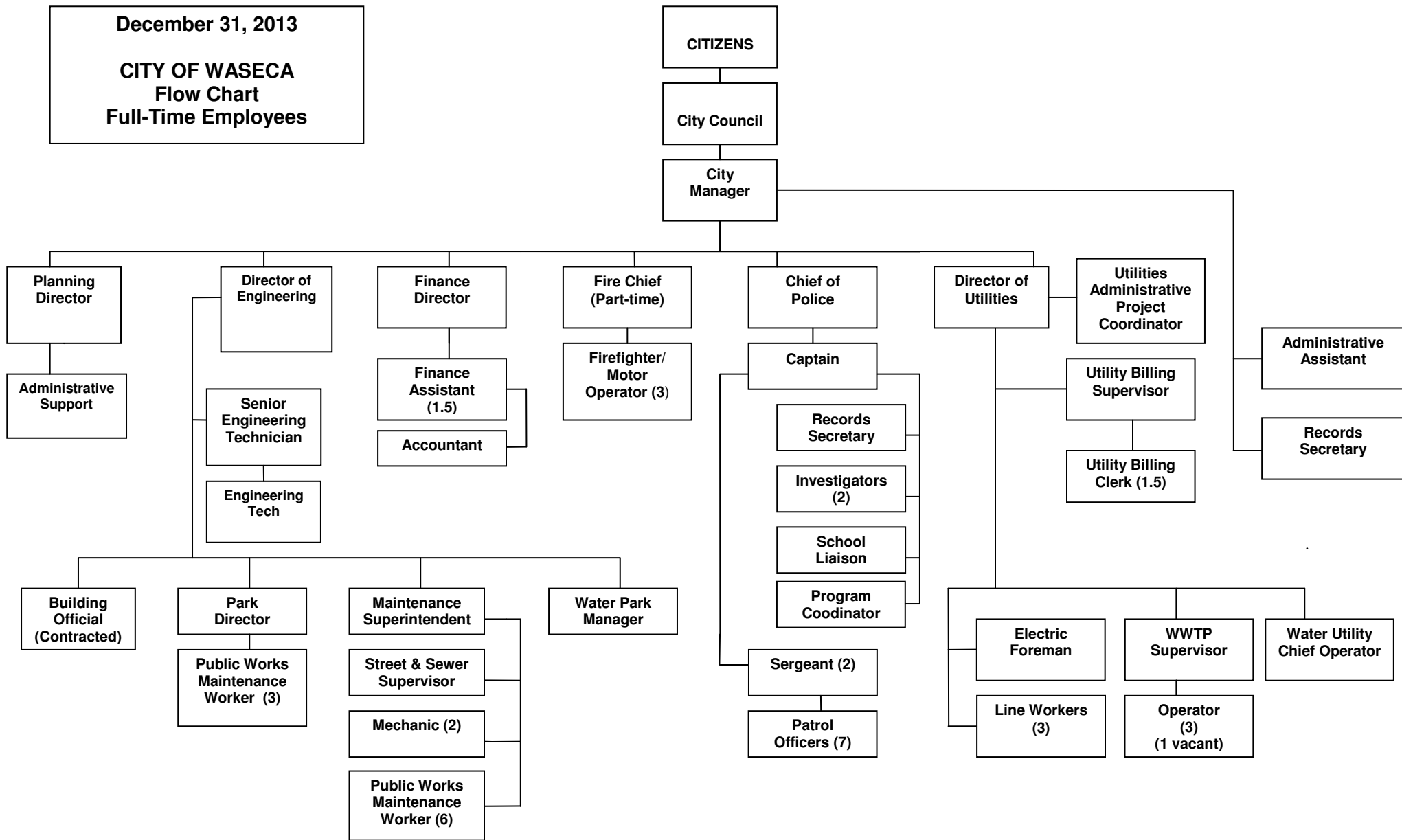
CITY COUNCIL

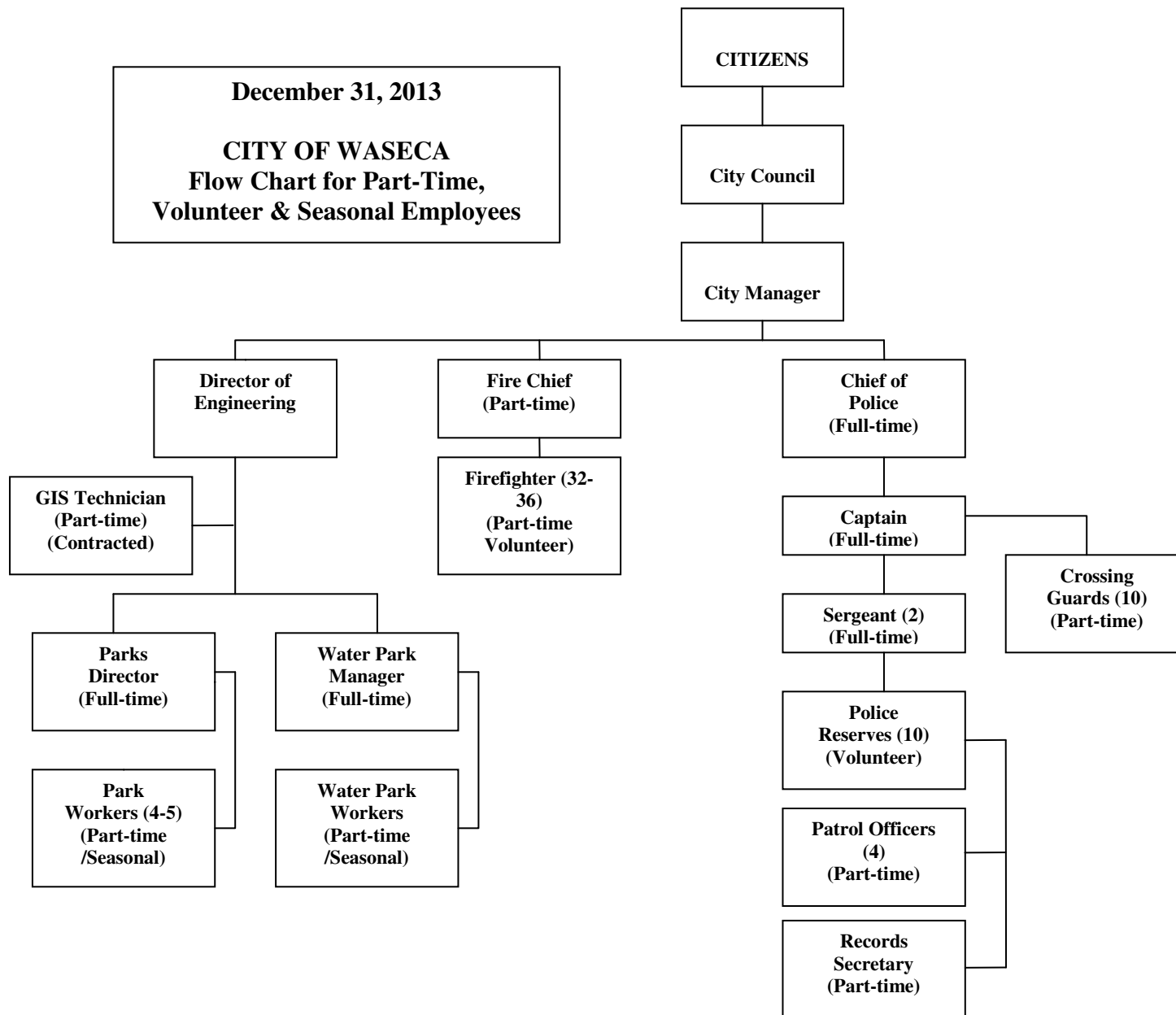
Roy Srp	Mayor
John Clemons	Council-First Ward
Fred Salisbury	Council-First Ward
Les Tloutan	Council-Second Ward
Allan Rose	Council-Second Ward
Mark Christiansen	Council-Third Ward
Cindy Coy	Council-Third Ward

J. Crystal Prentice, City Manager

December 31, 2013

**CITY OF WASECA
Flow Chart
Full-Time Employees**





INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Waseca, Minnesota

Report on the Financial Statements

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 (the City), as of and for the year ended December 31, 2013, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis starting on page 12 and the Schedule of Funding Progress on page 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

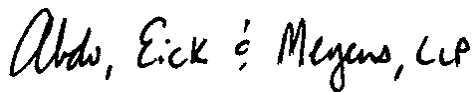
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements 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 do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 7, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



ABDO, EICK & MEYERS, LLP
Mankato, Minnesota
April 7, 2014

City of Waseca, Minnesota
Management's Discussion and Analysis
December 31, 2013

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-6 of this report, and the City's financial statements following this section.

Financial Highlights

The assets of the City of Waseca exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$65,351,605 (net position). Of this amount, \$13,222,412 (unrestricted net position) 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 position increased by \$103,427 during the current year. This increase is a result of the additions of equipment and infrastructure and a positive budget variance in expenditures for the City's General fund.

Capital assets less depreciation, were \$62,886,773 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 \$6,053,561. Approximately 63 percent of this total amount, \$3,784,449, is available for use within the City's discretion (committed, assigned or unassigned fund balance).

At the end of the current fiscal year, unrestricted fund balance for the General fund was \$3,007,118 or 53% 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 Position presents information on all of the City of Waseca's assets and liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Waseca is improving or deteriorating. The 2013 statement provides for an increase in net position, mostly from the purchase of equipment and construction of infrastructure.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position 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 19-20 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 thirty-seven 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, Public Safety Building, and Capital Improvement Capital Project Fund, all of which are considered to be major funds. Data from the other thirty-three Governmental Funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Waseca adopts an annual appropriated budget for its General fund, certain Special Revenue funds and certain Capital Project funds. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget. The basic governmental funds financial statements can be found on pages 22-27 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 government-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, and central garage services. 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 28-30 of this report.

Notes to the Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 31-62 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 65-66 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 70-108 of this report.

Government-Wide Financial Analysis: An analysis of the City's financial position begins with a review of the Statement of Net Position and the Statement of Activities. These two statements report the City's net position and changes in net position. 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 2013 and beyond. As infrastructure programs are reviewed, meeting growth needs is a critical component of the planning process.

As noted earlier, net position 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 \$65,351,605 at December 31, 2013. This is an increase of \$103,427 over the 2012 amount.

A condensed version of the Statement of Net Position at December 31, 2013 and 2012 follows:

CITY OF WASECA'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 9,864,309	\$ 10,124,366	\$ 9,574,755	\$ 9,978,473	\$ 19,439,064	\$ 20,102,839
Capital Assets	30,261,257	28,269,297	32,625,516	33,308,168	62,886,773	61,577,465
Total assets	40,125,566	38,393,663	42,200,271	43,286,641	82,325,837	81,680,304
Long-term liabilities outstanding	3,439,819	4,256,093	10,162,039	10,928,376	13,601,858	15,184,469
Other liabilities	2,528,749	281,178	843,625	966,479	3,372,374	1,247,657
Total liabilities	5,968,568	4,537,271	11,005,664	11,894,855	16,974,232	16,432,126
Net investment in capital assets	28,196,258	25,413,394	22,627,509	22,522,560	50,823,767	47,935,954
Restricted	1,305,426	2,515,866	-	-	1,305,426	2,515,866
Unrestricted	4,655,314	5,927,132	8,567,098	8,869,226	13,222,412	14,796,358
Total Net Position	\$ 34,156,998	\$ 33,856,392	\$ 31,194,607	\$ 31,391,786	\$ 65,351,605	\$ 65,248,178

By far, the largest portion of the City of Waseca's net position of \$50,823,767 (approximately 77.8%), 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. An additional portion of the City's net position of \$1,305,426 (approximately 2.0%), represent resources that are subject to external restrictions on how they may be used. The remaining balance of the net position is unrestricted \$13,222,412 (approximately 20.2%) 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 position as the City establishes the groundwork for community expansion. The net position 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 Position at December 31, 2013 and 2012 follows:

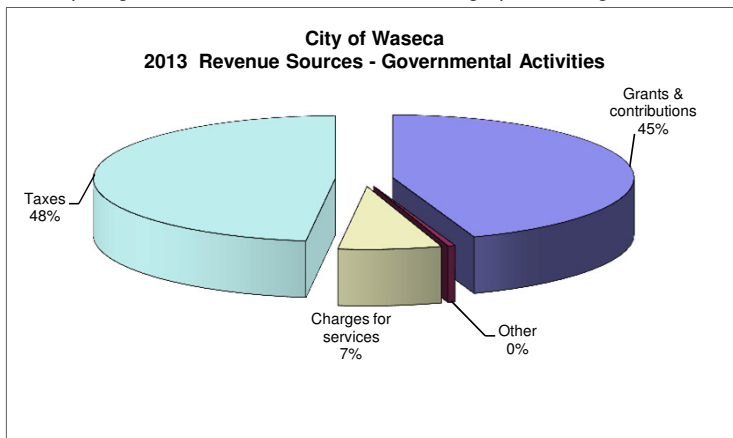
CITY OF WASECA'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues						
Charges for services	\$ 569,114	\$ 560,554	\$ 9,905,209	\$ 10,189,288	\$ 10,474,323	\$ 10,749,842
Operating grants and contributions	934,697	1,067,147	-	-	934,697	1,067,147
Capital grants and contributions	463,360	1,024,240	-	244,532	463,360	1,268,772
General revenues						
Taxes	3,983,640	3,967,698	-	-	3,983,640	3,967,698
Grants and contributions not restricted to specific programs	2,273,651	2,273,651	-	-	2,273,651	2,273,651
Unrestricted investment earnings	40,550	61,192	49,169	41,921	89,719	103,113
Gain on disposal of assets	8,664	2,910	23,033	-	31,697	2,910
Total revenues	8,273,676	8,957,392	9,977,411	10,475,741	18,251,087	19,433,133
Expenses:						
General government	\$ 1,311,191	\$ 1,453,361	\$ -	\$ -	\$ 1,311,191	\$ 1,453,361
Public safety	2,385,006	2,313,626	-	-	2,385,006	2,313,626
Streets and highways	2,657,336	2,266,354	-	-	2,657,336	2,266,354
Sanitation	37,434	48,998	-	-	37,434	48,998
Culture and recreation	1,221,298	993,011	-	-	1,221,298	993,011
Economic development	442,247	313,701	-	-	442,247	313,701
Interest and fees	132,580	154,439	-	-	132,580	154,439
Airport	150,248	-	-	-	150,248	-
Other	127,292	-	-	-	127,292	-
Water	-	-	968,149	941,724	968,149	941,724
Sewer	-	-	2,432,682	2,083,325	2,432,682	2,083,325
Electric	-	-	6,282,197	6,563,897	6,282,197	6,563,897
Total expenses	8,464,632	7,543,490	9,683,028	9,588,946	18,147,660	17,132,436
Change in net position before transfers	(190,956)	1,413,902	294,383	886,795	103,427	2,300,697
Transfers	491,562	455,042	(491,562)	(455,042)	-	-
Change in net position	300,606	1,868,944	(197,179)	431,753	103,427	2,300,697
Net Position - January 1	33,856,392	32,063,323	31,391,786	30,346,842	65,248,178	62,410,165
Prior period adjustment	-	(75,875)	-	613,191	-	537,316
Net Position - January 1 (restated)	33,856,392	31,987,448	31,391,786	30,960,033	65,248,178	62,947,481
Net Position - December 31	\$ 34,156,998	\$ 33,856,392	\$ 31,194,607	\$ 31,391,786	\$ 65,351,605	\$ 65,248,178

Governmental Activities

Governmental activities increased the City of Waseca's net position by \$300,606. The increase is the combination of many surpluses and deficits but the primary reason was an increase in capital grants related to contributed infrastructure and special assessments. Expenses include \$1,593,073 of depreciation expense for governmental activities under the full accrual basis of accounting.

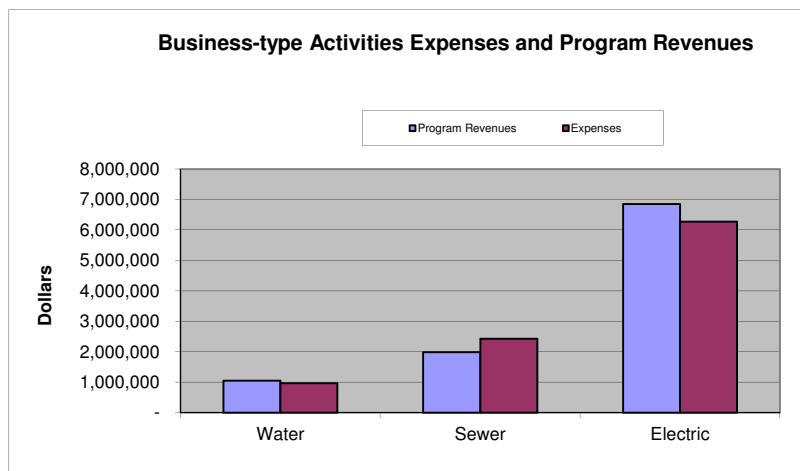
Governmental revenues totaled \$8,273,676. As part of GASB Statement No. 34 reporting, Internal Service fund revenues (\$491,620) and Internal Service fund expenses of (\$498,204) were allocated to all the governmental and business-type activities. Governmental revenues decreased by \$683,716 in 2013 due to mainly a \$560,880 decrease in capital grants and contributions. Below is a graph showing the sources of revenues.



Business-type Activities: Business-type activities net position decreased by \$197,179. This decrease is mainly due to transfers out of Enterprise funds totalling \$672,918 related to Franchise Fees and capital projects.

Business type expenses increased by \$94,082 or 1.0% from 2012 to 2013 due mainly to increases in the Sanitary Sewer Fund of \$349,357. The increase in the Sanitary Sewer Fund expenses is mainly a result of increased depreciation expense from the Waste Water Treatment Plant being placed in service. Business-type activities had a decrease of \$498,330 in program revenues due mostly to a \$284,079 decrease in charges for services.

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 \$6,053,561. The unreserved fund balance (committed, assigned or unassigned) consists of \$4,744,916 of the total combined ending fund balance. The remainder of the fund balance consists of restricted fund balances in the amount of \$1,308,645.

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

The General fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved (committed, assigned or unassigned) fund balance in the General fund was \$3,007,118, with \$38,905 reserved fund balance for Parkland Dedication. Total fund balance was \$3,046,023. As a measure of the General fund's liquidity it may be useful to compare unreserved fund balance to next years budgeted total General fund expenditures. Unreserved fund balance represents 50.7% of total budgeted 2014 General fund expenditures of \$5,931,216.

The fund balance of the City's General fund decreased by \$295,913 during the current fiscal year. The key factor of this decrease can be attributed to a budgeted transfer of resources to the Capital Improvement Fund.

The City continued to fund the Capital Improvement fund with a \$1,018,808 allocation. Some of the projects were not started in 2013 and were carried over into 2014; therefore, funding was higher than the requested project costs, resulting in a \$194,686 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 Special Assessment Bond fund decreased by \$715,407 mainly due to previously collected assessment revenue used to pay principal on the related bonds. \$260,000 in bond principal payments were made in advance of their due dates to satisfy outstanding Special Assessment bonds during 2013.

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

Water fund	\$ 1,813,347
Sanitary Sewer Fund	\$ 4,166,134
Electric Fund	\$ 2,684,528

The net position of the Proprietary funds decreased by \$197,179 during the current fiscal year. Key factors in this decrease include:

The Water fund had an increase in net position of \$10,016 mainly as a result of operating income of \$98,346.

The Sanitary Sewer fund had an decrease in net position of \$365,431 mainly due to operating loss of \$142,199

The Electric fund had an increase in net position of \$158,959 due mainly to a operating income of \$622,732.

The net position of the Internal Service funds decreased by \$6,584, due mainly to claims beyond expectations in the Property and Liability insurance fund.

General Fund Budgetary Highlights

The difference between the original budgeted expenditures and transfers out and the final amended budgeted expenditures and transfers out was an increase of \$500,574 during the fiscal year 2013. There was no change between the original budgeted revenues and transfers in and the final amended budgeted revenues and transfers. Significant budget changes during the current fiscal year included the following:

- * Increase of \$483,244 for available funds transferred to Capital Improvement
- * Increase of \$17,330 for library boiler replacement

General fund final amended budgeted expenditures exceeded actual expenditures by \$55,748 during fiscal year 2013. The actual revenues exceeded the budgeted revenues by \$151,652. Significant variances during the current fiscal year included the following:

- * Tax revenues exceeded budget by \$69,294
- * Budgeted Buildings and Grounds expenditures exceeded actual expenditures by \$45,756 as a result of utility expenditures being lower than anticipated.
- * Budgeted Community Development expenditures exceeded actual expenditures by \$31,895 as a result of professional services falling under budget due to timing of projects.

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, 2013, amounts to \$62,886,773 (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 2.1% (a 7.0% increase for governmental activities and a 2.0% decrease 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 44-45.

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

- * Remodeling of former Econofoods building into Public Safety Building with costs in 2013 of \$1,855,681. This project will be completed in early 2014.
- * New JD Loader was purchased with a cost of \$138,798
- * 2014 Freightliner purchased with a cost of \$212,029
- * Street reclamation, improvement and sidewalk projects totalling \$1,053,496 in 2013.

Long-Term Debt: At the end of the fiscal year, the City of Waseca had total long-term debt of \$13,601,859. 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 decreased by \$1,582,610 (10.4% decrease) during the current fiscal year. The main factor in this decrease was \$1,634,000 in principal payments during the year.

The City of Waseca has received a bond rating of Aa3 from Moody's, it's fourth-highest rating, on its general obligation debt. In November 2011, Moody's re-affirmed that rating for the City's most recent debt issue.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of the total taxable market value. The current debt limitation for the City of Waseca is \$11,120,463 and \$1,910,000 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 47-51.

Economic Factors and Budget Information

Significant economic factors affecting the City are as follows:

According to U.S. Bureau of Labor Statistics as of December 2013, the City's unemployment rate of 4.9% compares unfavorably to the state unemployment rate of 4.6%, but compares favorably to the national unemployment rate of 6.7%. Waseca's unemployment rate was 6.4% in 2012; and 6.6% in 2011.

The completion of the new Highway 14 construction, a major four lane highway will impact economic growth and tax base.

Property tax aid from the State of Minnesota has been reduced dramatically the past several years. Beginning in 2014, three new need formulas will be implemented to calculate aid payments. One for cities under 2,500 , one for cities between 2500 and 10,000 and one for cities over 10,000. The effect of these new formulas for the City of Waseca will be an increase in LGA for 2014.

The adopted budget for the City of Waseca sets the 2013 property tax levy at \$3,436,866 which is a 1/2 percent decrease from the 2012, 2011, and 2010 levies.

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.

CITY OF WASECA, MINNESOTA
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government			Component Unit
	Governmental Activities	Business - type Activities	Total	Economic Development Authority
ASSETS				
Cash and cash equivalents	\$ 2,768,172	\$ 7,434,321	\$ 10,202,493	\$ 504,683
Investments	4,240,861	-	4,240,861	-
Receivables				
Taxes	86,942	-	86,942	1,809
Accounts	62,000	12,706	74,706	1,000
Utility	-	1,575,182	1,575,182	-
Assessments	658,759	65,052	723,811	-
Interest	39,752	-	39,752	-
Loans (net of allowance)	41,060	-	41,060	-
Due from other governments	714,235	2	714,237	447
Internal balances	96,911	(96,911)	-	-
Inventory	-	281,816	281,816	-
Land Held for Resale	960,467	-	960,467	177,267
Investment in joint venture	195,150	-	195,150	-
Restricted assets:				
Customer deposits	-	193,231	193,231	-
Capital Assets				
Land	1,408,695	127,215	1,535,910	-
Infrastructure	34,759,335	-	34,759,335	-
Construction in progress	1,974,327	34,746	2,009,073	-
Buildings	3,586,125	15,976,916	19,563,041	-
Improvements other than buildings	7,663,856	33,928,982	41,592,838	-
Machinery and equipment	5,635,634	7,112,068	12,747,702	-
Accumulated depreciation	(24,766,715)	(24,554,411)	(49,321,126)	-
Service territory (net of amortization)	-	109,356	109,356	-
Total assets	40,125,566	42,200,271	82,325,837	685,206
LIABILITIES				
Current liabilities				
Accounts payable	805,212	507,307	1,312,519	575
Customer deposits	-	193,231	193,231	-
Accrued wages payable	86,419	22,696	109,115	-
Accrued interest	45,825	108,186	154,011	-
Bond anticipation notes payable	1,591,293	-	1,591,293	-
Unearned revenue - utility	-	12,205	12,205	-
Noncurrent liabilities:				
Due within one year	508,679	868,478	1,377,157	5,600
Due in more than one year	2,931,140	9,293,561	12,224,701	11,200
Total liabilities	5,968,568	11,005,664	16,974,232	17,375
NET POSITION				
Net investment in capital assets	28,196,258	22,627,509	50,823,767	-
Restricted				
Restricted for Debt Service	67,450	-	67,450	-
Restricted for Clear Lake Press Fund	235,355	-	235,355	-
Restricted for Revolving Loans	10,495	-	10,495	227,020
Restricted for TIF Funds	408,568	-	408,568	-
Restricted for Historical Preservation	2,687	-	2,687	-
Restricted for Safe Haven	1,379	-	1,379	-
Restricted for Crime Victims	19,656	-	19,656	-
Restricted for Police Forfeitures	50,974	-	50,974	-
Restricted for Municipal State Aid	469,957	-	469,957	-
Restricted for Parkland Dedication	38,905	-	38,905	-
Unrestricted	4,655,314	8,567,098	13,222,412	440,811
Total net position	\$ 34,156,998	\$ 31,194,607	\$ 65,351,605	\$ 667,831

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, 2013

					Net (Expense) Revenue and Changes in Net Position			Component Unit Economic Development Authority
Program Revenues					Primary Government			
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental Activities:								
General Government	\$ 1,311,191	\$ 128,304	\$ 114,172	\$ -	\$ (1,068,715)		\$ (1,068,715)	
Public Safety	2,385,006	157,290	323,052	85,282	(1,819,382)		(1,819,382)	
Streets and Highways	2,657,336	-	130,325	329,580	(2,197,431)		(2,197,431)	
Sanitation	37,434	-	-	-	(37,434)		(37,434)	
Culture and Recreation	1,221,298	150,269	3,276	-	(1,067,753)		(1,067,753)	
Economic Development	442,247	-	342,175	-	(100,072)		(100,072)	
Interest and fees	132,580	-	-	-	(132,580)		(132,580)	
Airport	150,248	133,251	21,697	48,498	53,198		53,198	
Other	127,292	-	-	-	(127,292)		(127,292)	
Total Governmental Activities	8,464,632	569,114	\$ 934,697	463,360	(6,497,461)		(6,497,461)	
Business-type Activities								
Water	968,149	1,051,180	-	-	- \$	83,031	83,031	
Sewer	2,432,682	1,994,116	-	-	-	(438,566)	(438,566)	
Electric	6,282,197	6,859,913	-	-	-	577,716	577,716	
Total Business-type Activities	9,683,028	9,905,209	-	-	-	222,181	222,181	
Total Primary Government	\$ 18,147,660	\$ 10,474,323	\$ 934,697	\$ 463,360	\$ (6,497,461)	\$ 222,181	\$ (6,275,280)	
Component Unit								
Economic Development Authority	\$ 6,445	\$ 1,000	\$ -	\$ -				\$ (5,445)
General Revenues:								
Property Taxes					3,487,983	-	3,487,983	69,948
Tax Increment Financing revenue					269,351	-	269,351	-
Lodging Taxes					20,787	-	20,787	-
Franchise Taxes					205,519	-	205,519	-
Grants and Contributions not restricted					2,273,651	-	2,273,651	-
Unrestricted Investment Earnings					40,550	49,169	89,719	2,466
Gain on Disposal of Assets					8,664	23,033	31,697	-
Transfers					491,562	(491,562)	-	-
Total General Revenues and Transfers					6,798,067	(419,360)	6,378,707	72,414
Change in Net Position					300,606	(197,179)	103,427	66,969
Net Position - Beginning					33,856,392	31,391,786	65,248,178	600,862
Net Position - Ending					\$ 34,156,998	\$ 31,194,607	\$ 65,351,605	\$ 667,831

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.

Special Assessment 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.

Public Safety Building Fund

This Capital Project fund is used to track revenues and expenses related to renovations of the City's new Public Safety Building.

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, 2013

	General	Special Assessment Debt	Capital Improvement Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	\$ 204,564	\$ -	\$ 14,130	\$ 197,776	\$ 2,094,130	\$ 2,510,600
Investments	2,640,861	-	1,000,000	-	600,000	4,240,861
Receivables						
Taxes	82,396	-	-	-	4,546	86,942
Accounts	58,520	-	-	-	3,480	62,000
Assessments	-	-	-	-	658,759	658,759
Interest	39,752	-	-	-	-	39,752
Loans	-	-	-	-	1,428,871	1,428,871
Due from other governments	148,908	-	-	512,741	52,586	714,235
Land Held for Resale	-	-	-	-	960,467	960,467
Due from other funds	97,285	-	-	-	-	97,285
Total assets	<u>\$ 3,272,286</u>	<u>\$ -</u>	<u>\$ 1,014,130</u>	<u>\$ 710,517</u>	<u>\$ 5,802,839</u>	<u>\$ 10,799,772</u>
LIABILITIES						
Accounts payable	\$ 61,760	\$ -	\$ 18,937	\$ 703,209	\$ 14,514	\$ 798,420
Accrued wages payable	82,107	-	526	-	2,008	84,641
Due to other funds	-	-	-	-	97,285	97,285
Bond anticipation notes payable	-	-	-	1,591,293	-	1,591,293
Total liabilities	<u>143,867</u>	<u>-</u>	<u>19,463</u>	<u>2,294,502</u>	<u>113,807</u>	<u>2,571,639</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - taxes	82,396	-	-	-	4,546	86,942
Unavailable revenue - loans	-	-	-	-	1,428,871	1,428,871
Unavailable revenue - assessments	-	-	-	-	658,759	658,759
Total deferred inflows of resources	<u>82,396</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,092,176</u>	<u>2,174,572</u>
FUND BALANCES						
Restricted for:						
Debt Service	-	-	-	-	110,923	110,923
Clear Lake Press Fund	-	-	-	-	197,295	197,295
Revolving Loan	-	-	-	-	10,495	10,495
TIF Funds	-	-	-	-	406,374	406,374
Historical Preservation	-	-	-	-	2,687	2,687
Police Safe Haven	-	-	-	-	1,379	1,379
Police Crime Victims	-	-	-	-	19,656	19,656
Police Forfeitures	-	-	-	-	50,974	50,974
Municipal State Aid	-	-	-	-	469,957	469,957
Parkland Dedication	38,905	-	-	-	-	38,905
Committed to:						
Airport	-	-	-	-	242,463	242,463
Police Reserves	-	-	-	-	458	458
Waseca Housing Fund	-	-	-	-	97,801	97,801
Assigned to:						
Capital Projects Funds	-	-	994,667	-	-	994,667
Northwest Commercial Development	-	-	-	-	1,116,693	1,116,693
Annexation and Growth	-	-	-	-	248,648	248,648
Equipment Replacement	-	-	-	-	194,913	194,913
Operations	-	-	-	-	143,859	143,859
Future projects	-	-	-	-	243,645	243,645
Highway 14 Reconstruction	-	-	-	-	50,151	50,151
Unassigned:						
Unassigned	3,007,118	-	-	(1,583,985)	(11,515)	1,411,618
Total fund balances	<u>3,046,023</u>	<u>-</u>	<u>994,667</u>	<u>(1,583,985)</u>	<u>3,596,856</u>	<u>6,053,561</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 3,272,286</u>	<u>\$ -</u>	<u>\$ 1,014,130</u>	<u>\$ 710,517</u>	<u>\$ 5,802,839</u>	<u>\$ 10,799,772</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 POSITION
DECEMBER 31, 2013**

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS	\$	6,053,561
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Amounts reported for governmental activities in the Statement of Net Position 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	55,027,972	
Less: Accumulated depreciation	<u>(24,766,715)</u>	30,261,257

Investments in joint ventures are not financial resources and, therefore are not reported in the funds.	195,150
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Governmental funds do not report a liability for accrued interest until due and payable.	(45,825)
--	----------

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 Position.

Internal service fund net position per statements	249,002	
Add allocation to business-type activities	<u>96,911</u>	345,913

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(3,222,963)
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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.	(227,640)
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Bond premiums and discounts are reported as other financing sources (uses) in the governmental funds at the time of issuance. In the Statement of Net Position, these are amortized over the life of the debt issue.	10,784
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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 unavailable in the governmental funds (net of uncollectible loans).	-1,387,811
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NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u><u>31,982,426</u></u>
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The notes to the financial statements are an integral part of this statement.

CITY OF WASECA, MINNESOTA
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2013

	General	Special Assessment Debt	Capital Improvement Fund	Public Safety Building	Other Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 3,525,897	\$ -	\$ -	\$ -	\$ 478,147	\$ 4,004,044
Licenses	52,205	-	-	-	-	52,205
Permits and fees	114,455	-	-	-	-	114,455
Intergovernmental	2,530,349	-	-	-	758,591	3,288,940
Charges for services	30,287	-	-	-	-	30,287
Program income	-	-	-	-	277,916	277,916
Fines and forfeitures	32,254	-	-	-	21,097	53,351
Assessments	-	76,385	-	-	200,276	276,661
Contributions	4,654	-	2,770	3,000	14,650	25,074
Miscellaneous	139,622	14,864	18,538	-	72,379	245,403
Total revenues	<u>6,429,723</u>	<u>91,249</u>	<u>21,308</u>	<u>3,000</u>	<u>1,823,056</u>	<u>8,368,336</u>
EXPENDITURES						
Current:						
General government	1,200,010	-	-	-	2,383	1,202,393
Public safety	2,071,741	-	-	-	196,267	2,268,008
Streets and highways	1,389,716	-	3,594	-	242,707	1,636,017
Sanitation	37,434	-	-	-	-	37,434
Cultural and recreation	756,767	-	-	-	209,643	966,410
Economic development	-	-	-	-	441,927	441,927
Airport	-	-	-	-	68,916	68,916
Other services	189,299	-	-	-	-	189,299
Debt service:						
Bond principal	-	495,000	-	-	345,000	840,000
Interest and fiscal charges	-	20,012	-	-	120,208	140,220
Capital outlay						
General government	-	-	20,039	-	32,451	52,490
Public safety	-	-	-	1,858,054	200,446	2,058,500
Streets and highways	-	-	510,853	-	740,510	1,251,363
Culture and recreation	-	-	20,944	-	30,101	51,045
Airport	-	-	-	-	82,772	82,772
Total expenditures	<u>5,644,967</u>	<u>515,012</u>	<u>555,430</u>	<u>1,858,054</u>	<u>2,713,331</u>	<u>11,286,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>784,756</u>	<u>(423,763)</u>	<u>(534,122)</u>	<u>(1,855,054)</u>	<u>(890,275)</u>	<u>(2,918,458)</u>
OTHER FINANCING SOURCES (USES)						
Sale of capital assets	8,664	-	-	-	-	8,664
Transfers in	571,718	-	1,018,808	290,000	1,219,296	3,099,822
Transfers out	(1,661,051)	(291,644)	(290,000)	-	(365,565)	(2,608,260)
Total other financing sources (uses)	<u>(1,080,669)</u>	<u>(291,644)</u>	<u>728,808</u>	<u>290,000</u>	<u>853,731</u>	<u>500,226</u>
Net change in fund balances	<u>(295,913)</u>	<u>(715,407)</u>	<u>194,686</u>	<u>(1,565,054)</u>	<u>(36,544)</u>	<u>(2,418,232)</u>
Fund balances - beginning	3,341,936	715,407	799,981	(18,931)	3,633,400	8,471,793
Fund balances - ending	<u>\$ 3,046,023</u>	<u>\$ -</u>	<u>\$ 994,667</u>	<u>\$ (1,583,985)</u>	<u>\$ 3,596,856</u>	<u>\$ 6,053,561</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, 2013**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (2,418,232)

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	3,630,657	
Assets contributed by Enterprise fund	4,907	
Book value of assets sold or traded	(50,532)	
Depreciation expense	<u>(1,593,073)</u>	1,991,959

Revenues (property taxes, special assessment and loan receivable deferred inflows) in the Statements of Activities that do not provide current financial resources are not reported as revenues in the funds. (2,275,887)

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 position. This is the amount of repayments in the current period. Also, governmental funds report the effect premiums and discounts when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

Principal repayments	840,000	
Change in accrued interest	-	
Amortization of bond discount and premium	<u>(4,571)</u>	835,429

Some expenses (changes in other post-employment benefits, compensated absences, and investment in joint venture) 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	(23,959)	
Change in investment in joint venture	5,571	
Change in compensated absences	<u>4,804</u>	(13,584)

The net gain (loss) of the Internal Service funds reported within governmental activities 1,638

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (1,878,677)

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Taxes	\$ 3,456,603	\$ 3,456,603	\$ 3,525,897	\$ 69,294
Licenses	39,491	39,491	52,205	12,714
Permits and fees	99,250	99,250	114,455	15,205
Intergovernmental	2,476,806	2,476,806	2,530,349	53,543
Charges for services	27,800	27,800	30,287	2,487
Fines and forfeitures	33,000	33,000	32,254	(746)
Contributions	4,000	4,000	4,654	654
Miscellaneous	141,121	141,121	139,622	(1,499)
Total revenues	<u>6,278,071</u>	<u>6,278,071</u>	<u>6,429,723</u>	<u>151,652</u>
EXPENDITURES				
Current:				
General government				
Legislative	155,075	155,075	158,535	(3,460)
Administration	298,754	298,754	284,378	14,376
Finance	316,146	316,146	303,734	12,412
Legal	93,000	93,000	81,684	11,316
Information technology	66,420	66,420	88,195	(21,775)
Buildings and grounds	140,680	140,680	94,924	45,756
Community development	220,455	220,455	188,560	31,895
Total general government	<u>1,290,530</u>	<u>1,290,530</u>	<u>1,200,010</u>	<u>90,520</u>
Public safety				
Police department	1,512,705	1,512,705	1,553,890	(41,185)
Community services	34,429	34,429	21,674	12,755
Fire department	386,177	386,177	394,177	(8,000)
Civil defense	3,000	3,000	3,907	(907)
Building inspections	81,850	81,850	98,093	(16,243)
Total public safety	<u>2,018,161</u>	<u>2,018,161</u>	<u>2,071,741</u>	<u>(53,580)</u>
Streets and highways				
Engineering	334,615	334,615	328,562	6,053
Street maintenance	708,894	708,894	708,875	19
Snow removal	176,341	176,341	196,673	(20,332)
Surface water management	47,443	47,443	34,957	12,486
Street lighting	89,000	89,000	86,674	2,326
Traffic signs	39,731	39,731	33,975	5,756
Total streets and highways	<u>1,396,024</u>	<u>1,396,024</u>	<u>1,389,716</u>	<u>6,308</u>
Sanitation				
Street Cleaning	53,472	53,472	37,434	16,038
Cultural and recreation				
Recreation	100,000	100,000	100,000	-
Park maintenance	451,485	451,485	453,203	(1,718)
Library	182,362	199,692	203,564	(3,872)
Total culture and recreation	<u>733,847</u>	<u>751,177</u>	<u>756,767</u>	<u>(5,590)</u>

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

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

FOR THE YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Other				
Other services	191,351	191,351	189,299	2,052
Total expenditures	5,683,385	5,700,715	5,644,967	55,748
Excess of revenues over expenditures	594,686	577,356	784,756	207,400
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	8,664	8,664
Transfers in	571,718	571,718	571,718	-
Transfers out	(1,166,404)	(1,649,648)	(1,661,051)	(11,403)
Total other financing sources (uses)	(594,686)	(1,077,930)	(1,080,669)	(2,739)
Net change in fund balances	-	(500,574)	(295,913)	204,661
Fund balances - beginning	3,341,936	3,341,936	3,341,936	-
Fund balances - ending	<u>\$ 3,341,936</u>	<u>\$ 2,841,362</u>	<u>\$ 3,046,023</u>	<u>\$ 204,661</u>

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

CITY OF WASECA, MINNESOTA
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2013

	Business-type Activities-Enterprise Funds				Governmental Activities-Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 1,674,351	\$ 4,025,962	\$ 1,734,008	\$ 7,434,321	\$ 257,572
Restricted cash and cash equivalents:					
Customer Deposits	-	-	193,231	193,231	-
Accounts receivable	153,593	305,294	1,116,796	1,575,683	-
Utility receivable	7,323	4,882	-	12,205	-
Assessments receivable	33,524	31,528	-	65,052	-
Due from other governments	-	2	-	2	-
Inventories	-	-	281,816	281,816	-
Total current assets	<u>1,868,791</u>	<u>4,367,668</u>	<u>3,325,851</u>	<u>9,562,310</u>	<u>257,572</u>
Noncurrent assets:					
Capital assets:					
Land	10,585	28,500	88,130	127,215	-
Buildings	170,654	15,329,037	477,225	15,976,916	-
Improvements	10,777,038	13,265,458	9,886,486	33,928,982	-
Construction in progress	13,113	21,633	-	34,746	-
Machinery and equipment	509,326	5,196,902	1,405,840	7,112,068	-
Less accumulated depreciation	<u>(6,445,164)</u>	<u>(10,655,354)</u>	<u>(7,453,893)</u>	<u>(24,554,411)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation)	<u>5,035,552</u>	<u>23,186,176</u>	<u>4,403,788</u>	<u>32,625,516</u>	<u>-</u>
Other assets:					
Service territory (net of amortization)	-	-	109,356	109,356	-
Total noncurrent assets	<u>5,035,552</u>	<u>23,186,176</u>	<u>4,513,144</u>	<u>32,734,872</u>	<u>-</u>
Total assets	<u>\$ 6,904,343</u>	<u>\$ 27,553,844</u>	<u>\$ 7,838,995</u>	<u>\$ 42,297,182</u>	<u>\$ 257,572</u>
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 8,619	\$ 24,803	\$ 473,885	\$ 507,307	\$ 6,792
Accrued wages payable	4,766	8,057	9,873	22,696	1,778
Accrued interest payable	4,044	104,142	-	108,186	-
Customer deposits payable	-	-	193,231	193,231	-
Revenue notes payable	-	399,000	-	399,000	-
Revenue bonds payable	155,000	265,000	-	420,000	-
Compensated absences payable	10,721	16,351	22,406	49,478	-
Unearned revenue - utility	<u>7,323</u>	<u>4,882</u>	<u>-</u>	<u>12,205</u>	<u>-</u>
Total current liabilities	<u>190,473</u>	<u>822,235</u>	<u>699,395</u>	<u>1,712,103</u>	<u>8,570</u>
Noncurrent liabilities:					
Revenue notes payable	-	7,416,000	-	7,416,000	-
Revenue bonds payable	428,159	1,334,848	-	1,763,007	-
Compensated absences payable	10,764	14,119	20,330	45,213	-
Other post-employment benefits payable	<u>9,207</u>	<u>29,180</u>	<u>30,954</u>	<u>69,341</u>	<u>-</u>
Total noncurrent liabilities	<u>448,130</u>	<u>8,794,147</u>	<u>51,284</u>	<u>9,293,561</u>	<u>-</u>
Total liabilities	<u>638,603</u>	<u>9,616,382</u>	<u>750,679</u>	<u>11,005,664</u>	<u>8,570</u>
NET POSITION					
Net investment in capital assets	4,452,393	13,771,328	4,403,788	22,627,509	-
Unrestricted	<u>1,813,347</u>	<u>4,166,134</u>	<u>2,684,528</u>	<u>8,664,009</u>	<u>249,002</u>
Total net position	<u>\$ 6,265,740</u>	<u>\$ 17,937,462</u>	<u>\$ 7,088,316</u>	<u>\$ 31,291,518</u>	<u>\$ 249,002</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(96,911)	
Net position of business-type activities				<u>\$ 31,194,607</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 POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Business-type Activities-Enterprise Funds				Governmental Activities- Internal Service Funds
	Water Fund	Sanitary Sewer Fund	Electric	Totals	
Operating revenues:					
Charges for services	\$ 1,041,190	\$ 1,987,826	\$ 6,834,702	\$ 9,863,718	\$ 443,404
Insurance reimbursement	-	-	-	-	46,578
Miscellaneous	9,994	6,294	25,213	41,501	-
Total operating revenues	<u>1,051,184</u>	<u>1,994,120</u>	<u>6,859,915</u>	<u>9,905,219</u>	<u>489,982</u>
Operating expenses:					
Power purchased	103,468	-	5,023,137	5,126,605	-
Personnel services	259,256	487,150	514,702	1,261,108	108,805
Supplies	116,508	146,082	228,108	490,698	133,641
Services and charges	129,936	468,231	143,597	741,764	2,914
Depreciation	343,670	1,049,862	335,666	1,729,198	-
Insurance payment	-	-	-	-	54,423
Insurance premium	-	-	-	-	198,421
Total operating expenses	<u>952,838</u>	<u>2,151,325</u>	<u>6,245,210</u>	<u>9,349,373</u>	<u>498,204</u>
Operating income	<u>98,346</u>	<u>(157,205)</u>	<u>614,705</u>	<u>555,846</u>	<u>(8,222)</u>
Nonoperating revenues (expenses):					
Loss on disposal of capital assets	-	-	(4,907)	(4,907)	-
Gain on disposal of capital assets	-	15,006	8,027	23,033	-
Interest income	10,413	26,575	12,171	49,159	1,638
Interest expense	(9,899)	(277,643)	(394)	(287,936)	-
Agent fee	(414)	(633)	-	(1,047)	-
Amortization expense	(5,180)	(1,219)	(32,643)	(39,042)	-
Total nonoperating revenues (expenses)	<u>(5,080)</u>	<u>(237,914)</u>	<u>(17,746)</u>	<u>(260,740)</u>	<u>1,638</u>
Income before contributions and transfers	93,266	(395,119)	596,959	295,106	(6,584)
Transfers					
Transfers in	-	181,356	-	181,356	-
Transfers out	(83,250)	(151,668)	(438,000)	(672,918)	-
Change in net position	10,016	(365,431)	158,959	(196,456)	(6,584)
Net position - beginning	6,255,724	18,302,893	6,929,357		255,586
Net position - ending	<u>\$ 6,265,740</u>	<u>\$ 17,937,462</u>	<u>\$ 7,088,316</u>		<u>\$ 249,002</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.				(723)	
Change in Net position of business-type activities				<u>\$ (197,179)</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, 2013

	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	\$ 1,087,252	\$ 2,019,732	\$ 6,833,211	\$ 9,940,195	\$ -
Cash received from other funds and reimbursements	-	-	-	-	489,982
Cash payments to suppliers	(353,093)	(656,832)	(5,409,776)	(6,419,701)	-
Cash payments to employees	(256,620)	(463,924)	(514,113)	(1,234,657)	(108,994)
Cash payments for interfund services used	-	-	-	-	(391,667)
Net cash provided (used) by operating activities	<u>477,539</u>	<u>898,976</u>	<u>909,322</u>	<u>2,285,837</u>	<u>(10,679)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
Transfers from other funds	-	181,356	-	181,356	-
Transfers to other funds	(83,250)	(151,668)	(438,000)	(672,918)	-
Net cash provided (used) by noncapital financing activities	<u>(83,250)</u>	<u>29,688</u>	<u>(438,000)</u>	<u>(491,562)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Principal paid on bonds	(150,000)	(255,000)	-	(405,000)	-
Principal paid on notes	-	(389,000)	-	(389,000)	-
Acquisition of capital assets	(171,353)	(197,225)	(701,368)	(1,069,946)	-
Proceeds from disposal of fixed assets	-	33,499	8,027	41,526	-
Agent fee	(414)	(633)	-	(1,047)	-
Interest expense	(10,868)	(285,400)	(394)	(296,662)	-
Net cash used by capital and related financing activities	<u>(332,635)</u>	<u>(1,093,759)</u>	<u>(693,735)</u>	<u>(2,120,129)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	10,412	26,575	12,172	49,159	1,638
Net increase (decrease) in cash and cash equivalents	72,066	(138,520)	(210,241)	(276,695)	(9,041)
Cash and cash equivalents, January 1	1,602,285	4,164,482	1,944,249	7,711,016	266,613
Cash and cash equivalents, December 31	<u>\$ 1,674,351</u>	<u>\$ 4,025,962</u>	<u>\$ 1,734,008</u>	<u>\$ 7,434,321</u>	<u>\$ 257,572</u>
Reconciliation of operating income to net cash provided (used) by operating activities:					
Operating income (loss)	\$ 98,346	\$ (157,205)	\$ 614,705	\$ 555,846	\$ (8,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities					
Depreciation	343,670	1,049,862	335,666	1,729,198	-
Change in assets and liabilities					
(Increase) decrease in accounts receivable	15,855	2,428	(26,704)	(8,421)	-
Decrease in assessment receivable	17,963	20,076	-	38,039	-
Increase in due from other governments	2,250	3,108	-	5,358	-
Increase in inventory	-	-	61,482	61,482	-
Increase (decrease) in accounts payable	(3,181)	(42,519)	(76,416)	(122,116)	(2,268)
Increase in accrued wages payable	556	2,850	1,781	5,187	(189)
Increase (decrease) in compensated absences payable	989	16,921	(4,924)	12,986	-
Increase in OPEB payable	1,091	3,455	3,732	8,278	-
Total adjustments	<u>379,193</u>	<u>1,056,181</u>	<u>294,617</u>	<u>1,729,991</u>	<u>(2,457)</u>
Net cash provided (used) by operating activities	<u>\$ 477,539</u>	<u>\$ 898,976</u>	<u>\$ 909,322</u>	<u>\$ 2,285,837</u>	<u>\$ (10,679)</u>
Noncash investing, capital, and financing activities:					
Amortization of bond discount	\$ 5,180	\$ 1,219	\$ -	\$ 6,399	\$ -
Amortization of service territory	-	-	32,643	32,643	-
Book value of assets sold or deleted	-	(18,493)	(4,907)	(23,400)	-

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

CITY OF WASECA
NOTES TO FINANCIAL STATEMENTS
December 31, 2013

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. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. 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 City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government.

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.

C. Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has a discretely presented component unit. While the Economic Development Authority is considered to be a major component unit, it is nevertheless shown in a separate column in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of presentation - fund financial statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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.

Special Assessment Debt 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.

Public Safety Building Fund

This Capital Project fund is used to track revenues and expenses related to renovations of the City's new Public Safety Building.

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 three 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 Central Garage fund accounts for all activity of the servicing of City vehicles and equipment.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The 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, other postemployment benefits, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On an accrual basis, revenue from property taxes is recognized in the year for which the tax is levied. Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as unearned revenue.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

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.

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.

F. Assets, Liabilities, deferred inflows of resources and net position/fund balance

1. Cash and cash equivalents

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 Taxes

The Council annually adopts a tax levy and certifies it to the County in December for collection the following year. The County is responsible for collecting all property taxes for the City. These taxes attach an enforceable lien on taxable property within the City on January 1 and are payable by the property owners in two installments in May and October. The taxes are collected by the County Treasurer and tax settlements are made to the City during January, June and November each year.

Delinquent taxes receivable include the past six years' uncollected taxes. Delinquent taxes have been offset by a deferred inflow of resources for delinquent taxes not received within 60 days after year-end in the fund financial statements.

3. Special Assessments

Special assessments represent the financing for public improvements paid for by benefiting property owners. These assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue when they are received in cash or within 60 days after year-end. All governmental special assessments receivable are offset by a deferred inflow of resources in the fund financial statements.

4. 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".

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

5. 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.

6. Inventories and Prepaid Items

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.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both governmental-wide and fund financial statements. Prepaid items are reported using the consumption method and recorded as expenditures/expenses at the time of consumption.

7. Land held for resale

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

8. 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.

9. 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.

Depreciation on exhaustible assets is recorded as an allocated expense in the Statement of Activities with accumulated depreciation reflected in the Statement of Net Position. 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

10. 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. The General fund is typically used to liquidate governmental compensated absences payable.

11. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as an expense in the period incurred.

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.

12. Deferred inflows of resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments and loans. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

13. Fund Equity

In the financial statements, fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of resources reported in the governmental funds. These classifications are defined as follows:

Nonspendable Fund Balance - Amounts that cannot be spent because they are either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact.

Restricted Fund Balance - Amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance - Amounts whose use is constrained by limitation that the government imposes upon itself by formal action (resolution) of the City Council (the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Council modifies or rescinds the commitment by resolution.

Assigned Fund Balance - Intended use of resources as established by City Council itself, or established by the City Manager as delegated by the City Council.

Unassigned Fund Balance - The residual classification for the General fund and also negative residual amounts in other funds.

The City considers restricted amounts to be spent first when both restricted and unrestricted fund balance is available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

14. Net Position

Net position represents the difference between assets and liabilities and deferred inflows of resources. Net position is displayed in three components:

- a. Net investment in capital assets - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net position - Consist of net position restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, laws or regulations of other governments.
- c. Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets".

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

15. 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.

G. Revenues and expenditures/expenses

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from 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.

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 position:

The governmental fund balance sheet includes a reconciliation between the fund balance in the governmental funds and net position in the governmental activities as reported in the government-wide statement of net position. 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	\$ (2,970,000)
Compensated absences payable	(252,963)
Total difference	<u>\$ (3,222,963)</u>
 Bond discounts	 <u>\$ 10,784</u>

Deferred inflows of resources 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.

Unavailable Revenue - Special assessments	\$ -
Unavailable Revenue - Delinquent taxes	-
Unavailable Revenue - Loans receivable	-
Allowance for Uncollectible Loans	(1,387,811)
	<u>\$ (1,387,811)</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: Clear Lake Press, Revolving Loan, 2012 SCDP Grant, Tax Increment Financing (TIF) funds, Airport fund, Waseca Water Park fund, Waseca Housing fund, Historical Preservation fund, Police Reserve fund, Police Forfeiture fund, Safe Haven Grant fund, and Fire Relief fund. A budget is also adopted for the following Capital Project funds: Municipal State Aid Construction, Municipal State Aid Maintenance, Capital Improvement fund, Public Safety Building, Highway 14 Reconstruction, Special Assessment fund, Equipment Replacement 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. Adjustments made to the 2013 budget General fund budget included an additional \$483,244 in transfers out and \$17,330 in capital expenditures. No modifications were made to budgeted revenues.

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			
Historical Preservation	3,000	4,026	1,026
Fire Relief Fund	87,915	113,934	26,019
Police Reserve Fund	5,020	8,362	3,342
Police Forfeiture Fund	7,000	37,858	30,858
Capital Project Funds			
Municipal State Aid Construction Fund	489,130	491,234	2,104
Equipment Replacement Fund	637,500	739,379	101,879
Special Assessment fund	200,000	234,028	34,028

The Historical Preservation Fund was established for the grant funding and expenditures related to the Historical Preservation of Waseca, expenditures will be reimbursed from grant funding.

The Firefighters Relief Fund was established to administer property taxes and State Aid for the Association. The amount of State Aid received was more than budgeted. The State Aid received by the City is paid to the Association resulting in expenditures more than budgeted.

The Police Reserve Fund was established to account for revenues and expenditures related to the program. Contribution and reimbursement revenues were also over budget in 2013 which offset the majority of unbudgeted expenditures, the remaining amount was covered by available fund balance.

The Police Forfeiture Fund was established to provide for separate allocation of forfeiture, DUI, and other revenue sources that must be expended in accordance with State statute. In 2013 additional expenditures covered law enforce resources. Existing fund balance was sufficient to cover these expenses.

The Municipal State Aid Construction Fund administers State funds made available for municipal state aid street and construction improvements. Expenses were slightly more than budgeted due to a transfer to the Capital Improvement Fund, existing fund balance was sufficient to cover the transfer.

The Equipment Replacement Fund included and expenditure for additional costs relating to a Fire Truck. This purchase was made over two years; the first portion was made in 2012. Existing fund balance was sufficient to cover this expense.

The Special Assessments Fund accounts for the construction of major capital infrastructure improvements having a relatively long life and are repaid over time through special assessments to benefiting property owners. In 2013 projects meeting this criteria were higher than budgeted, however these expenses will be covered through special assessment revenues.

C. Deficit Fund Equity

The Public Safety Building capital project fund had a deficit fund balance of \$1,583,985 as of December 31, 2013. The fund has incurred expenses related to the design and construction of the public safety building which will be reimbursed from bond proceeds.

The Tax Increment Financing District #224 Waseca Village and Tax Increment Financing District #227 Fox Meadows had deficit fund balances of \$4,644 and \$6,870, respectively, as of December 31, 2013. Tax Increment payments are expected to cover the expenses, however if these future revenues are not sufficient to cover expenses the government plans to transfer funds from the General fund to cover these costs.

IV. DETAILED NOTES ON ALL FUNDS

A. Cash deposits with financial institutions

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, 2013. At year end, the carrying amount of the City's deposits was \$13,913,831 and the bank balance was \$14,101,832. Of the total bank balance, the FDIC covered \$2,559,520. The remainder was covered by collateral with a value of \$14,601,165.

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.

As of December 31, 2013, the City had the following investments that are insured or registered, or securities held by the City or it's agent in the City's name:

Investment Type	Fair Value	Investment Maturities (in years)		
		<1	1-5	6-10
Certificates of deposit	\$ 3,014,674	\$ 505,700	\$ 2,508,974	\$ -
Federal agency notes	1,032,986	-	615,000	417,986
Municipal bonds	193,201	-	-	193,201
Total Investments	<u>\$ 4,240,861</u>	<u>\$ 505,700</u>	<u>\$ 3,123,974</u>	<u>\$ 611,187</u>

As of December 31, 2013, the City had the following summary of investments related to the credit risk, par values and fair values of securities:

Investment Type	Credit Risk	Par	Fair Value	% of total
				Portfolio
Certificates of deposit	N/A	\$ 3,008,454	\$ 3,014,674	71.09%
Federal agency notes	AAA	1,035,000	1,032,986	24.36%
Municipal bonds	AAA	185,000	193,201	4.55%
Total Investments		<u>\$ 4,228,454</u>	<u>\$ 4,240,861</u>	<u>100.00%</u>

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

Investments	\$ 4,240,861
Savings account	8,101,846
Checking account	2,797,311
Petty cash and change funds	1,250
Total cash, cash equivalents, and investments	<u>15,141,268</u>
Cash and cash equivalents - governmental activities	\$ 2,768,172
Investments - governmental activities	4,240,861
Cash and cash equivalents - business-type activities	7,434,321
Customer deposits - business-type activities	193,231
Cash and cash equivalents - component unit	504,683
	<u>\$ 15,141,268</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.

Credit Risk: Credit Risk is the risk of loss due to the failure of the security issuer or backer. According to the City's investment policy, credit risk is mitigated by limiting investments to the safest types of securities, pre-qualifying the financial institutions, broker/dealers, intermediaries, and advisors with which the City will do business, and diversifying the investment portfolio so that potential losses on individual securities will be minimized. At year end the City's investment in U.S. Government Agency securities were rated AAA by Moody's Investor Service.

Concentraion of credit risk: The concentration of credit risk is the risk of loss that may be caused by the City's investment in a single issuer. The City shall diversify its investments to avoid incurring unreasonable risks inherent in over-investing in specific instruments, individual financial institutions or maturities. Within these parameters, portfolio maturities shall be staggered to avoid undue concentration of assets in a specific maturity sector. In accordance with the City's investment policy, restrictions placed on the City's current investments are as follows:

Investment Securities	Maximum Exposure	Exposure per Issuer	Additional Restrictions
1. Certificates of deposit and bank deposits. (checking and savings)	100%	Unlimited	None
2. Direct Obligations of U.S.	100%	Unlimited	No more than 25% in zero coupon items
3. Obligation issued or guaranteed by Agency of U.S.	100%	Unlimited	
4. Share of Regulated Investment companies invested in 2 & 3 above	100%	100%	None
5. Repurchase or Reverse Repurchase Agreements	20%	10%	90 days maturity or less
6. General Obligations of any State of the US which is a general obligation of any state or local government with taxing powers.	50%	5%	"A" or better by at least on major rating agency
7. Any security which is a revenue obligation of any state or local government with taxing powers.	50%	5%	"AA" or better by at least on major rating agency
8. Local government investment pools	50%	Unlimited	None

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 unavailabe 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 unavailable 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 \$86,942, \$658,759 and \$1,428,871. respectively.

Loans Receivable: Local businesses have loans with the City for various amounts. These loans will be paid back to the City at various monthly payment with interest at 3.0 percent per annum on all unpaid balances. The balance on these loans at December 31, 2013 is \$38,060. These loans are unsecured. The City also has a deferred loan of \$3,000 that will mature on June 1, 2033 or payable immediately upon the sale or transfer or property for Block 1, Lot 4, EDA Plat No. 1.

The City has also issued loans to renovate and remodel residential and business properties through the Small Cities Loan Grant Program. The balance of these loans at December 31, 2013 is \$1,387,811. These loans are deferred for 10 years, at which time the note is forgiven if the original property owner is still residing at the improved property. The amount of allowance for doubtful accounts for the forgivable portion is \$1,387,811.

C. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 1,412,695	\$ -	\$ 4,000	\$ 1,408,695
Construction in progress	982,712	1,906,626	915,011	1,974,327
Total capital assets not being depreciated	2,395,407	1,906,626	919,011	3,383,022
Depreciable capital assets:				
Buildings	3,525,797	61,328	1,000	3,586,125
Improvements other than buildings	7,086,407	584,264	6,815	7,663,856
Equipment	5,092,644	853,086	310,096	5,635,634
Infrastructure	33,595,589	1,163,746	-	34,759,335
Total depreciable capital assets	49,300,437	2,662,424	317,911	51,644,950
Accumulated depreciation				
Buildings	1,763,118	80,508	1,000	1,842,626
Improvements other than buildings	2,974,994	212,621	6,815	3,180,800
Equipment	2,813,102	348,056	245,090	2,916,068
Infrastructure	15,875,333	951,888	-	16,827,221
Total accumulated depreciation	23,426,547	1,593,073	252,905	24,766,715
Total capital assets being depreciated, net	25,873,890	1,069,351	65,006	26,878,235
Governmental activities capital assets, net	\$ 28,269,297	\$ 2,975,977	\$ 984,017	\$ 30,261,257

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

General Government	\$ 114,467
Public Safety	112,128
Streets and Highways	1,096,450
Culture and Recreation	270,028
Total depreciation for governmental activities	<u>\$ 1,593,073</u>

Capital asset activity for business-type activities for the year ended December 31, 2013 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated				
Land	\$ 127,215	\$ -	\$ -	\$ 127,215
Construction in progress	903,906	22,678	891,838	34,746
Total capital assets not being depreciated	1,031,121	22,678	891,838	161,961
Depreciable capital assets:				
Buildings	15,976,916	-	-	15,976,916
Improvements other than buildings	32,473,043	1,519,335	63,396	33,928,982
Equipment	7,003,523	419,771	311,226	7,112,068
Total depreciable capital assets	55,453,482	1,939,106	374,622	57,017,966
Accumulated depreciation				
Buildings	1,577,944	471,299	-	2,049,243
Improvements other than buildings	17,261,069	973,039	63,396	18,170,712
Equipment	4,337,422	284,860	287,826	4,334,456
Total accumulated depreciation	23,176,435	1,729,198	351,222	24,554,411
Total capital assets being depreciated, net	32,277,047	209,908	23,400	32,463,555
Business-type activities capital assets, net	\$ 33,308,168	\$ 232,586	\$ 915,238	\$ 32,625,516

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

Water	\$ 343,670
Sewer	1,049,862
Electric	335,666
Total depreciation for business-type activities	<u>\$ 1,729,198</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 2014 revenue flow provides for costs.

The composition of interfund balances as of December 31, 2013 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>\$ 97,285</u>

The following is a schedule of interfund transfers for the year ended December 31, 2013:

Transfers Out	Transfers In					Total
	General Fund (1-2)	CIP Fund (3-4)	Public Safety Building (14)	Non-Major Governmental Funds (5-13)	Sewer Fund (15)	
General Fund	\$ -	\$ 764,606	\$ -	\$ 715,089	\$ 181,356	\$ 1,661,051
Capital Improvement Fund	-	-	290,000	-	-	290,000
Special Assessment Debt	-	-	-	291,644	-	291,644
Non-major governmental funds	-	254,202	-	111,363	-	365,565
Water Fund	27,250	-	-	56,000	-	83,250
Sewer Fund	116,468	-	-	35,200	-	151,668
Electric Fund	428,000	-	-	10,000	-	438,000
Total	\$ 571,718	\$ 1,018,808	\$ 290,000	\$ 1,219,296	\$ 181,356	\$ 3,281,178

Transfers were used for the following:

- (1) Transfers from Utilities for administrative and overhead costs of the General Fund in the amount of \$27,250, \$116,468, and \$143,000 for Water, Sewer, and Electric respectively
- (2) Transfer from Electric Fund for franchise fee in the amount of \$285,000
- (3) Transfer from the General Fund to the CIP Fund to provide funding for street improvements
- (4) Transfer \$254,202 from MSA Construction fund to CIP fund for matching grant funds to expenditures
- (5) Transfer of \$570,000 to the Equipment Replacement Fund to provide funding for various equipment in accordance with the City's approved equipment replacement schedule
- (6) The City's required contribution for the Fire Relief Association of \$44,700
- (7) Transfer of \$50,000 from the General fund to the Water Park for operations
- (8) Transfer of \$40,362, \$41,000, and \$20,200 from the General, Water, and Sewer funds to provide funding for debt service payments related to NW Construction Site
- (9) Transfer of \$16,456 and \$7,544 from the Revolving Loan fund and Parkview Estates TIF to the 2012 SCDP fund for City portion of forgivable DEED loans
- (10) Transfer \$87,363 from Central TIF to debt service for bond payment
- (11) Transfers of \$10,000, \$15,000, \$15,000, and \$10,000 from the General, Water, Sewer, and Electric Funds to the Highway 14 Capital project fund for initial funding.
- (12) Transfer of \$27 from General fund to Police Explorers to close the fund.
- (13) Transfer of \$291,644 from the Special Assessment Debt Service to the Special Assessment Capital Project fund upon satisfaction of outstanding bonds.
- (14) Transfer of \$290,000 from CIP fund to Public Safety Building fund for unbonded project costs.
- (15) Transfer to the Sewer Fund to provide funding for the Public Facilities Authority loan (30% levy funded)

E. Other Assets

Other assets within the Governmental and Enterprise funds for December 31, 2013 are as follows:

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.

In 2011, the City acquired additional service territory in the amount of \$17,600. This additional service territory resulted from negotiations with Xcel Energy, as the City acquired property known as Fox Meadows and Prakridge. This service territory is being amortized over a period of ten years

As of December 31, 2013 the unamortized balance of these service territories in the Electric Fund was \$109,356.

F. Short-Term Debt

The schedule below details the changes in short-term capital borrowings during the year ended December 31, 2013 for both governmental and business-type activities:

Governmental Activities	Original Issue	Interest Rate	Beginning Balance	Issues	Redemptions	Ending Balance
Public Safety Building	2014	3.50%	-	1,591,293	-	1,591,293

The purpose of the short-time borrowing was to provide resources for capital construction. The form of financing used was bond anticipation notes. The amounts issued for governmental activities are accounted for in the Public Safety Building capital project fund.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term obligations within five years after the original issue date, if not completely repaid. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual reductions of principal are made.

G. 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 \$430,000 is currently outstanding as follows:

	Original Amount	Maturities	Rates	Balance at 12/31/2013
General Obligation Refunding Bonds Series 2011A	\$ 430,000	2013-2016	1.06%	\$ 295,000

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

Year	Governmental Activities	
	Principal	Interest
2014	\$ 140,000	\$ 1,783
2015	75,000	1,081
2016	80,000	400
	<u>\$ 295,000</u>	<u>\$ 3,264</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 12/31/2013
General Obligation Tax Increment Series 2005E	<u>\$ 1,100,000</u>	2005-2026	4.25%	<u>\$ 900,000</u>

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

Year	Governmental Activities	
	Principal	Interest
2014	\$ 50,000	36,493
2015	50,000	34,492
2016	50,000	32,492
2017	55,000	30,392
2018	55,000	28,192
2019-2023	370,000	100,163
2024-2026	270,000	18,156
	<u>\$ 900,000</u>	<u>\$ 280,380</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 12/31/2013
General Obligation State Aid Street Bonds Series 2005B	<u>\$ 805,000</u>	2005-2015	3.65%	<u>\$ 160,000</u>

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

Year	Governmental Activities	
	Principal	Interest
2014	\$ 80,000	\$ 4,520
2015	80,000	1,520
	<u>\$ 160,000</u>	<u>\$ 6,040</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 12/31/2013
General Obligation Aquatic Center Bonds Series 2006A	<u>\$ 2,040,000</u>	2006-2027	4.34%	<u>\$ 1,615,000</u>

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

Year	Governmental Activities	
	Principal	Interest
2014	\$ 85,000	\$ 66,985
2015	90,000	63,440
2016	95,000	59,648
2017	100,000	55,650
2018	105,000	51,395
2019 - 2023	575,000	187,410
2024 - 2027	<u>565,000</u>	<u>51,150</u>
	<u>\$ 1,615,000</u>	<u>\$ 535,678</u>

5. 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 \$435,000. The bonds from these funds are payable from the proceeds of the 2011 refunding bonds of \$545,000 and 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 12/31/2013
Revenue Refunding Bonds of 2004B	\$ 1,900,000	2004-2016	3.58%	\$ 640,000
Revenue Bonds Series 2005A	1,760,000	2005-2026	4.18%	1,110,000
General Obligation Refunding Bonds Series 2011A	545,000	2013-2017	1.06%	440,000
Total	<u>\$ 4,205,000</u>			<u>\$ 2,190,000</u>

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

Year	Business-Type Activities	
	Principal	Interest
2014	\$ 420,000	\$ 68,603
2015	435,000	55,578
2016	440,000	41,676
2017	170,000	32,666
2018	70,000	29,406
2019-2023	380,000	101,719
2024-2026	275,000	18,266
	<u>\$ 2,190,000</u>	<u>\$ 347,914</u>

6. 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 received from this note was \$9,335,004. 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 12/31/2013
General Obligation Wastewater Revenue Note Series 2009A	<u>\$ 9,335,004</u>	2010-2029	3.00%	<u>\$ 7,815,000</u>

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

Year	Business-Type Activities	
	Principal	Interest
2014	\$ 399,000	\$ 205,300
2015	410,000	194,818
2016	421,000	184,048
2017	432,000	172,988
2018	443,000	161,639
2019-2023	2,395,000	627,406
2024-2028	2,726,000	295,932
2029	589,000	15,473
	<u>\$ 7,815,000</u>	<u>\$ 1,857,604</u>

7. Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
Bonds payable					
General obligation bonds	\$ 430,000	\$ -	\$ (135,000)	\$ 295,000	\$ 140,000
Less: bond discount	(2,847)	-	1,254	(1,593)	-
GO Tax Increment bonds	945,000	-	(45,000)	900,000	50,000
Less: bond discount	(6,258)	-	475	(5,783)	-
GO State Aid Street bonds	240,000	-	(80,000)	160,000	80,000
Less: bond discount	(2,066)	-	885	(1,181)	-
GO Aquatic Center bonds	1,700,000	-	(85,000)	1,615,000	85,000
Less: bond discount	(2,397)	-	170	(2,227)	-
Special Assessment bonds	495,000	-	(495,000)	-	-
Plus: bond premium	373	-	(373)	-	-
Less: bond discount	(2,160)	-	2,160	-	-
Other post-employment benefits	203,681	68,768	(44,809)	227,640	-
Compensated absences	257,767	206,603	(211,407)	252,963	153,679
Long term liabilities	\$ 4,256,093	\$ 275,371	\$ (1,091,645)	\$ 3,439,819	\$ 508,679
Business-type activities					
Bonds payable					
Revenue bonds	\$ 2,595,000	\$ -	\$ (405,000)	\$ 2,190,000	\$ 420,000
Less: bond discount	(13,392)	-	6,399	(6,993)	-
GO Revenue notes	8,204,000	-	(389,000)	7,815,000	399,000
Other post-employment benefits	61,063	23,761	(15,483)	69,341	-
Compensated absences	81,705	82,885	(69,899)	94,691	49,478
Long term liabilities	\$ 10,928,376	\$ 106,646	\$ (872,983)	\$ 10,162,039	\$ 868,478

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

H. Fund Balance Reporting

1. Committed Fund Balance Policy

The City Council, at its discretion, may commit or assign fund balance for a specific purpose to be spent in future years. Planned uses of fund balance will be budgeted during the annual budget process. Balances must meet the following criteria to be reported as committed:

1. Imposed by City Council through council action (resolution)
2. The council action must be binding, unless removed in the same manner
3. The council action must be done prior to 12/31 of the current year.

2. Assigned Fund Balance Policy

The City's Assigned Fund Balance is fund balance reporting occurring by City Council authority, or established by the City Manager as delegated by the City Council. The amounts include (a) all remaining amounts (except for negative balances) that are reported in special revenue, capital projects and debt service funds (b) amounts in the general fund that are intended to be used for a specific purpose that is narrower than the general purposes of the City.

3. Order of Fund Balance Spending Policy

To provide the greatest level of flexibility and control over its financial resources, the City will apply restricted revenues first when an expense is incurred for purposes for which both restricted and unrestricted revenues are available. The general fund is the only fund that may report a positive unassigned fund balance but a deficit balance is possible in any other governmental fund.

4. Minimum Fund Balance

At the end of each fiscal year, the City will maintain an Assigned/Unassigned fund balance in the General Fund for working capital in a range equal to 35 - 50% of the subsequent year's General Fund expenditure budget. The Assigned/Unassigned fund balance in the General Fund should not fall below 10 percent of budgeted operating expenditures at any time during the year.

Any planned use of fund balance below the minimum target shall be accompanied by a plan to restore the fund balance to the minimum targeted level.

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 2013, the amount of support provided to the library system by the City was \$171,362.

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. On an annual basis the City provides 26.6% of the financial support provided. 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, 2012 is presented as follows (2013 financial information was not available at the time of the audit):

Total Revenues	\$ 731,677
Total Expenditures	<u>710,735</u>
Change in Net Position	20,942
Net Position, January 1, 2012	<u>712,705</u>
Net Position, December 31, 2012	<u><u>\$ 733,647</u></u>
Total Assets	<u><u>\$ 788,383</u></u>
Total Liabilities	<u><u>\$ 54,736</u></u>

City's Investment in Joint Ventures, December 31, 2012 \$ 195,150

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

D. Utility Power Purchase Commitment

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

In May 1981, SMMPA entered into a power sales agreement with all of its participating members to contract for the long-term purchase of electricity. The agreement set forth the terms and conditions to "all requirements" purchase commencing May 1, 1985, and extending to 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 Commitments

The City has several ongoing construction projects. Commitments to contractors for these projects are as follows:

Project	Contractor	Paid to date	Contract remaining
Public Safety Building	Alliance Contracting	\$ 1,501,218	\$ 697,570

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

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 and benefits vest after three years of credited service (five years for those first eligible for membership after June 30, 2010).

All police officers, firefighters, and peace officers who qualify for membership by statute are covered by the Public Employees Police and Fire Fund. For members first eligible for membership after June 30, 2010, benefits vest on a graduated schedule starting with 50 percent after five years and increasing 10 percent for each year of service until fully vested after ten years. Members eligible for membership before July, 2010, are fully vested after three years of service.

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. Defined retirement benefits are based on a member's highest average salary for the five highest-paid consecutive 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. 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 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 General 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, Suite 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 Coordinated Plan members were required to contribute 6.25 percent, of their annual covered salary. PEPFF members were required to contribute 10.2 percent.

The City of Waseca was required to contribute the following percentages of annual covered payroll in 2013:

GERF	
Coordinated Plan members	7.25 %
PEPFF	15.30 %

The City of Waseca's contributions for the years ending December 31, 2013, 2012, and 2011, for the General Employees Retirement Fund and the Public Employees Police and Fire Fund were:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
GERF	\$ 170,669	\$ 158,139	\$ 159,055
PEPFF	151,624	147,473	138,797

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 plan is established and administered in accordance with Minnesota Statutes, Chapter 353D, which may be amended by the State Legislature. The plan 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. For those qualified personnel who elect to participate, Minnesota Statutes Section 353D.03, specifies plan provisions including the employee and employer contribution rates. An eligible elected official who decides to participate contributes 5.0 percent of salary which is matched by the 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, 2013, were:

	<u>Employee</u>	<u>Employer</u>
Contribution Amount	\$ 1,846	\$ 1,846
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, 2013 was \$44,700. The City contributed \$44,700 in 2013 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 \$69,234 which includes \$4,000 in supplemental retirement funds, and remitted Fire Aid in the amount of \$69,234 in 2013.

The Required Supplementary Information providing a three-year history of Funding Progress is on page 67.

Annual Pension Cost and Net Pension Obligation

The City's annual pension cost and net pension obligation for the year ended December 31, 2013 were as follows:

Annual Required Contribution	\$ 44,700
Interest on Net Pension Obligation	-
Adjustment to Annual Required Contribution	69,234
Annual Pension Cost	113,934
Contributions Made	113,934
Increase (Decrease) in Net Pension Obligation	-
Net Pension Obligation - Beginning of Year	-
Net Pension Obligation - End of Year	\$ -

In the December 31, 2013 actuarial valuation, the entry age normal method was used. The significant actuarial assumptions included: (a) 5% investments rate of return; and (b) age and service retirement was assumed to occur at age 50. The actuarial value of plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. Actuarial assumptions for project 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, 2013, 2012 and 2011 are as follows:

Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
12/31/2011	\$ 94,585	100.0%	\$ -
12/31/2012	78,188	100.0%	-
12/31/2013	113,934	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
12/31/2011	1,094,907	1,264,699	(169,792)	86.6%	3,100
12/31/2012	1,279,232	1,369,897	(90,665)	93.4%	3,100
12/31/2013	1,287,084	1,155,791	131,293	111.4%	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 had one public safety employees who were entitled to these benefits for all of 2013. Expenditures for post employment benefits made in 2013 were \$20,859. 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 is currently one such participant covered on the City's plan. In 2011, the City contracted with Hildi Incorporated, 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, 2013.

	Plan 1	Plan 2
Single	\$ 539.00	\$ 772.50
Family	1,678.00	2,404.00

Participants

1. Active Employees	59
2. Covered retirees, beneficiaries and disabled	1
3. Total	<u>60</u>

Annual OPEB Costs and Net OPEB Obligation

The City's last actuarial valuation was performed for the plan on January 1, 2011 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, 2013. The City's annual OPEB cost (expense) was \$92,529. 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 2013 were as follows:

Fiscal Year Ended	Annual OPEB Cost	Employer Contributions	Implicit Rate	Cumulative Net OPEB Obligation	Percentage of Annual OPEB Cost Contributed
2011	\$ 94,242	\$ (21,948)	\$ (34,768)	\$ 227,107	60.2%
2012	93,412	(15,470)	(40,306)	264,743	59.7%
2013	92,529	(14,718)	(45,574)	296,980	65.2%

The net OPEB obligation (NOPEBO) as of December 31, 2013, was calculated as follows:

Annual Required Contribution	\$ 97,625
Interest on Net OPEB Obligation	10,590
Adjustment to ARC	<u>(15,686)</u>
Annual OPEB Cost	92,529
Contributions made	(14,718)
Implicit rate	<u>(45,574)</u>
Increase in Net OPEB Obligation	32,237
Net OPEB Obligation Beginning of Year	<u>264,743</u>
Net OPEB Obligation End of Year	<u><u>\$ 296,980</u></u>

Funded Status and Funding Progress. The funded status of the plan as of January 1, 2011 (the most recent valuation date), was as follows:

Actuarial accrued liability (AAL)	891,792
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	891,792
Funded ratio (actuarial value of plan assets/AAL)	-
Covered payroll (active plan members)	2,832,604
UAAL as a percentage of covered payroll	31.48%

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, 2011 actuarial valuation the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of expenses) with an underlying inflation rate of 2.5%. The actuarial assumptions also included a current year healthcare cost trend rate of 8% in 2008 grading to 5% over 6 years. It is assumed that 55% of active participants continue coverage until age 65. The percentage of spouses electing coverage at participant's retirement is assumed to be 25%. Retirement age is considered the latest of age 60, plan eligibility or current age. Life expectancy is based on the RP 2000 Combined Healthy Table (with Blue Collar adjustment for Police & Fire). 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 \$486 for single and \$1,513 for family valued to Medicare eligibility.

H. Concentrations

The City receives a significant amount of its annual General fund revenues from the State of Minnesota from the Local Government Aid (LGA). The amount received in 2013 was \$2,273,651, which accounted for 32.68 percent of General fund revenues.

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. 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. 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 governmental fund:

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, deferred inflows of resources and fund balance

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 nonspendable fund balance for amounts that cannot be spent because they are either (a) not in a spendable form, or (b), legally or contractually required to be maintained intact. Restricted fund balance are amounts that are subject to externally enforceable legal restrictions from (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b), imposed by law through constitutional provisions or enabling legislation. Unassigned fund balance is the residual classification for the General fund and also negative residual amounts in other funds.

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, 2013.

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, 2013.

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, 2013 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 Estate. The balance at year-end consists of:

Land	\$ 34,198
Capitalized interest	46,987
Special assessments	96,082
Total	<u>\$ 177,267</u>

E. Long-term Debt

Notes payable

The EDA issued a note payable to the Waseca Development Corporation in 2011 in conjunction with an agreement to develop a \$625,000 revolving loan program that will be targeted to agribusiness startups. This loan represents a portion of local match funding which was required for eligibility for a \$500,000 USDA loan. The note currently outstanding is as follows:

	Original Amount	Maturities	Rate	Balance at 12/31/2013
2011 Waseca Development Corp Loan	\$ 28,000	2012-2016	0.00%	\$ 16,800

Year	Principal	Interest
2014	\$ 5,600	-
2015	5,600	-
2016	5,600	-
	<u>\$ 16,800</u>	<u>\$ -</u>

Change in Long-Term Liabilities

Long-term liability activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Component unit - EDA					
Notes payable	\$ 22,400	\$ -	\$ (5,600)	\$ 16,800	\$ 5,600

F. 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 are no significant reductions 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.

REQUIRED SUPPLEMENTARY INFORMATION

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City of Waseca, Minnesota
Schedule of Funding Progress for Postemployment Benefit Plan
December 31, 2013

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)
1/1/2011	\$ -	\$ 891,792	\$ 891,792	0.0%	\$ 2,832,604	31.5%
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, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL	Funded Ratio
12/31/2013	\$ 1,287,084	\$ 1,155,791	\$ 131,293	111.4%
12/31/2012	1,279,232	1,369,897	(90,665)	93.4%
12/31/2011	1,094,907	1,264,699	(169,792)	86.6%

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.

2012 SCDP Grant – This fund accounts for the 2012 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 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.

Safe Haven Grant Fund – This fund accounts for the funding and activity for the Safe Haven Supervised Visitation and Safe Exchange Grant.

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.

2011A Refunding Bonds – Accounts for the refunding debt issued for the Water Revenue Bonds Series 2001B and General Obligation Series 2005D.

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.

Highway 14 Reconstruction Fund – Proposed in 2013, to establish a fund to account for the City's cost of replacing the infrastructure along Highway 14.

Special Assessment Fund - This fund accounts 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.

Equipment Replacement Fund – Accounts for General fund transfers and related purchases of capital equipment as detailed in the 10-year equipment replacement plan.

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2013

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 915,494	\$ 110,114	\$ 1,068,522	\$ 2,094,130
Investments	250,000	-	350,000	600,000
Taxes receivable	2,194	2,352	-	4,546
Accounts receivable	3,480	-	-	3,480
Assessments receivable	-	-	658,759	658,759
Loans receivable	1,428,871	-	-	1,428,871
Due from other governments	27,046	1,022	24,518	52,586
Land held for resale	-	-	960,467	960,467
Total assets	<u>\$ 2,627,085</u>	<u>\$ 113,488</u>	<u>\$ 3,062,266</u>	<u>\$ 5,802,839</u>
LIABILITIES				
Accounts payable	\$ 7,237	\$ 213	\$ 7,064	\$ 14,514
Accrued wages payable	2,008	-	-	2,008
Due to other funds	24,849	-	72,436	97,285
Total liabilities	<u>34,094</u>	<u>213</u>	<u>79,500</u>	<u>113,807</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - taxes	2,194	2,352	-	4,546
Unavailable revenue - loans	1,428,871	-	-	1,428,871
Unavailable revenue - assessments	-	-	658,759	658,759
Total deferred inflows of resources	<u>1,431,065</u>	<u>2,352</u>	<u>658,759</u>	<u>2,092,176</u>
FUND BALANCES				
Restricted for:				
Debt Service	-	110,923	-	110,923
Clear Lake Press Fund	197,295	-	-	197,295
Revolving Loan	10,495	-	-	10,495
TIF Funds	406,374	-	-	406,374
Historical Preservation	2,687	-	-	2,687
Police Safe Haven	1,379	-	-	1,379
Police Crime Victims	19,656	-	-	19,656
Police Forfeitures	50,974	-	-	50,974
Municipal State Aid	-	-	469,957	469,957
Committed to:				
Airport	242,463	-	-	242,463
Police Reserves	458	-	-	458
Waseca Housing Fund	97,801	-	-	97,801
Assigned to:				
Northwest Commercial Development	-	-	1,116,693	1,116,693
Annexation and Growth	-	-	248,648	248,648
Equipment Replacement	-	-	194,913	194,913
Operations	143,859	-	-	143,859
Future projects	-	-	243,645	243,645
Highway 14 Reconstruction	-	-	50,151	50,151
Unassigned:				
Unassigned	(11,515)	-	-	(11,515)
Total fund balances	<u>1,161,926</u>	<u>110,923</u>	<u>2,324,007</u>	<u>3,596,856</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,627,085</u>	<u>\$ 113,488</u>	<u>\$ 3,062,266</u>	<u>\$ 5,802,839</u>

CITY OF WASECA, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2013

	Other Governmental Funds			
	Special Revenue	Debt Service	Capital Projects	Total
REVENUES				
Property taxes	\$ 269,351	\$ 208,796	\$ -	\$ 478,147
Fines and forfeitures	21,097	-	-	21,097
Intergovernmental	503,329	87,440	167,822	758,591
Assessments	-	-	200,276	200,276
Program income	277,916	-	-	277,916
Contributions	14,650	-	-	14,650
Miscellaneous	32,752	501	39,126	72,379
Total revenues	<u>1,119,095</u>	<u>296,737</u>	<u>407,224</u>	<u>1,823,056</u>
EXPENDITURES				
Current:				
General government	-	-	2,383	2,383
Public safety	196,267	-	-	196,267
Streets and highways	-	-	242,707	242,707
Culture and recreation	209,643	-	-	209,643
Economic development	441,927	-	-	441,927
Airport	68,916	-	-	68,916
Debt service:				
Bond principal	-	345,000	-	345,000
Interest and fiscal charges	-	120,208	-	120,208
Capital outlay				
General government	-	-	32,451	32,451
Public safety	-	-	200,446	200,446
Culture and recreation	30,101	-	-	30,101
Streets and highways	-	-	740,510	740,510
Airport	82,772	-	-	82,772
Total expenditures	<u>1,029,626</u>	<u>465,208</u>	<u>1,218,497</u>	<u>2,713,331</u>
Excess (deficiency) of revenues over (under) expenditures	<u>89,469</u>	<u>(168,471)</u>	<u>(811,273)</u>	<u>(890,275)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	118,727	188,925	911,644	1,219,296
Transfers out	(111,363)	-	(254,202)	(365,565)
Total other financing sources (uses)	<u>7,364</u>	<u>188,925</u>	<u>657,442</u>	<u>853,731</u>
Net change in fund balances	96,833	20,454	(153,831)	(36,544)
Fund balances - beginning	<u>1,065,093</u>	<u>90,469</u>	<u>2,477,838</u>	<u>3,633,400</u>
Fund balances - ending	<u>\$ 1,161,926</u>	<u>\$ 110,923</u>	<u>\$ 2,324,007</u>	<u>\$ 3,596,856</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
December 31, 2013

	Special Revenue						
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	2012 SCDP Grant	TIF Funds	Airport	Waseca Water Park Fund
ASSETS							
Cash and cash equivalents	\$ 31,361	\$ 15,078	\$ 2,572	\$ 11	\$ 406,374	\$ 269,846	\$ 2,619
Investments	250,000	-	-	-	-	-	-
Taxes receivable	-	-	-	-	2,194	-	-
Accounts receivable	-	-	-	-	-	3,420	-
Loans receivable	460,575	229,798	421,707	313,791	-	-	-
Due from other governments	-	-	-	-	-	7,367	-
Total assets	<u>\$ 741,936</u>	<u>\$ 244,876</u>	<u>\$ 424,279</u>	<u>\$ 313,802</u>	<u>\$ 408,568</u>	<u>\$ 280,633</u>	<u>\$ 2,619</u>
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,845	\$ 825
Accrued wages payable	-	-	-	-	-	-	1,042
Due to other funds	-	-	-	-	11,515	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,515</u>	<u>1,845</u>	<u>1,867</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	-	-	-	-	2,194	-	-
Unavailable revenue - loans	460,575	229,798	421,707	313,791	-	-	-
Total Deferred Inflows of Resources	<u>460,575</u>	<u>229,798</u>	<u>421,707</u>	<u>313,791</u>	<u>2,194</u>	<u>-</u>	<u>-</u>
FUND BALANCES							
Restricted for:							
Clear Lake Press Fund	197,295	-	-	-	-	-	-
Revolving Loan	-	7,965	2,530	-	-	-	-
TIF Funds	-	-	-	-	406,374	-	-
Historical Preservation	-	-	-	-	-	-	-
Police Safe Haven	-	-	-	-	-	-	-
Police Crime Victims	-	-	-	-	-	-	-
Police Forfeitures	-	-	-	-	-	-	-
Committed to:							
Airport	-	-	-	-	-	242,463	-
Police Reserves	-	-	-	-	-	-	-
Waseca Housing Fund	-	-	-	-	-	-	-
Assigned to:							
Operations	84,066	7,113	42	11	-	36,325	752
Unassigned:							
Unassigned	-	-	-	-	(11,515)	-	-
Total fund balances	<u>281,361</u>	<u>15,078</u>	<u>2,572</u>	<u>11</u>	<u>394,859</u>	<u>278,788</u>	<u>752</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 741,936</u>	<u>\$ 244,876</u>	<u>\$ 424,279</u>	<u>\$ 313,802</u>	<u>\$ 408,568</u>	<u>\$ 280,633</u>	<u>\$ 2,619</u>

Waseca Housing Fund	Historical Preservation Fund	Police Reserves Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Safe Haven Grant Fund	Fire Relief Fund	Total
\$ 113,010	\$ 2,687	\$ 1,157	\$ -	\$ 19,656	\$ 51,123	\$ -	\$ -	\$ 915,494
-	-	-	-	-	-	-	-	250,000
-	-	-	-	-	-	-	-	2,194
-	-	60	-	-	-	-	-	3,480
3,000	-	-	-	-	-	-	-	1,428,871
-	-	-	-	-	-	15,679	4,000	27,046
<u>\$ 116,010</u>	<u>\$ 2,687</u>	<u>\$ 1,217</u>	<u>\$ -</u>	<u>\$ 19,656</u>	<u>\$ 51,123</u>	<u>\$ 15,679</u>	<u>\$ 4,000</u>	<u>\$ 2,627,085</u>
\$ -	\$ -	\$ 418	\$ -	\$ -	\$ 149	\$ -	\$ 4,000	\$ 7,237
-	-	-	-	-	-	966	-	2,008
-	-	-	-	-	-	13,334	-	24,849
-	-	418	-	-	149	14,300	4,000	34,094
-	-	-	-	-	-	-	-	2,194
3,000	-	-	-	-	-	-	-	1,428,871
<u>3,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,431,065</u>
-	-	-	-	-	-	-	-	197,295
-	-	-	-	-	-	-	-	10,495
-	-	-	-	-	-	-	-	406,374
-	2,687	-	-	-	-	-	-	2,687
-	-	-	-	-	-	1,379	-	1,379
-	-	-	-	19,656	-	-	-	19,656
-	-	-	-	-	50,974	-	-	50,974
-	-	-	-	-	-	-	-	242,463
-	-	458	-	-	-	-	-	458
97,801	-	-	-	-	-	-	-	97,801
15,209	-	341	-	-	-	-	-	143,859
-	-	-	-	-	-	-	-	(11,515)
<u>113,010</u>	<u>2,687</u>	<u>799</u>	<u>-</u>	<u>19,656</u>	<u>50,974</u>	<u>1,379</u>	<u>-</u>	<u>1,161,926</u>
<u>\$ 116,010</u>	<u>\$ 2,687</u>	<u>\$ 1,217</u>	<u>\$ -</u>	<u>\$ 19,656</u>	<u>\$ 51,123</u>	<u>\$ 15,679</u>	<u>\$ 4,000</u>	<u>\$ 2,627,085</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, 2013

	Special Revenue					
	EDPG Clear Lake Press	Revolving Loan Fund	2010 SCDP Grant	2012 SCDP Grant	TIF Funds	Waseca Water Park Fund
REVENUES						
Property taxes	\$ -	\$ -	\$ -	\$ -	269,351	\$ -
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental	-	-	-	321,370	-	70,145
Program income	-	-	-	-	-	133,251
Contributions	-	-	-	-	-	-
Miscellaneous	19,888	186	17	11	2,420	1,584
Total revenues	<u>19,888</u>	<u>186</u>	<u>17</u>	<u>321,381</u>	<u>271,771</u>	<u>145,302</u>
EXPENDITURES						
Current:						
Public safety	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	209,643
Economic development	838	-	-	345,370	91,693	-
Airport	-	-	-	-	-	68,916
Capital outlay						
Airport	-	-	-	-	-	82,772
Culture and recreation	-	-	-	-	-	30,101
Total expenditures	<u>838</u>	<u>-</u>	<u>-</u>	<u>345,370</u>	<u>91,693</u>	<u>239,744</u>
Excess (deficiency) of revenues over (under) expenditures	<u>19,050</u>	<u>186</u>	<u>17</u>	<u>(23,989)</u>	<u>180,078</u>	<u>(94,442)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	24,000	-	50,000
Transfers out	-	(16,456)	-	-	(94,907)	-
Total other financing sources (uses)	<u>-</u>	<u>(16,456)</u>	<u>-</u>	<u>24,000</u>	<u>(94,907)</u>	<u>50,000</u>
Net change in fund balances	19,050	(16,270)	17	11	85,171	(44,442)
Fund balances - beginning	262,311	31,348	2,555	-	309,688	225,496
Fund balances - ending	<u>\$ 281,361</u>	<u>\$ 15,078</u>	<u>\$ 2,572</u>	<u>\$ 11</u>	<u>\$ 394,859</u>	<u>\$ 278,788</u>
						<u>752</u>

Waseca Housing Fund	Historical Preservation Fund	Police Reserve Fund	Police Explorers Fund	Police Crime Victims Fund	Police Forfeiture Fund	Safe Haven Grant Fund	Fire Relief Fund	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 269,351
-	-	-	-	104	20,993	-	-	21,097
-	5,796	-	-	-	-	36,784	69,234	503,329
-	-	-	-	-	-	-	-	277,916
13,650	-	1,000	-	-	-	-	-	14,650
709	9	6,874	-	131	286	-	-	32,752
<u>14,359</u>	<u>5,805</u>	<u>7,874</u>	<u>-</u>	<u>235</u>	<u>21,279</u>	<u>36,784</u>	<u>69,234</u>	<u>1,119,095</u>
-	-	8,362	208	500	37,858	35,405	113,934	196,267
-	-	-	-	-	-	-	-	209,643
-	4,026	-	-	-	-	-	-	441,927
-	-	-	-	-	-	-	-	68,916
-	-	-	-	-	-	-	-	82,772
-	-	-	-	-	-	-	-	30,101
<u>-</u>	<u>4,026</u>	<u>8,362</u>	<u>208</u>	<u>500</u>	<u>37,858</u>	<u>35,405</u>	<u>113,934</u>	<u>1,029,626</u>
<u>14,359</u>	<u>1,779</u>	<u>(488)</u>	<u>(208)</u>	<u>(265)</u>	<u>(16,579)</u>	<u>1,379</u>	<u>(44,700)</u>	<u>89,469</u>
-	-	-	27	-	-	-	44,700	118,727
-	-	-	-	-	-	-	-	(111,363)
<u>-</u>	<u>-</u>	<u>-</u>	<u>27</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>44,700</u>	<u>7,364</u>
14,359	1,779	(488)	(181)	(265)	(16,579)	1,379	-	96,833
98,651	908	1,287	181	19,921	67,553	-	-	1,065,093
<u>\$ 113,010</u>	<u>\$ 2,687</u>	<u>\$ 799</u>	<u>\$ -</u>	<u>\$ 19,656</u>	<u>\$ 50,974</u>	<u>\$ 1,379</u>	<u>\$ -</u>	<u>\$ 1,161,926</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, 2013

	Clear Lake Press		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ 13,850	\$ 19,888	\$ 6,038
EXPENDITURES			
Current:			
Economic development	244,100	838	243,262
Excess (deficiency) of revenues over (under) expenditures	(230,250)	19,050	249,300
Fund balances - beginning	262,311	262,311	-
Fund balances - ending	\$ 32,061	\$ 281,361	\$ 249,300

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Revolving Loan Special Revenue Fund
For the Year Ended December 31, 2013

	Revolving Loan Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ -	\$ 186	\$ 186
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(31,170)	(16,456)	14,714
Net change in fund balances	(31,170)	(16,270)	14,900
Fund balances - beginning	31,348	31,348	-
Fund balances - ending	<u>\$ 178</u>	<u>\$ 15,078</u>	<u>\$ 14,900</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
2012 SCDP Special Revenue Fund
For the Year Ended December 31, 2013

	2012 SCDP Grant		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 506,000	\$ 321,370	\$ (184,630)
Interest		11	11
Total revenues	<u>506,000</u>	<u>321,381</u>	<u>(184,619)</u>
EXPENDITURES			
Current:			
Economic development	<u>537,170</u>	<u>345,370</u>	<u>191,800</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(31,170)</u>	<u>(23,989)</u>	<u>7,181</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>38,670</u>	<u>24,000</u>	<u>(14,670)</u>
Net change in fund balances	7,500	11	(7,489)
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ 7,500</u>	<u>\$ 11</u>	<u>\$ (7,489)</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
TIF Special Revenue Funds
For the Year Ended December 31, 2013

	TIF Funds		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Property taxes	\$ 268,824	\$ 269,351	\$ 527
Miscellaneous	-	2,420	2,420
Total revenues	<u>268,824</u>	<u>271,771</u>	<u>2,947</u>
EXPENDITURES			
Current:			
Economic development	<u>103,766</u>	<u>91,693</u>	<u>12,073</u>
Excess of revenues over expenditures	165,058	180,078	15,020
OTHER FINANCING USES			
Transfers to other funds	<u>(94,863)</u>	<u>(94,907)</u>	<u>(44)</u>
Net change in fund balances	70,195	85,171	14,976
Fund balances - beginning	<u>309,688</u>	<u>309,688</u>	<u>-</u>
Fund balances - ending	<u>\$ 379,883</u>	<u>\$ 394,859</u>	<u>\$ 14,976</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, 2013

	Airport Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 286,500	\$ 70,145	\$ (216,355)
Program Income	80,000	133,251	53,251
Miscellaneous	1,000	1,584	584
Total revenues	<u>367,500</u>	<u>204,980</u>	<u>(162,520)</u>
EXPENDITURES			
Current:			
Airport	70,912	68,916	1,996
Capital outlay			
Airport	<u>335,000</u>	<u>82,772</u>	<u>252,228</u>
Total expenditures	<u>405,912</u>	<u>151,688</u>	<u>254,224</u>
Excess (deficiency) of revenues over (under) expenditures	(38,412)	53,292	91,704
Fund balances - beginning	<u>225,496</u>	<u>225,496</u>	<u>-</u>
Fund balances - ending	<u>\$ 187,084</u>	<u>\$ 278,788</u>	<u>\$ 91,704</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, 2013

	Waseca Water Park Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Program income	\$ 158,400	\$ 144,665	\$ (13,735)
Miscellaneous	100	637	537
Total revenues	<u>158,500</u>	<u>145,302</u>	<u>(13,198)</u>
EXPENDITURES			
Current:			
Culture and recreation	225,184	209,643	15,541
Capital outlay			
Culture and recreation	<u>20,000</u>	<u>30,101</u>	<u>(10,101)</u>
Total expenditures	<u>245,184</u>	<u>239,744</u>	<u>5,440</u>
Deficiency of revenues under expenditures	(86,684)	(94,442)	(7,758)
OTHER FINANCING SOURCES			
Transfers from other funds	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balances	(36,684)	(44,442)	(7,758)
Fund balances - beginning	<u>45,194</u>	<u>45,194</u>	<u>-</u>
Fund balances - ending	<u>\$ 8,510</u>	<u>\$ 752</u>	<u>\$ (7,758)</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, 2013

	Waseca Housing Fund		
REVENUES	Final Budget	Actual Amounts	Variance With Final Budget
Contributions	\$ 13,650	\$ 13,650	\$ -
Miscellaneous	1,000	709	(291)
Total revenues	<u>14,650</u>	<u>14,359</u>	<u>(291)</u>
EXPENDITURES			
Current:			
Economic development	15,150	-	15,150
Excess (deficiency) of revenues over (under) expenditures	(500)	14,359	14,859
Fund balances - beginning	98,651	98,651	-
Fund balances - ending	<u>\$ 98,151</u>	<u>\$ 113,010</u>	<u>\$ 14,859</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Historical Preservation Special Revenue Fund
For the Year Ended December 31, 2013

	Historical Preservation Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 3,000	\$ 5,796	\$ 2,796
Miscellaneous	-	9	9
Total revenues	<u>3,000</u>	<u>5,805</u>	<u>2,805</u>
EXPENDITURES			
Current:			
Economic development	<u>3,000</u>	<u>4,026</u>	<u>(1,026)</u>
Excess of revenues over expenditures	-	1,779	1,779
Fund balances - beginning	908	908	-
Fund balances - ending	<u>\$ 908</u>	<u>\$ 2,687</u>	<u>\$ 1,779</u>

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, 2013

	Police Reserve Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ 500	\$ 1,000	\$ 500
Miscellaneous	4,520	6,874	2,354
Total revenues	<u>5,020</u>	<u>7,874</u>	<u>2,854</u>
EXPENDITURES			
Current:			
Public safety	<u>5,020</u>	<u>8,362</u>	<u>(3,342)</u>
Deficiency of revenues under expenditures	-	(488)	(488)
Fund balances - beginning	1,287	1,287	-
Fund balances - ending	<u>\$ 1,287</u>	<u>\$ 799</u>	<u>\$ (488)</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, 2013

	Police Forfeiture Fund		
REVENUES	Final Budget	Actual Amounts	Variance With Final Budget
Fines and Forfeitures	\$ 6,750	\$ 20,993	\$ 14,243
Miscellaneous	250	286	36
Total revenues	<u>7,000</u>	<u>21,279</u>	<u>14,279</u>
EXPENDITURES			
Current:			
Public safety	<u>7,000</u>	<u>37,858</u>	<u>(30,858)</u>
Deficiency of revenues under expenditures	-	(16,579)	(16,579)
Fund balances - beginning	67,553	67,553	-
Fund balances - ending	<u>\$ 67,553</u>	<u>\$ 50,974</u>	<u>\$ (16,579)</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Safe Haven Grant Special Revenue Fund
For the Year Ended December 31, 2013

	Safe Haven Grant Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 103,250	\$ 36,784	\$ (66,466)
EXPENDITURES			
Current:			
Public safety	103,250	35,405	67,845
Excess of revenues over expenditures	-	1,379	1,379
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ 1,379	\$ 1,379

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, 2013

	Fire Relief Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 43,215	\$ 69,234	\$ 26,019
EXPENDITURES			
Current:			
Public safety	87,915	113,934	(26,019)
Deficiency of revenues under expenditures	(44,700)	(44,700)	-
OTHER FINANCING SOURCES			
Transfers from other funds	14,240	44,700	30,460
Net change in fund balances	(30,460)	-	30,460
Fund balances - beginning	-	-	-
Fund balances - ending	\$ (30,460)	\$ -	\$ 30,460

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - TIF SPECIAL REVENUE FUNDS
December 31, 2013

	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	TIF Fox Meadows
							Total
ASSETS							
Cash and cash equivalents	\$ -	\$ 11,059	\$ 345,200	\$ -	\$ 9,968	\$ 40,147	\$ -
Taxes receivable	-	-	2,124	-	-	70	-
Total assets	<u>\$ -</u>	<u>\$ 11,059</u>	<u>\$ 347,324</u>	<u>\$ -</u>	<u>\$ 9,968</u>	<u>\$ 40,217</u>	<u>\$ -</u>
							<u>\$ 408,568</u>
LIABILITIES							
Due to other funds	\$ -	\$ -	\$ -	\$ 4,644	\$ -	\$ -	\$ 6,871
							<u>\$ 11,515</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable revenue - taxes	-	-	2,124	-	-	70	-
							<u>2,194</u>
FUND BALANCES							
Restricted for:							
TIF Funds	-	11,059	345,200	-	9,968	40,147	-
Unassigned:							
Unassigned	-	-	-	(4,644)	-	-	(6,871)
Total fund balances (deficits)	<u>-</u>	<u>11,059</u>	<u>345,200</u>	<u>(4,644)</u>	<u>9,968</u>	<u>40,147</u>	<u>(6,871)</u>
							<u>394,859</u>
Total Liabilities, Deferred inflows of Resources, and Fund Balances	<u>\$ -</u>	<u>\$ 11,059</u>	<u>\$ 347,324</u>	<u>\$ -</u>	<u>\$ 9,968</u>	<u>\$ 40,217</u>	<u>\$ -</u>
							<u>\$ 408,568</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, 2013

	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	TIF Fox Meadows	Total
REVENUES								
Property taxes	\$ -	\$ 13,084	\$ 183,081	\$ 4,471	\$ 30,315	\$ 21,848	\$ 16,552	\$ 269,351
Miscellaneous	-	69	2,070	-	51	229	1	2,420
Total revenues	-	13,153	185,151	4,471	30,366	22,077	16,553	271,771
EXPENDITURES								
Current:								
Economic development	-	11,976	19,140	4,471	27,483	12,699	15,924	91,693
Excess of revenues over expenditures	-	1,177	166,011	-	2,883	9,378	629	180,078
OTHER FINANCING USES								
Transfers out	(7,544)	-	(87,363)	-	-	-	-	(94,907)
Net change in fund balances	(7,544)	1,177	78,648	-	2,883	9,378	629	85,171
Fund balances - beginning	7,544	9,882	266,552	(4,644)	7,085	30,769	(7,500)	309,688
Fund balances - ending	\$ -	\$ 11,059	\$ 345,200	\$ (4,644)	\$ 9,968	\$ 40,147	\$ (6,871)	\$ 394,859

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - DEBT SERVICE FUNDS
December 31, 2013

	Debt Service				
	Aquatic Park Fund	2011A Refunding Bonds	Municipal State Aid	Tax Increment District #23	Total
ASSETS					
Cash and cash equivalents	\$ 32,935	\$ 23,221	\$ 578	\$ 53,380	\$ 110,114
Taxes receivable	2,352	-	-	-	2,352
Due from other governments	1,022	-	-	-	1,022
Total assets	<u>\$ 36,309</u>	<u>\$ 23,221</u>	<u>\$ 578</u>	<u>\$ 53,380</u>	<u>\$ 113,488</u>
LIABILITIES					
Accounts payable	\$ -	\$ 213	\$ -	\$ -	\$ 213
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - taxes	<u>2,352</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,352</u>
FUND BALANCES					
Restricted for:					
Debt service	<u>33,957</u>	<u>23,008</u>	<u>578</u>	<u>53,380</u>	<u>110,923</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 36,309</u>	<u>\$ 23,221</u>	<u>\$ 578</u>	<u>\$ 53,380</u>	<u>\$ 113,488</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, 2013

	Debt Service				
	Aquatic Park Fund	2011A Refunding Bonds	Municipal State Aid	Tax Increment District #23	Total
REVENUES					
Property taxes	\$ 163,861	\$ 44,935	\$ -	\$ -	\$ 208,796
Intergovernmental	-	-	87,440	-	87,440
Miscellaneous	-	-	5	496	501
Total revenues	<u>163,861</u>	<u>44,935</u>	<u>87,445</u>	<u>496</u>	<u>296,737</u>
EXPENDITURES					
Debt service:					
Bond principal	85,000	135,000	80,000	45,000	345,000
Interest and fiscal charges	<u>70,816</u>	<u>2,753</u>	<u>7,843</u>	<u>38,796</u>	<u>120,208</u>
Total expenditures	<u>155,816</u>	<u>137,753</u>	<u>87,843</u>	<u>83,796</u>	<u>465,208</u>
Excess (deficiency) of revenues over (under) expenditures	<u>8,045</u>	<u>(92,818)</u>	<u>(398)</u>	<u>(83,300)</u>	<u>(168,471)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>-</u>	<u>101,562</u>	<u>-</u>	<u>87,363</u>	<u>188,925</u>
Net change in fund balances	8,045	8,744	(398)	4,063	20,454
Fund balances - beginning	25,912	14,264	976	49,317	90,469
Fund balances - ending	<u>\$ 33,957</u>	<u>\$ 23,008</u>	<u>\$ 578</u>	<u>\$ 53,380</u>	<u>\$ 110,923</u>

CITY OF WASECA, MINNESOTA
NON MAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET - CAPITAL PROJECT FUNDS
December 31, 2013

	Capital Projects							
	Municipal State Aid Construction	Municipal State Aid Maintenance	Highway 14 Reconstruction Fund	Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Equipment Replacement Fund	Total
ASSETS								
Cash and cash equivalents	\$ -	\$ 119,957	\$ 50,151	\$ 291,563	\$ 156,226	\$ 248,648	\$ 201,977	\$ 1,068,522
Investments	-	350,000	-	-	-	-	-	350,000
Assessments receivable	-	-	-	658,759	-	-	-	658,759
Land held for resale	-	-	-	-	960,467	-	-	960,467
Due from other governments	-	-	-	24,518	-	-	-	24,518
Total assets	<u>\$ -</u>	<u>\$ 469,957</u>	<u>\$ 50,151</u>	<u>\$ 974,840</u>	<u>\$ 1,116,693</u>	<u>\$ 248,648</u>	<u>\$ 201,977</u>	<u>\$ 3,062,266</u>
LIABILITIES								
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,064	\$ 7,064
Due to other funds	-	-	-	72,436	-	-	-	72,436
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,436</u>	<u>-</u>	<u>-</u>	<u>7,064</u>	<u>79,500</u>
DEFERRED INFLOW OF RESOURCES								
Unavailable revenue - assessments	-	-	-	658,759	-	-	-	658,759
FUND BALANCES								
Restricted for:								
Municipal State Aid	-	469,957	-	-	-	-	-	469,957
Assigned to:								
Future projects	-	-	-	243,645	-	-	-	243,645
Northwest Commercial Development	-	-	-	-	1,116,693	-	-	1,116,693
Annexation and Growth	-	-	-	-	-	248,648	-	248,648
Equipment Replacement	-	-	-	-	-	-	194,913	194,913
Highway 14 Reconstruction	-	-	50,151	-	-	-	-	50,151
Total fund balances	<u>-</u>	<u>469,957</u>	<u>50,151</u>	<u>243,645</u>	<u>1,116,693</u>	<u>248,648</u>	<u>194,913</u>	<u>2,324,007</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 469,957</u>	<u>\$ 50,151</u>	<u>\$ 974,840</u>	<u>\$ 1,116,693</u>	<u>\$ 248,648</u>	<u>\$ 201,977</u>	<u>\$ 3,062,266</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, 2013

	Capital Projects							
	Municipal State Aid Construction	Municipal State Aid Maintenance	Highway 14 Reconstruction Fund	Special Assessment Fund	Northwest Commercial Development	Annexation and Growth	Equipment Replacement Fund	Total
REVENUES								
Intergovernmental	\$ -	\$ 85,540	\$ -	\$ -	\$ -	\$ -	\$ 82,282	\$ 167,822
Assessments	-	-	-	200,276	-	-	-	200,276
Miscellaneous	-	2,895	151	24,571	1,030	1,644	8,835	39,126
Total revenues	<u>-</u>	<u>88,435</u>	<u>151</u>	<u>224,847</u>	<u>1,030</u>	<u>1,644</u>	<u>91,117</u>	<u>407,224</u>
EXPENDITURES								
Current:								
General government	-	-	-	-	-	2,383	-	2,383
Streets and highways	237,032	5,675	-	-	-	-	-	242,707
Capital outlay								
General government	-	-	-	-	-	-	32,451	32,451
Public safety	-	-	-	-	-	-	200,446	200,446
Streets and highways	-	-	-	234,028	-	-	506,482	740,510
Total expenditures	<u>237,032</u>	<u>5,675</u>	<u>-</u>	<u>234,028</u>	<u>-</u>	<u>2,383</u>	<u>739,379</u>	<u>1,218,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(237,032)</u>	<u>82,760</u>	<u>151</u>	<u>(9,181)</u>	<u>1,030</u>	<u>(739)</u>	<u>(648,262)</u>	<u>(811,273)</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	50,000	291,644	-	-	570,000	911,644
Transfers out	(254,202)	-	-	-	-	-	-	(254,202)
Total other financing sources (uses)	<u>(254,202)</u>	<u>-</u>	<u>50,000</u>	<u>291,644</u>	<u>-</u>	<u>-</u>	<u>570,000</u>	<u>657,442</u>
Net change in fund balances	(491,234)	82,760	50,151	282,463	1,030	(739)	(78,262)	(153,831)
Fund balances - beginning	491,234	387,197	-	(38,818)	1,115,663	249,387	273,175	2,477,838
Fund balances - ending	<u>\$ -</u>	<u>\$ 469,957</u>	<u>\$ 50,151</u>	<u>\$ 243,645</u>	<u>\$ 1,116,693</u>	<u>\$ 248,648</u>	<u>\$ 194,913</u>	<u>\$ 2,324,007</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Municipal State Aid Construction Capital Project Fund
For the Year Ended December 31, 2013

	Municipal State Aid Construction		
	Final Budget	Actual Amounts	Variance With Final Budget
EXPENDITURES			
Current:			
Streets and highways	\$ -	\$ 237,032	\$ (237,032)
Excess (deficiency) of revenues over (under) expenditures	-	(237,032)	(237,032)
OTHER FINANCING SOURCES (USES)			
Transfers to other funds	(489,130)	(254,202)	234,928
Net change in fund balances	(489,130)	(491,234)	(2,104)
Fund balances - beginning	491,234	491,234	-
Fund balances - ending	\$ <u>2,104</u>	\$ <u>-</u>	\$ <u>(2,104)</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, 2013

	Municipal State Aid Maintenance		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ 71,000	\$ 85,540	\$ 14,540
Miscellaneous	3,000	2,895	(105)
Total revenues	<u>74,000</u>	<u>88,435</u>	<u>14,435</u>
EXPENDITURES			
Current:			
Streets and highways	<u>370,000</u>	<u>5,675</u>	<u>364,325</u>
Excess (deficiency) of revenues over (under) expenditures	(296,000)	82,760	378,760
Fund balances - beginning	<u>387,197</u>	<u>387,197</u>	-
Fund balances - ending	<u>\$ 91,197</u>	<u>\$ 469,957</u>	<u>\$ 378,760</u>

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Public Safety Building Capital Project Fund
For the Year Ended December 31, 2013

	Public Safety Building		Variance With Final Budget
	Final Budget	Actual Amounts	
REVENUES			
Contributions	\$ -	\$ 3,000	\$ 3,000
EXPENDITURES			
Capital outlay			
Public Safety	2,371,000	1,858,054	512,946
Deficiency of revenues under expenditures	(2,371,000)	(1,855,054)	515,946
OTHER FINANCING SOURCES			
Transfers from other funds	-	290,000	290,000
Issuance of Debt	2,371,000	-	(2,371,000)
Total other financing sources (uses)	2,371,000	290,000	(2,081,000)
Net change in fund balances	-	(1,565,054)	(1,565,054)
Fund balances - beginning	(18,931)	(18,931)	-
Fund balances - ending	\$ (18,931)	\$ (1,583,985)	\$ (1,565,054)

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Highway 14 Reconstruction Capital Project Fund
For the Year Ended December 31, 2013

	Highway 14 Reconstruction Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ -	\$ 151	\$ 151
EXPENDITURES			
Capital outlay			-
Streets and highways	50,000	-	50,000
Excess (deficiency) of revenues over (under) expenditures	(50,000)	151	50,151
OTHER FINANCING SOURCES			
Transfers from other funds	50,000	50,000	-
Net change in fund balances	-	50,151	50,151
Fund balances - beginning	-	-	-
Fund balances - ending	\$ -	\$ 50,151	\$ 50,151

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Special Assessment Capital Project Fund
For the Year Ended December 31, 2013

	Special Assessment Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Assessments	\$ 112,000	\$ 200,276	\$ 88,276
Miscellaneous	-	24,571	24,571
Total revenues	<u>112,000</u>	<u>224,847</u>	<u>112,847</u>
EXPENDITURES			
Capital outlay			
Streets and highways	<u>200,000</u>	<u>234,028</u>	<u>(34,028)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(88,000)</u>	<u>(9,181)</u>	<u>78,819</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>-</u>	<u>291,644</u>	<u>291,644</u>
Net change in fund balances	(88,000)	282,463	370,463
Fund balances - beginning	(38,818)	(38,818)	-
Fund balances - ending	<u>\$ (126,818)</u>	<u>\$ 243,645</u>	<u>\$ 370,463</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, 2013

	Annexation and Growth		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Miscellaneous	\$ 2,000	\$ 1,644	\$ (356)
EXPENDITURES			
Current:			
General government	25,000	2,383	22,617
Excess (deficiency) of revenues over (under) expenditures	(23,000)	(739)	22,261
Fund balances - beginning	249,387	249,387	-
Fund balances - ending	\$ 226,387	\$ 248,648	\$ 22,261

CITY OF WASECA, MINNESOTA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Equipment Replacement Capital Project Fund
For the Year Ended December 31, 2013

	Equipment Replacement Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Intergovernmental	\$ -	\$ 82,282	\$ 82,282
Miscellaneous	1,000	8,835	7,835
Total revenues	<u>1,000</u>	<u>91,117</u>	<u>90,117</u>
EXPENDITURES			
Capital outlay			
General government	35,000	32,451	2,549
Public safety	51,500	200,446	(148,946)
Streets and highways	551,000	506,482	44,518
Total expenditures	<u>637,500</u>	<u>739,379</u>	<u>(101,879)</u>
Deficiency of revenues under expenditures	<u>(636,500)</u>	<u>(648,262)</u>	<u>(11,762)</u>
OTHER FINANCING SOURCES			
Transfers from other funds	<u>570,000</u>	<u>570,000</u>	<u>-</u>
Net change in fund balances	(66,500)	(78,262)	(11,762)
Fund balances - beginning	273,175	273,175	-
Fund balances - ending	<u>\$ 206,675</u>	<u>\$ 194,913</u>	<u>\$ (11,762)</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, 2013

	Capital Improvement Fund		
	Final Budget	Actual Amounts	Variance With Final Budget
REVENUES			
Contributions	\$ -	\$ 2,770	\$ 2,770
Miscellaneous	4,000	18,538	14,538
Total revenues	<u>4,000</u>	<u>21,308</u>	<u>17,308</u>
EXPENDITURES			
Current:			
Streets and highways	-	3,594	(3,594)
Capital outlay:			
General government	-	20,039	(20,039)
Streets and highways	758,955	510,853	248,102
Culture and recreation	-	20,944	(20,944)
Total expenditures	<u>758,955</u>	<u>555,430</u>	<u>203,525</u>
Deficiency of revenues under expenditures	<u>(754,955)</u>	<u>(534,122)</u>	<u>220,833</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	753,492	1,018,808	265,316
Transfers to other funds	-	(290,000)	(290,000)
Total other financing sources (uses)	<u>753,492</u>	<u>728,808</u>	<u>(24,684)</u>
Net change in fund balances	(1,463)	194,686	196,149
Fund balances - beginning	799,981	799,981	-
Fund balances - ending	<u>\$ 798,518</u>	<u>\$ 994,667</u>	<u>\$ 196,149</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.

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET POSITION
December 31, 2013

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
ASSETS				
Cash and cash equivalents	\$ 10,373	\$ 101,389	\$ 145,810	\$ 257,572
LIABILITIES				
Accounts payable	6,792	-	-	6,792
Accrued wages	1,778	-	-	1,778
Total liabilities	8,570	-	-	8,570
NET POSITION				
Unrestricted	\$ 1,803	\$ 101,389	\$ 145,810	\$ 249,002

CITY OF WASECA, MINNESOTA**INTERNAL SERVICE FUNDS****COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2013**

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
Operating revenues:				
Charges to other funds	\$ 245,360	\$ 98,524	\$ 99,520	\$ 443,404
Insurance reimbursement	-	29,995	16,583	46,578
Total operating revenues	<u>245,360</u>	<u>128,519</u>	<u>116,103</u>	<u>489,982</u>
Operating expenses:				
Personal services	108,805	-	-	108,805
Supplies	133,641	-	-	133,641
Services and charges	2,914	-	-	2,914
Insurance payment	-	54,423	-	54,423
Insurance premiums	-	102,474	95,947	198,421
Total operating expenses	<u>245,360</u>	<u>156,897</u>	<u>95,947</u>	<u>498,204</u>
Operating income	-	(28,378)	20,156	(8,222)
Nonoperating revenues:				
Investment earnings	-	731	907	1,638
Change in net position	-	(27,647)	21,063	(6,584)
Total net position-beginning	<u>1,803</u>	<u>129,036</u>	<u>124,747</u>	<u>255,586</u>
Total net position-ending	<u>\$ 1,803</u>	<u>\$ 101,389</u>	<u>\$ 145,810</u>	<u>\$ 249,002</u>

CITY OF WASECA, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	Central Garage Services	Property & Liability Insurance Fund	Workers Compensation Insurance Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from other funds and reimbursements	\$ 245,360	\$ 128,519	\$ 116,103	\$ 489,982
Cash payments to employees for services	(108,994)	-	-	(108,994)
Cash payments for interfund services used	(136,543)	(159,177)	(95,947)	(391,667)
Net cash provided (used) by operating activities	(177)	(30,658)	20,156	(10,679)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	-	731	907	1,638
Net increase (decrease) in cash and cash equivalents	(177)	(29,927)	21,063	(9,041)
Cash and cash equivalents-January 1	10,550	131,316	124,747	266,613
Cash and cash equivalents-December 31	<u>\$ 10,373</u>	<u>\$ 101,389</u>	<u>\$ 145,810</u>	<u>\$ 257,572</u>
Reconciliation of operating income to net cash provided (used) by operating activities:				
Operating income	\$ -	\$ (28,378)	\$ 20,156	\$ (8,222)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Increase (decrease) in accounts payable	12	(2,280)	-	(2,268)
Increase in accrued wages	(189)	-	-	(189)
Total adjustments	(177)	(2,280)	-	(2,457)
Net cash provided (used) by operating activities	<u>\$ (177)</u>	<u>\$ (30,658)</u>	<u>\$ 20,156</u>	<u>\$ (10,679)</u>

ECONOMIC DEVELOPMENT AUTHORITY OF THE CITY OF WASECA
Balance Sheet
General Fund
December 31, 2013

	<u>2013</u>
ASSETS	
Cash and cash equivalents	\$ 504,683
Accounts receivable	1,000
Taxes receivable	1,809
Due from other governments	447
Land held for resale	<u>177,267</u>
TOTAL ASSETS	\$ <u>685,206</u>
LIABILITIES	
Accounts payable	\$ <u>575</u>
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - taxes	<u>1,809</u>
FUND BALANCES	
Nonspendable:	
Land held for resale	177,267
Restricted for:	
IRP Revolving Loan	125,000
RBEG Revolving Loan	102,020
Unassigned:	<u>278,535</u>
TOTAL FUND BALANCES	<u>682,822</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ <u>685,206</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Fund balance - governmental fund	\$ 682,822
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	(16,800)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.	<u>1,809</u>
Net position of governmental activities	\$ <u>667,831</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, 2013

	<u>2013</u>
REVENUES	
Taxes	\$ 70,345
Interest earnings	2,467
Miscellaneous	<u>1,000</u>
TOTAL REVENUES	<u>73,812</u>
EXPENDITURES	
Services and charges	6,445
Debt service principal	<u>5,600</u>
TOTAL EXPENDITURES	<u>12,045</u>
NET CHANGE IN FUND BALANCE	61,767
FUND BALANCE - BEGINNING	<u>621,055</u>
FUND BALANCE - ENDING	<u><u>\$ 682,822</u></u>

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

Net change in fund balance - governmental fund	\$ 61,767
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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 position. This is the amount of repayments in the current period. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the Statement of Activities.

Principal Paid	5,600
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Revenue (delinquent taxes unavailable revenue) in the Statement of Activities that does not provide current financial resources is not reported as revenue in the fund.	<u>(398)</u>
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Changes in net position of governmental activities	<u><u>\$ 66,969</u></u>
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CITY OF WASECA, MINNESOTA
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS
SCHEDULE BY FUNCTION AND ACTIVITY

December 31, 2013

	Land	Buildings	Infrastructure	Construction in Progress	Improvements Other than Buildings	Equipment	Total
GENERAL GOVERNMENT							
Legislature	\$ -	\$ 79,601	\$ -	\$ -	\$ -	\$ 12,523	\$ 92,124
Finance	-	-	-	-	-	215,433	215,433
Buildings and grounds	191,462	935,798	-	-	30,866	316,905	1,475,031
Airport	174,580	639,348	-	50,944	1,368,179	-	2,233,051
Community Development	183,848	78,717	-	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	549,890	1,733,464	-	50,944	1,399,045	544,861	4,278,204
PUBLIC SAFETY							
Police	-	24,131	-	1,917,392	-	340,089	2,281,612
Community Service	129,935	-	-	-	-	-	129,935
Civil defense	-	-	-	-	-	102,306	102,306
Fire	38,000	122,975	-	-	65,925	1,651,481	1,878,381
TOTAL PUBLIC SAFETY	167,935	147,106	-	1,917,392	65,925	2,093,876	4,392,234
HIGHWAYS							
Engineering	-	-	-	-	-	105,053	105,053
Street garage	25,980	158,885	-	-	-	2,353,269	2,538,134
Traffic signs and markings	-	-	-	-	53,116	-	53,116
Storm sewer	-	-	4,283,126	-	-	-	4,283,126
Loon Lake project	-	-	-	-	630,067	-	630,067
Highways	128,861	33,443	28,984,167	5,991	-	-	29,152,462
TOTAL HIGHWAYS	154,841	192,328	33,267,293	5,991	683,183	2,458,322	36,761,958
RECREATION							
Park	403,104	220,443	1,492,042	-	1,970,805	480,046	4,566,440
Water Park	-	965,674	-	-	2,614,861	39,562	3,620,097
Lake restoration	130,250	-	-	-	922,822	-	1,053,072
Library	2,675	327,110	-	-	7,215	18,967	355,967
TOTAL RECREATION	536,029	1,513,227	1,492,042	-	5,515,703	538,575	9,595,576
TOTAL GOVERNMENTAL FUND							
CAPITAL ASSETS	\$ 1,408,695	\$ 3,586,125	\$ 34,759,335	\$ 1,974,327	\$ 7,663,856	\$ 5,635,634	\$ 55,027,972

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, 2013

	Beginning Balances	Adjustments	Additions	Deletions	Ending Balances
GENERAL GOVERNMENT					
Legislature	\$ 92,124	\$ -	\$ -	\$ -	\$ 92,124
Finance	183,626	-	31,807	-	215,433
Buildings and grounds	1,457,956	14,371	18,554	(15,850)	1,475,031
Airport	2,140,209	17,070	657,039	(581,267)	2,233,051
Community Development	262,565	-	-	-	262,565
TOTAL GENERAL GOVERNMENT	4,136,480	31,441	707,400	(597,117)	4,278,204
PUBLIC SAFETY					
Police	340,839	49,435	2,002,169	(110,831)	2,281,612
Community Service	140,751	-	-	(10,816)	129,935
Civil defense	102,306	-	-	-	102,306
Fire	1,743,427	37,093	97,861	-	1,878,381
TOTAL PUBLIC SAFETY	2,327,323	86,528	2,100,030	(121,647)	4,392,234
HIGHWAYS					
Engineering	132,208	(23,218)	29,697	(33,634)	105,053
Street garage	2,187,697	(1,598)	500,167	(148,132)	2,538,134
Traffic signs and markings	53,116	-	-	-	53,116
Storm sewer	4,300,406	-	-	(17,280)	4,283,126
Loon Lake project	630,067	-	-	-	630,067
Highways	28,391,171	(61,712)	1,163,747	(340,744)	29,152,462
TOTAL HIGHWAYS	35,694,665	(86,528)	1,693,611	(539,790)	36,761,958
RECREATION					
Park	4,531,230	25,718	20,942	(11,450)	4,566,440
Water Park	3,589,997	-	30,100	-	3,620,097
Lake restoration	1,077,149	-	-	(24,077)	1,053,072
Library	339,000	-	16,967	-	355,967
TOTAL RECREATION	9,537,376	25,718	68,009	(35,527)	9,595,576
TOTAL GOVERNMENTAL FUND CAPITAL ASSETS	\$ 51,695,844	\$ 57,159	\$ 4,569,050	\$ (1,294,081)	\$ 55,027,972

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.	114-117
Revenue Capacity These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax.	118-121
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.	122-128
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.	129-130
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.	131-133

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

City of Waseca

Net Position by Component,
Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 1

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities										
Net Investment in capital assets	\$ 16,168,503	\$ 16,335,872	\$ 16,236,644	\$ 17,881,298	\$ 20,272,394	\$ 22,351,800	\$ 23,707,790	\$ 23,902,473	\$ 25,413,394	\$ 28,196,258
Restricted	-	-	-	-	-	-	-	3,074,107	2,515,866	1,305,426
Unrestricted	8,491,464	9,093,905	10,030,269	9,524,263	8,834,787	8,502,338	7,668,446	5,086,743	5,927,132	4,655,314
Total governmental activities net position	<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>	<u>\$ 32,063,323</u>	<u>\$ 33,856,392</u>	<u>\$ 34,156,998</u>
Business-type activities										
Net Investment in capital assets	\$ 13,180,218	\$ 14,577,318	\$ 15,675,302	\$ 16,002,097	\$ 14,779,935	\$ 21,358,800	\$ 21,501,762	\$ 21,725,944	\$ 22,522,560	\$ 22,627,509
Restricted	49,285	-	-	-	-	-	-	-	-	-
Unrestricted	2,826,077	3,405,055	4,336,621	4,943,963	5,691,494	7,119,219	8,332,100	8,620,898	8,869,226	8,567,098
Total business-type activities net position	<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>	<u>\$ 30,346,842</u>	<u>\$ 31,391,786</u>	<u>\$ 31,194,607</u>
Primary government										
Net Investment in capital assets	\$ 29,348,721	\$ 30,913,190	\$ 31,911,946	\$ 33,883,395	\$ 35,052,329	\$ 43,710,600	\$ 45,209,552	\$ 45,628,417	\$ 47,935,954	\$ 50,823,767
Restricted	49,285	-	-	-	-	-	-	3,074,107	2,515,866	1,305,426
Unrestricted	11,317,541	12,498,960	14,366,890	14,468,226	14,526,281	15,621,557	16,000,546	13,707,641	14,796,358	13,222,412
Total primary government net position	<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>	<u>\$ 62,410,165</u>	<u>\$ 65,248,178</u>	<u>\$ 65,351,605</u>

City of Waseca

Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Schedule 2

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental activities:										
General government	\$ 2,088,695	\$ 1,091,996	\$ 1,159,811	\$ 2,280,264	\$ 2,004,479	\$ 1,296,041	\$ 1,466,726	\$ 1,557,455	\$ 1,453,361	\$ 1,311,191
Public safety	1,786,698	1,861,117	2,010,994	2,088,838	2,212,658	2,269,907	2,239,732	2,234,708	2,313,626	2,385,006
Streets and highways	1,722,209	2,043,056	1,421,344	2,075,077	2,165,581	2,197,469	2,303,749	2,221,251	2,266,354	2,657,336
Sanitation	44,224	31,339	44,022	47,005	49,926	61,785	36,085	51,755	48,998	37,434
Culture and recreation	707,194	852,982	1,221,345	1,024,144	1,028,410	1,323,007	1,196,169	1,198,836	993,011	1,221,298
Economic Development	-	1,129,979	539,282	-	-	635,338	160,660	519,045	313,701	442,247
Interest and fees	118,591	180,485	312,347	319,465	287,660	252,348	220,444	198,114	154,439	132,580
Airport	-	-	-	-	-	-	-	-	-	150,248
Other	-	-	-	-	-	-	-	-	-	127,292
Total governmental activities expenses	<u>6,467,611</u>	<u>7,190,954</u>	<u>6,709,145</u>	<u>7,834,793</u>	<u>7,748,714</u>	<u>8,035,895</u>	<u>7,623,565</u>	<u>7,981,164</u>	<u>7,543,490</u>	<u>8,464,632</u>
Business-type activities:										
Water	1,032,904	947,391	922,119	904,267	888,636	913,070	945,826	927,153	941,724	968,149
Sewer	1,333,329	1,535,319	1,688,033	1,760,499	1,503,280	1,474,211	1,847,497	1,766,602	2,083,325	2,432,682
Electric	4,757,230	5,076,255	5,552,176	6,176,515	5,994,670	5,752,967	6,244,546	6,247,453	6,563,897	6,282,197
Airport	93,399	74,107	94,060	122,108	-	-	-	-	-	-
Total business-type activities expenses	<u>7,216,862</u>	<u>7,633,072</u>	<u>8,256,388</u>	<u>8,963,389</u>	<u>8,386,586</u>	<u>8,140,248</u>	<u>9,037,869</u>	<u>8,941,208</u>	<u>9,588,946</u>	<u>9,683,028</u>
Total primary government expenses	<u>\$ 13,684,473</u>	<u>\$ 14,824,026</u>	<u>\$ 14,965,533</u>	<u>\$ 16,798,182</u>	<u>\$ 16,135,300</u>	<u>\$ 16,176,143</u>	<u>\$ 16,661,434</u>	<u>\$ 16,922,372</u>	<u>\$ 17,132,436</u>	<u>\$ 18,147,660</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 203,360	\$ 453,457	\$ 215,934	\$ 135,046	\$ 239,736	\$ 244,770	\$ 382,223	\$ 124,632	\$ 115,631	\$ 128,304
Public safety	86,196	102,154	122,199	168,311	149,800	116,263	15,895	166,587	193,285	157,290
Streets and highways	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	249,828	251,638	150,269
Economic Development	-	-	577	-	-	-	-	-	-	-
Airport	-	-	-	-	-	-	-	-	-	133,251
Operating grants and contributions	879,219	1,775,034	1,313,662	768,514	518,481	657,632	657,831	983,062	1,067,147	934,697
Capital grants and contributions	489,054	1,192,075	359,661	187,414	273,571	1,689,262	186,410	589,849	1,024,240	463,360
Total governmental activities program revenues	<u>1,662,787</u>	<u>3,545,245</u>	<u>2,033,734</u>	<u>1,478,236</u>	<u>1,373,980</u>	<u>2,885,824</u>	<u>1,600,242</u>	<u>2,113,958</u>	<u>2,651,941</u>	<u>1,967,171</u>
Business-type activities:										
Charges for services:										
Water	1,075,260	1,315,280	1,146,093	1,248,324	1,158,726	1,171,451	1,123,628	1,077,476	1,140,659	1,051,180
Sewer	1,614,100	1,796,985	1,715,748	1,708,700	1,658,274	2,375,457	2,092,247	1,979,062	2,041,173	1,994,116
Electric	4,940,216	5,181,406	6,127,135	6,876,970	6,812,270	6,682,100	7,179,391	6,703,294	7,007,456	6,859,913
Airport	47,055	49,811	50,057	50,772	-	-	-	-	-	-
Operating grants and contributions	21,676	246,303	355,861	335,933	-	-	-	-	-	-
Capital grants and contributions	-	-	649,171	81,132	-	6,070,552	333,514	100,984	244,532	-
Total business-type activities program revenues	<u>7,698,307</u>	<u>8,589,785</u>	<u>10,044,065</u>	<u>10,301,831</u>	<u>9,629,270</u>	<u>16,299,560</u>	<u>10,728,780</u>	<u>9,860,816</u>	<u>10,433,820</u>	<u>9,905,209</u>
Total primary government program revenues	<u>\$ 9,361,094</u>	<u>\$ 12,135,030</u>	<u>\$ 12,077,799</u>	<u>\$ 11,780,067</u>	<u>\$ 11,003,250</u>	<u>\$ 19,185,384</u>	<u>\$ 12,329,022</u>	<u>\$ 11,974,774</u>	<u>\$ 13,085,761</u>	<u>\$ 11,872,380</u>
Net (Expense) Revenue										
Governmental activities	\$ (4,804,824)	\$ (3,645,709)	\$ (4,675,411)	\$ (6,356,557)	\$ (6,374,734)	\$ (5,150,071)	\$ (6,023,323)	\$ (5,867,206)	\$ (4,891,549)	\$ (6,497,461)
Business-type activities	481,445	956,713	1,787,677	1,338,442	1,242,684	8,159,312	1,690,911	919,608	844,874	222,181
Total primary government net expense	<u>\$ (4,323,379)</u>	<u>\$ (2,688,996)</u>	<u>\$ (2,887,734)</u>	<u>\$ (5,018,115)</u>	<u>\$ (5,132,050)</u>	<u>\$ 3,009,241</u>	<u>\$ (4,332,412)</u>	<u>\$ (4,947,598)</u>	<u>\$ (4,046,675)</u>	<u>\$ (6,275,280)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 2,004,634	\$ 2,298,671	\$ 2,482,823	\$ 2,894,168	\$ 3,281,362	\$ 3,581,471	\$ 3,226,835	\$ 3,193,209	\$ 3,496,084	\$ 3,487,983
TIF Revenue	171,905	187,696	238,302	230,464	220,056	234,786	237,501	227,291	249,889	269,351
Lodging taxes	-	-	-	-	-	-	-	25,973	19,561	20,787
Franchise taxes	142,898	179,111	153,262	173,836	194,268	194,268	195,858	202,024	202,164	205,519
Unrestricted grants and contributions	1,964,255	2,119,870	2,331,377	2,848,079	2,256,322	2,496,349	2,358,118	2,359,621	2,273,651	2,273,651
Unrestricted investment earnings	112,351	226,697	383,959	310,848	231,281	118,050	82,376	72,874	61,192	40,550
Gain on disposal of assets	-	230,111	-	-	3,855	-	-	6,590	2,910	8,664
Loss on sale of fixed assets	-	-	-	-	-	-	-	-	-	-
Transfers	179,500	(826,637)	(77,176)	607,044	1,889,210	272,104	444,733	466,711	455,042	491,562
Total governmental activities	<u>4,575,543</u>	<u>4,415,519</u>	<u>5,512,547</u>	<u>7,064,439</u>	<u>8,076,354</u>	<u>6,897,028</u>	<u>6,545,421</u>	<u>6,554,293</u>	<u>6,760,493</u>	<u>6,798,067</u>
Business-type activities:										
Unrestricted investment earnings	66,260	143,443	164,697	202,739	168,498	119,382	109,665	56,393	41,921	49,169
Gain on disposal of assets	-	-	-	-	3,397	-	-	3,690	-	23,033
Transfers	(179,500)	826,637	77,176	(607,044)	(1,889,210)	(272,104)	(444,733)	(466,711)	(455,042)	(491,562)
Total business-type activities	<u>(113,240)</u>	<u>970,080</u>	<u>241,873</u>	<u>(404,305)</u>	<u>(1,717,315)</u>	<u>(152,722)</u>	<u>(335,068)</u>	<u>(406,628)</u>	<u>(413,121)</u>	<u>(419,360)</u>
Total primary government	<u>\$ 4,462,303</u>	<u>\$ 5,385,599</u>	<u>\$ 5,754,420</u>	<u>\$ 6,660,134</u>	<u>\$ 6,359,039</u>	<u>\$ 6,744,306</u>	<u>\$ 6,210,353</u>	<u>\$ 6,147,665</u>	<u>\$ 6,347,372</u>	<u>\$ 6,378,707</u>
Change in Net Position										
Governmental activities	\$ (229,281)	\$ 769,810	\$ 837,136	\$ 707,882	\$ 1,701,620	\$ 1,746,957	\$ 522,095	\$ 687,087	\$ 1,868,944	\$ 300,606
Business-type activities	368,205	1,926,793	2,029,550	934,137	(474,631)	8,006,590	1,355,843	512,980	431,753	(197,179)
Total primary government	<u>\$ 138,924</u>	<u>\$ 2,696,603</u>	<u>\$ 2,866,686</u>	<u>\$ 1,642,019</u>	<u>\$ 1,226,989</u>	<u>\$ 9,753,547</u>	<u>\$ 1,877,938</u>	<u>\$ 1,200,067</u>	<u>\$ 2,300,697</u>	<u>\$ 103,427</u>

City of Waseca

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

Schedule 3

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 50,000	\$ -	\$ -
Reserved	-	-	200,000	180,000	160,000	120,000	120,000	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	38,905
Assigned	-	-	-	-	-	-	-	17,000	17,000	-
Unassigned	-	-	-	-	-	-	-	2,947,330	3,324,936	3,007,118
Unreserved	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>\$ 2,802,977</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>	<u>\$ 3,014,330</u>	<u>\$ 3,341,936</u>	<u>\$ 3,046,023</u>
All Other Governmental Funds										
Restricted for:										
Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,351,232	\$ 805,876	\$ 110,923
Clear Lake Press Fund	-	-	-	-	-	-	-	165,693	179,862	197,295
Revolving Loan	-	-	-	-	-	-	-	24,421	26,951	10,495
TIF Funds	-	-	-	-	-	-	-	228,596	321,832	406,374
Historical Preservation	-	-	-	-	-	-	-	1,691	908	2,687
Police Safe Haven	-	-	-	-	-	-	-	-	-	1,379
Police Crime Victims	-	-	-	-	-	-	-	7,307	19,921	19,656
Police Forfeitures	-	-	-	-	-	-	-	50,929	67,553	50,974
Municipal State Aid	-	-	-	-	-	-	-	894,284	878,431	469,957
Reserved, reported in:										
Special Revenue funds	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	1,680,157	1,857,235	1,558,908	150,000	100,000	-	-	-	-	-
Committed to:										
Airport	-	-	-	-	-	-	-	177,226	190,707	242,463
Police Reserves	-	-	-	-	-	-	-	824	955	458
Police Explorers	-	-	-	-	-	-	-	297	136	-
Waseca Housing Fund	-	-	-	-	-	-	-	123,502	84,151	97,801
Assigned to:										
Capital Projects funds	-	-	-	-	-	-	-	523,347	799,981	994,667
NW Commercial Development	-	-	-	-	-	-	-	1,114,782	1,115,663	1,116,693
Annexation & Growth	-	-	-	-	-	-	-	256,273	249,387	248,648
Equipment Replacement	-	-	-	-	-	-	-	201,808	273,175	194,913
Future Projects	-	-	-	-	-	-	-	-	-	243,645
Operations	-	-	-	-	-	-	-	178,396	184,261	143,859
Highway 14 Reconstruction	-	-	-	-	-	-	-	-	-	50,151
Unassigned to:										
Unassigned	-	-	-	-	-	-	-	(44,841)	(69,893)	(1,595,500)
Unreserved, reported in:										
Special Revenue funds	250,114	741,627	889,963	569,543	661,021	650,562	820,311	-	-	-
Capital Projects funds	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>\$ 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>	<u>\$ 5,255,767</u>	<u>\$ 5,129,857</u>	<u>\$ 3,007,538</u>
Total all funds	<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>	<u>\$ 8,270,097</u>	<u>\$ 8,471,793</u>	<u>\$ 6,053,561</u>

Note: In fiscal year 2011, the fund balance classifications were changed to conform to the requirements of GASB 54. In fiscal year 2011, the Equipment Replacement fund was reclassified from an Internal Service fund to a Capital Project fund.

City of Waseca
Schedule 4

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
REVENUES										
Taxes	\$ 2,133,882	\$ 2,464,132	\$ 2,825,538	\$ 3,258,358	\$ 3,395,772	\$ 3,684,322	\$ 3,663,548	\$ 3,640,771	\$ 3,974,120	\$ 4,004,044
Licenses	41,111	42,797	42,568	53,470	42,007	34,859	34,869	48,744	40,999	52,205
Permits and fees	134,989	264,112	136,202	79,324	102,834	96,938	84,736	121,286	135,744	114,455
Intergovernmental	3,160,880	4,017,916	2,893,622	3,372,522	3,056,868	3,406,843	3,066,632	3,397,557	3,728,615	3,288,940
Charges for services	10,182	20,663	40,357	62,238	45,477	38,809	28,763	35,061	30,886	30,287
Program income	-	-	-	210,116	232,231	201,123	238,020	238,008	245,099	277,916
Fines	35,025	36,300	30,883	46,019	48,749	40,415	51,476	57,007	65,825	53,351
Assessments	365,166	313,129	55,204	235,363	158,552	223,682	228,838	266,083	339,732	276,661
Interest on assessments	44,710	40,427	66,467	58,803	47,008	39,864	35,084	90	-	-
Contributions	130-131	-	750,000	297,683	109,688	37,815	35,750	22,940	22,239	25,074
Miscellaneous	234,180	929,396	717,097	430,203	357,647	254,806	346,608	274,700	245,659	245,403
Total revenues	6,160,125	8,128,872	7,557,938	8,104,099	7,596,833	8,059,476	7,814,324	8,102,247	8,828,918	8,368,336
EXPENDITURES										
Current:										
General government	960,021	1,181,744	1,026,769	1,178,699	1,151,143	1,180,094	1,135,233	1,179,384	1,150,309	1,202,393
Public safety	1,697,512	1,829,735	1,799,213	2,478,926	1,995,933	2,092,219	2,129,972	2,118,240	2,190,280	2,268,008
Streets and highways	1,300,680	1,207,404	1,107,890	1,316,224	1,288,425	1,257,170	1,351,369	1,347,788	1,662,948	1,636,017
Sanitation	44,224	31,339	44,022	47,005	49,926	61,784	36,085	51,755	48,998	37,434
Cultural and recreation	596,446	697,503	651,729	690,852	714,532	719,001	899,515	909,091	908,187	966,410
Personal services	89,023	-	573	133,806	129,738	141,467	-	-	-	-
Materials and supplies	2,882	1,208	11,640	99,368	56,632	50,562	-	-	-	-
Separation contribution	7,700	1,600	2,099	1,000	2,100	500	-	-	-	-
Services and charges	958,666	1,050,493	894,185	480,578	474,809	420,138	-	-	-	-
Economic development	-	-	-	-	-	185,415	160,391	518,592	280,558	441,927
Other services	130,242	228,528	235,345	253,972	272,582	199,903	211,363	208,087	161,652	189,299
Airport	-	-	-	-	-	-	73,084	60,360	61,446	68,916
Debt service:										
Bond principal	215,000	290,000	795,000	820,000	940,000	925,000	660,000	630,000	430,000	840,000
Interest and fiscal charges	81,941	154,019	240,252	326,795	287,660	250,956	220,156	193,956	165,447	140,220
Capital outlay	2,050,976	2,519,022	3,475,118	1,281,475	1,240,058	721,016	948,399	1,416,408	1,482,689	3,496,170
Total expenditures	8,135,313	9,192,595	10,283,835	9,108,700	8,603,538	8,205,225	7,825,567	8,633,661	8,542,514	11,286,794
Excess of revenues over (under) expenditures	(1,975,188)	(1,063,723)	(2,725,897)	(1,004,601)	(1,006,705)	(145,749)	(11,243)	(531,414)	286,404	(2,918,458)
OTHER FINANCING SOURCES (USES)										
Transfers in	1,360,203	1,333,506	1,889,824	3,618,983	1,656,516	1,442,257	1,410,511	1,876,988	2,017,180	3,099,822
Proceeds from equipment notes	620,000	425,000	-	-	-	-	-	-	-	-
Proceeds from bond issue	1,415,000	2,940,000	2,040,000	-	-	-	-	430,000	(545,000)	-
Premium on bonds sold	1,588	1,700	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,118	3,855	4,576	-	6,590	5,250	8,664
Sale of land	34,692	597,735	-	-	-	-	-	-	-	-
Bond discount	(11,981)	(20,589)	(3,516)	-	-	-	-	(14,763)	-	-
Transfers out	(1,180,703)	(1,917,083)	(1,667,000)	(3,011,939)	(1,400,129)	(1,456,153)	(1,320,342)	(1,410,277)	(1,562,138)	(2,608,260)
Total other financing sources (uses)	2,238,799	3,360,269	2,259,308	608,162	260,242	(9,320)	90,169	888,538	(84,708)	500,226
Net change in fund balances	\$ 263,611	\$ 2,296,546	\$ (466,589)	\$ (396,439)	\$ (746,463)	\$ (155,069)	\$ 78,926	\$ 357,124	\$ 201,696	\$ (2,418,232)
Debt service as a percentage of noncapital expenditures										
	5.2%	6.7%	17.0%	15.5%	17.3%	16.5%	13.1%	11.6%	9.0%	12.8%

City of Waseca**Schedule 5**

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

Payable Year	Residential Property	Commercial Property	Industrial Property	Total Assessed Value	Taxable Market Value (1)	Total Direct Tax Rate
2004	\$ 268,964,200	\$ 41,701,400	\$ 20,259,900	\$ 330,925,500	\$ 330,925,500	51.84
2005	303,603,400	45,683,500	19,997,700	369,284,600	369,284,600	53.81
2006	314,479,800	46,497,600	20,803,000	381,780,400	381,780,400	57.21
2007	344,962,700	54,063,300	21,468,000	420,494,000	420,494,000	63.10
2008	357,679,000	54,801,100	22,285,800	434,765,900	434,765,900	63.58
2009	365,866,800	55,418,600	23,113,700	444,399,100	444,399,100	66.01
2010	373,709,300	56,241,100	22,848,800	452,799,200	452,799,200	64.20
2011	373,700,400	56,667,600	23,245,300	453,613,300	453,613,300	63.70
2012	362,252,200	55,681,400	23,245,300	441,178,900	384,528,900	73.70
2013	350,773,365	56,785,900	22,889,300	430,448,565	370,682,100	75.36

Source: Waseca County, Minnesota Assessors' Office

Notes:

- (1) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

City of Waseca
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

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

Schedule 6

Fiscal Year	City Direct Rate			Overlapping Rates						Total Direct and Overlapping Tax Rate
	Operating Rate	Debt Service Rate	Total Direct Rate	Ind School District #829	Waseca County (1)	Special Districts	HRA (1)	EDA	Total Overlapping	
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
2011	60.06	3.64	63.70	19.15	49.84	0.18	-	1.59	70.76	134.46
2012 (2)	69.59	4.11	73.70	21.34	54.80	0.20	-	1.81	78.15	151.85
2013	71.06	4.30	75.36	20.83	54.62	0.19	-	1.61	77.25	152.61

Source: Waseca County, Minnesota Auditors' Office

Notes: (1) As of 2010 HRA included in Waseca County

(2) Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. The new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

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

Taxpayer	Type of Property	2013			2004		
		Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity	Net Tax Capacity	Rank	Percentage of Total City Taxable Net Tax Capacity
Brown Printing Co.	Printing & Publishing	\$ 179,704	1	3.89%	\$ 142,910	1	3.61%
Northern States Power	Utility	87,702	2	1.90%			
WalMart	Retail	86,384	3	1.87%			
Alliance Development Corp	Industrial	64,706	4	1.40%			
Gary & Kathy Worke Family LLC	Residential	36,639	5	0.79%			
Birds Eye Foods Inc	Vegatable Processing	51,120	6	1.11%			
Waseca Properties LLC	Radio Manufacturing	49,081	7	1.06%	46,786	4	1.18%
Woodville Holdings LLC	Manufacturing	39,177	8	0.85%	28,250	6	0.71%
FHS Waseca/Portage LP	Commercial	33,762	9	0.73%	60,550	3	1.53%
Clear Lake Press Inc	Printing & Publishing	31,490	10	0.68%			
MHW Group LLC	Freezer Warehouse				64,458	2	1.63%
Roundbank	Banking				26,392	7	0.67%
Delta-Waseca Inc	Industrial				25,250	8	0.64%
Agrilink Foods Inc.	Food Processing				46,250	5	1.17%
Waseca Foods	Food Packaging				25,230	9	0.64%
First National Bank	Banking				23,250	10	0.59%
Total		<u>\$ 659,765</u>		<u>14.28%</u>	<u>\$ 489,326</u>		<u>12.37%</u>
Total tax capacity				<u>\$ 4,623,080</u>			<u>\$ 3,955,887</u>

Source: Waseca County, Minnesota Assessor's Office

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

Fiscal Year	Taxes Levied for the Fiscal Year		Collected within the Fiscal Year of Levy		Collected and/or Abated in Subsequent Years	Total Collected and/or Abated to Date	
	Levy	Net Levy*	Amount	Percentage of Levy	Amount	Amount	Percentage of Levy
2004	\$ 1,980,963	\$ 1,718,823	\$ 1,698,921	98.84%	\$ 19,902	\$ 1,718,823	100.00%
2005	2,274,374	2,005,734	1,978,763	98.66%	26,971	2,005,734	100.00%
2006	2,748,986	2,224,485	2,195,033	98.68%	29,452	2,224,485	100.00%
2007	3,043,204	2,752,073	2,697,479	98.02%	53,677	2,751,156	99.97%
2008	3,182,173	2,899,198	2,840,941	97.99%	56,242	2,897,183	99.93%
2009	3,490,002	3,201,235	3,132,434	97.85%	65,373	3,197,807	99.89%
2010	3,449,889	3,141,628	3,087,830	98.29%	47,103	3,134,933	99.79%
2011	3,436,866	3,140,266	3,076,042	97.95%	51,373	3,127,415	99.59%
2012	3,436,866	3,436,889	3,384,833	98.49%	35,655	3,420,488	99.52%
2013	3,419,682	3,419,682	3,377,645	98.77%	-	3,377,645	98.77%

* The net tax levy excludes state aid for property tax relief and fiscal disparities, if applicable. The net tax levy is the basis for computing tax capacity rates.

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City of Waseca

Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Schedule 9

Fiscal Year	Governmental Activities				Business-Type Activities		Total Outstanding Debt	Percentage of Personal Income	Population	Per Capita
	Special Assessments Bonds	General Obligation Bonds	G.O. Equipment Certificates	Capital Leases	General Obligation Revenue Bonds	General Obligation Revenue Notes				
2004	\$ 3,077,679	\$ -	\$ 922,680	\$ -	\$ 5,384,344	\$ -	\$ 9,384,703	1.81%	\$ 9,711	\$ 966
2005	2,863,372	2,920,111	1,274,694	-	6,888,150	-	13,946,327	2.57%	9,711	1,436.14
2006	2,479,064	4,873,243	949,887	-	4,817,612	-	13,119,806	2.39%	9,711	1,351.03
2007	2,114,756	4,754,962	615,080	-	4,410,865	-	11,895,663	2.04%	9,828	1,210.38
2008	1,755,446	4,521,681	270,272	-	3,999,118	-	10,546,517	1.61%	9,827	1,073.22
2009	1,401,137	4,223,399	-	-	3,656,544	381,163	9,662,243	1.49%	9,789	987.05
2010	1,041,828	3,925,117	-	-	3,303,970	6,704,144	14,975,059	2.20%	9,410	1,591.40
2011	727,520	4,039,182	-	-	3,478,739	8,060,462	16,305,903	2.22%	9,410	1,732.83
2012	493,213	3,301,432	-	-	2,581,608	8,204,000	14,580,253	1.84%	9,410	1,549.44
2013	-	2,959,216	-	-	2,183,007	7,815,000	12,957,223	N/A	9,410	1,376.96

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

City of Waseca**Schedule 10****Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	Governmental Activities			Percentage of Taxable Market Value (3)	Per Capita (4)
	General Obligation Bonds (1)	Less: Amounts Available in Debt Service Fund (2)	Total		
2004	6,307,024	1,729,442	4,577,582	1.38%	471.38
2005	11,082,955	1,857,235	9,225,720	2.50%	950.03
2006	10,640,742	1,558,908	9,081,834	2.38%	935.21
2007	9,780,907	2,007,287	7,773,620	1.85%	790.97
2008	8,791,071	1,605,681	7,185,390	1.65%	731.19
2009	8,261,106	1,366,852	6,894,254	1.55%	704.29
2010	13,933,231	1,124,998	12,808,233	2.83%	1,361.13
2011	15,578,383	1,351,232	14,227,151	3.14%	1,511.92
2012	14,087,040	110,923	13,976,117	3.63%	1,485.24
2013	12,957,223	-	12,957,223	3.50%	1,376.96

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

(1) This is the general bonded debt of both governmental and business-type activities, net of original issuance discounts and premiums.

(2) This is the amount restricted for debt service principal payments

(3) See the Schedule of Assessed Value and the Estimated Actual Value of Taxable Property on page 119 for property value data.

(4) Population data can be found in the Schedule of Demographic and Economic Statistics on page 129.

City of Waseca

Direct and Overlapping Governmental Activities Debt

As of December 31, 2013

Schedule 11

	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Overlapping:			
Waseca County	\$ 3,885,000	25.3%	\$ 982,905
Ind School District #829	9,870,000	49.3%	<u>4,864,170</u>
Total Overlapping			<u>5,847,075</u>
City of Waseca Direct Debt	\$ 2,959,216	100.00%	<u>\$ 2,959,216</u>
Total Direct and Overlapping Debt:			<u><u>\$ 8,806,291</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. Overlapping portion determined by ratio of assessed valuation of property subject to taxation in the City to valuation of property subject to taxation in overlapping unit.

City of Waseca
Legal Debt Margin Information
Last Ten Fiscal Years

	2004	2005	2006	2007	2008
Debt limit	\$ 7,678,048	\$ 7,905,674	\$ 7,635,608	\$ 8,409,880	\$ 13,042,977
Total net debt applicable to limit	-	4,215,000	5,845,000	5,390,000	4,810,000
Legal debt margin	<u>\$ 7,678,048</u>	<u>\$ 3,690,674</u>	<u>\$ 1,790,608</u>	<u>\$ 3,019,880</u>	<u>\$ 8,232,977</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	53.32%	76.55%	64.09%	36.88%

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.

Beginning with property taxes payable in 2012 the State of Minnesota replaced the Market Value Homestead Credit with a Market Value Exclusion program. Qualified homeowners receive an exclusion of a portion of the market value of their home. For homes valued at less than \$76,000, the exclusion is equal to 40 percent of the home's market value. For homes values between \$76,000 and \$413,800 the exclusion is \$30,400, minus 9 percent of the value over \$76,000. the new market value exclusion for homes resulted in a reduction in each city's tax base and an increase in the city's tax rate to obtain the same property tax levy. Taxable market value was reduced by this exclusion.

Schedule 12

2009	2010	2011	2012	2013
\$ 13,331,973	\$ 13,583,976	\$ 13,608,399	\$ 11,535,867	\$ 11,120,463
4,240,000	3,940,000	2,866,871	2,130,000	1,910,000
<u>\$ 9,091,973</u>	<u>\$ 9,643,976</u>	<u>\$ 10,741,528</u>	<u>\$ 9,405,867</u>	<u>\$ 9,210,463</u>
31.80%	29.00%	21.07%	18.46%	17.18%

Legal Debt Margin Calculation for Fiscal Year 2013

Taxable Market value		\$ <u>370,682,100</u>
Debt limit (3% of Taxable Market Value)		11,120,463
Debt applicable to limit:		
Total bonded debt	\$ 12,975,000	
Less: Special Assessment Bonds	-	
Less: Tax Increment Bonds	(900,000)	
Less: Municipal State-Aid Bonds	(160,000)	
Less: Revenue Bonds	(2,190,000)	
Less: Revenue Notes	(7,815,000)	
Debt applicable to limit		<u>1,910,000</u>
Legal debt margin		\$ <u>9,210,463</u>

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

Schedule 13

Special Assessment Bonds

Fiscal Year	Revenue	Debt Service			Coverage
		Principal	Interest	Total	
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
2011	142,913	235,000	37,835	272,835	0.52
2012	123,356	235,000	26,763	261,763	0.47
2013	91,249	495,000	17,762	512,762	0.18

Water Fund

Fiscal Year	Revenue	*Less: Operating Expense	Net Available Revenue	Debt Service			Coverage
		Principal	Interest	Total			
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
2011	1,092,442	570,466	521,976	130,000	39,710	169,710	3.08
2012	1,149,518	596,674	552,844	150,000	10,868	160,868	3.44
2013	1,061,597	609,168	452,429	155,000	8,475	163,475	2.77

Sanitary Sewer Fund

Summary Cover Page							
Fiscal Year	*Less:		Net	Debt Service			Coverage
	Operating Revenue	Expense	Available Revenue	Principal	Interest	Total	
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
2011	2,002,366	954,971	1,047,395	621,000	287,906	908,906	1.15
2012	2,062,940	967,294	1,095,646	644,000	285,400	929,400	1.18
2013	2,020,695	1,101,463	919,232	664,000	265,428	929,428	0.99

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 14**

Fiscal Year	Population	(1) Personal Income (Thousands of dollars)	(1) Per Capita Personal Income	(2) School Enrollment	(3) Unemployment Rate
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	4.2%
2007	9,828	585,330	30,051	2,096	4.8%
2008	9,827	654,600	33,786	2,075	5.3%
2009	9,789	648,132	34,528	2,086	8.5%
2010	9,410	681,908	35,627	2,088	7.6%
2011	9,410	735,429	38,159	2,070	6.6%
2012	9,410	791,551	41,147	2,029	6.4%
2013	9,410	Not available	Not available	2,080	5.0%

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 15**

Principal Employers, Current Year and Nine Years Ago
Demographic and Economic Statistics

Employer	Product/Service	2013			2004		
		Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Brown Printing Co.	Commercial Printing/Lithographic	921	1	9.79%	1,250	1	12.87%
Ittron Inc.	Instruments to Measure Electricity	415	2	4.41%	525	2	5.41%
Waseca Public Schools	Elementary/Secondary Schools	315	3	3.35%	350	4	3.60%
Emerson Network Power	Electronic Components	282	4	3.00%	-		
Federal Correctional Institute	Government-Correction Institution	223	5	2.37%	230	7	2.37%
Waseca Medical Center	General Medical/Surgical Hospital	143	6	1.52%	195	9	2.01%
County of Waseca	Government Offices	135	7	1.43%	170	10	1.75%
Birds Eye Foods, Inc.	Frozen Specialties	129	8	1.37%	240	5	2.47%
ELM Homes Inc	Residential Care	124	9	1.32%	500	3	5.15%
Mediacom	Telecommunications	100	10	1.06%			
Transcrypt Intl Company	Radio Communications				240	6	2.47%
Johnson Components	Electronic Components				210	8	2.16%
Total		<u>2,787</u>		<u>29.62%</u>	<u>3,910</u>		<u>40.26%</u>

Source: Official Statements used for City Debt Issues

City of Waseca**Schedule 16**

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

Full-time Equivalent Employees as of December 31,

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Administration	4	4	4	4	4	3	3	3	3	3
Finance	3	3	3	3	4	4	3	3.5	3.5	3.5
Community Development	2	2	2	2	1	2	1	2	2	2
Total General Government	9	9	9	9	9	9	7	8.5	8.5	8.5
Public Safety										
Police	15	15	15	16	17	17	16	16	16	16
Building Inspection	2	2	2	2	2	2	-	-	-	-
Fire	3	3	3	3	3	3	3	3	3	3
Total Public Safety	20	20	20	21	22	22	19	19	19	19
Public Works										
Engineering	5	5	5	5	4	3	3	3	3	3
Streets/Shop	11	11	11	11	11	10	10	10	10	10
Total Public Works	16	16	16	16	15	13	13	13	13	13
Culture & Recreation										
Parks	3	4	4	4	4	4	4	4	4	4
Water Park	-	-	-	1	1	1	1	1	1	1
Total Culture & Rec	3	4	4	5	5	5	5	5	5	5
Enterprise										
Water/WWTP	6	6	6	5	5	5	4	4	4	5
Electric	7	8	8	6	6	4	4	4	4	4
Utility Administration	-	-	-	2	2	2	2	2	2	2
Utility Billing	4	4	4	3	2	2	2	2.5	2.5	2.5
Total Enterprise	17	18	18	16	15	13	12	12.5	12.5	13.5
Total	65	67	67	67	66	62	56	58	58	59

Source: City Finance Department

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Government										
Elections	1	-	1	-	1	-	1	-	1	-
Registered voters	5,368		5,176		5,493		4,687		5,314	
Number of votes cast	4,215		3,446		4,301		3,317		4,167	
Voter participation (registered)	78.5%		66.6%		78.3%		70.8%		78.4%	
Public Safety										
Police										
Admin Fines	-	-	-	-	-	-	-	-	198	214
Arrests	345	254	466	755	661	375	326	318	392	330
All citations & warnings	194	2,130	2,159	2,337	1,868	1,826	1,959	1,226	1,302	1,024
Calls for service	5,928	6,240	6,829	7,432	7,110	7,144	7,085	7,369	8,274	7,583
Fire										
Medical	394	431	408	422	414	369	430	406	415	422
Fire	78	131	108	73	72	92	89	87	148	132
Other Services	1	5	11	81	97	101	105	124	103	55
Inspections										
Building Permits	470	411	374	410	405	363	383	558	561	475
Value of Building Permits	\$ 20,588,608	\$ 33,663,100	\$ 14,973,880	\$ 5,841,601	\$ 8,810,988	\$ 6,327,512	\$ 8,874,557	\$ 10,821,320	\$ 13,837,343	\$ 10,194,793
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	114	91	109	98	103	130	101	102	107	99
Water Park-Attendance	-	-	-	29,598	29,892	19,839	27,877	25,383	25,881	26,637
Electric										
Outages	41	49	38	32	67	33	62	41	49	35

Source: Various City Departments

City of Waseca

Capital Asset Statistics by Function/Program
Last Ten Years

Schedule 18

Function/Program	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol squads	8	11	12	11	11	11	11	11	11	9
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Fire Trucks	3	3	3	4	4	5	5	4	4	4
Public Works										
Vehicles	9	8	11	11	11	13	13	13	14	14
Streets (miles)	45	45	48	48	48	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	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	45.9	46.1	46.1	46.1
Storm Sewer										
Storm sewer (miles)	40	40	40	40	40	40	40	40	40	40
Water										
Water main (miles)	53	54	56	56	56	56	56	56	56	56
Electric										
Annual consumption (KWH)	63,534,700	65,222,018	66,397,272	68,992,100	67,218,160	63,521,180	66,873,180	65,531,859	65,039,330	61,010,193

Source: Various City Departments