

REPORT OF THE  
STATE AUDITOR of MINNESOTA

880449

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

YEAR ENDED DECEMBER 31, 1986



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**ARNE H. CARLSON**

State Auditor  
St. Paul, Minnesota

REPORT OF THE STATE AUDITOR  
ON THE  
FINANCIAL AFFAIRS  
OF

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

YEAR ENDED DECEMBER 31, 1986

Examination conducted pursuant to request of the governing body  
as provided for in Minn. Stat. § 6.55 (1986).

ARNE H. CARLSON  
State Auditor  
Saint Paul, Minnesota

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

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ZUMBROTA, MINNESOTA

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## INTRODUCTORY SECTION

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ORGANIZATION

	Term of Office	
	From	To
Elected		
Mayor		
Paul E. Rockne	January 1, 1983	December 31, 1986
Alfred E. Collinge	January 1, 1987	December 31, 1988
Council		
Lloyd H. Johnson, Jr.	January 14, 1982	December 31, 1986
Alfred E. Collinge, resigned	January 1, 1983	December 31, 1986
Joyce Bucher	January 1, 1983	December 31, 1988
Paul E. Rockne, appointed	January 1, 1987	December 31, 1988
James A. Lohman	January 1, 1983	December 31, 1990
Willard L. Eberhard	January 1, 1987	December 31, 1990
Appointed		
Clerk-Treasurer		
Gary C. Patterson	August 1, 1981	Indefinite



## FINANCIAL SECTION



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103

296-2551

## AUDITOR'S OPINION

The Honorable Alfred E. Collinge  
and Members of the City Council  
City of Zumbrota  
365 Main Street  
Zumbrota, Minnesota 55992

We have examined the general purpose financial statements of the City of Zumbrota, Minnesota, as of and for the year ended December 31, 1986, as listed in the table of contents. Our examination was made in accordance with generally accepted auditing standards and, except as explained in the following paragraph, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The City does not maintain adequate records for its general fixed assets and their related historical cost as required by generally accepted accounting principles; therefore, we were unable to examine the general fixed asset account group.

In our opinion, except for the effects of any adjustments that might have been necessary had we examined the general fixed asset account group, the general purpose financial statements referred to above present fairly the financial position of the City of Zumbrota, Minnesota, at December 31, 1986, and the results of its operations and the changes in the financial position of its proprietary fund type for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group financial statements and the supporting schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the City of

Zumbrota. This information has been subjected to the auditing procedures applied in the examination of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Arne H. Carlson". The signature is written in a cursive, flowing style.

ARNE H. CARLSON  
State Auditor

December 21, 1987

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1986

	Governmental Fund		
	General	Special Revenue	Debt Service
<u>Assets</u>			
Cash	\$ 266,953	\$ 56,672	\$ 120,887
Petty cash and change funds	-	32	-
Investments	644,000	-	110,000
Delinquent taxes receivable	7,845	1,707	3,471
Accounts receivable	6,409	4,310	14,123
Special assessments receivable	-	-	-
Accrued interest receivable	1,674	-	10,861
Loans receivable	-	-	-
Interest on loans receivable	-	-	-
Due from other funds	178,090	459	52,498
Due from other governments	7,420	1,519	2,688
Advance to Hospital Fund	-	-	751,439
Inventories	-	-	-
Prepaid expense	1,649	280	-
Restricted assets			
Cash	-	6,046	-
Investments	-	-	-
Accrued interest receivable	-	-	-
Due from other funds	-	-	-
Contract for deed receivable	-	-	1,057,545
Fixed assets - net	-	-	-
Amount available in Debt Service Funds	-	-	-
 Total Assets	 <u>\$ 1,114,040</u>	 <u>\$ 71,025</u>	 <u>\$ 2,123,512</u>

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

## EXHIBIT A

Types		Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Capital Project	Special Assessment			General Fixed Assets (Unaudited)	General Long-Term Debt	
\$ 275	\$ 480,750	\$ 227,677	\$ 60,248	\$ -	\$ -	\$ 1,213,462
-	-	2,820	-	-	-	2,852
-	-	-	-	-	-	754,000
-	2,984	477	-	-	-	16,484
-	10	802,622	-	-	-	827,474
-	369,441	67,003	-	-	-	436,444
-	-	-	-	-	-	12,535
95,000	-	-	-	-	-	95,000
1,600	-	-	-	-	-	1,600
64,430	54,457	41,752	-	-	-	391,686
32,234	5,024	740	-	-	-	49,625
-	-	-	-	-	-	751,439
-	-	65,976	-	-	-	65,976
-	-	10,082	-	-	-	12,011
-	-	95,348	-	-	-	101,394
-	-	246,000	-	-	-	246,000
-	-	640	-	-	-	640
-	-	31,954	-	-	-	31,954
-	-	-	-	-	-	1,057,545
-	-	4,447,775	-	2,224,278	-	6,672,053
-	-	-	-	-	1,058,855	1,058,855
<u>\$ 193,539</u>	<u>\$ 912,666</u>	<u>\$ 6,040,866</u>	<u>\$ 60,248</u>	<u>\$ 2,224,278</u>	<u>\$ 1,058,855</u>	<u>\$ 13,799,029</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1986

	Governmental Fund		
	General	Special Revenue	Debt Service
<u>Liabilities and Fund Equity</u>			
Liabilities			
Accrued vacation payable	\$ -	\$ -	\$ -
Salaries payable	2,271	526	-
Accounts payable	16,795	5,215	-
Contracts payable	-	-	-
Accrued interest payable	-	-	-
Sales tax payable	-	-	-
Due to other funds	33,083	40,494	79,268
Due to other governments	831	55	-
Advance from Debt Service Fund	-	-	-
Due to Bondholders	-	-	-
Deferred revenue	7,845	9,101	10,971
Payable from restricted assets			
Accrued interest payable	-	-	-
Due to other funds	-	-	-
Accrued sick leave payable	-	-	-
Bonds payable	-	-	-
Installment purchase contracts payable	-	-	-
Total Liabilities	\$ 60,825	\$ 55,391	\$ 90,239

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

EXHIBIT A  
(Continued)

<u>Types</u>		<u>Proprietary Fund Type Enterprise</u>	<u>Fiduciary Fund Type Bond Agency</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Capital Project</u>	<u>Special Assessment</u>			<u>General Fixed Assets (Unaudited)</u>	<u>General Long-Term Debt</u>	
\$ -	\$ -	\$ 7,896	\$ -	\$ -	\$ 9,527	\$ 17,423
-	-	1,910	-	-	-	4,707
1,495	-	26,322	-	-	-	49,827
-	500	-	-	-	-	500
-	-	2,417	-	-	-	2,417
-	-	5,197	-	-	-	5,197
82,268	125,756	58,500	12	-	-	419,381
-	-	203	-	-	-	1,089
-	-	751,439	-	-	-	751,439
-	-	-	60,236	-	-	60,236
95,000	2,984	477	-	-	-	126,378
-	-	3,385	-	-	-	3,385
-	-	4,259	-	-	-	4,259
-	-	22,089	-	-	25,026	47,115
-	1,195,000	475,000	-	-	1,015,000	2,685,000
-	-	-	-	-	9,302	9,302
<u>\$ 178,763</u>	<u>\$ 1,324,240</u>	<u>\$ 1,359,094</u>	<u>\$ 60,248</u>	<u>\$ -</u>	<u>\$ 1,058,855</u>	<u>\$ 4,187,655</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS  
DECEMBER 31, 1986

	Governmental Fund		
	General	Special Revenue	Debt Service
Fund Equity			
Contributed capital	\$ -	\$ -	\$ -
Investment in general fixed assets	-	-	-
Retained earnings			
Reserved for maintenance	-	-	-
Reserved for revenue bond retirement	-	-	-
Reserved for replacement	-	-	-
Reserved for purchase of equipment	-	-	-
Unreserved	-	-	-
Fund balances			
Reserved for purchase of library books	-	2,415	-
Reserved for park equipment	-	3,631	-
Reserved for portion of advance to Community Hospital Enterprise Fund	-	-	748,780
Reserved for long-term receivable	-	-	1,057,545
Unreserved			
Designated for debt service	-	-	226,948
Undesignated	<u>1,053,215</u>	<u>9,588</u>	<u>-</u>
Total Fund Equity	<u>\$ 1,053,215</u>	<u>\$ 15,634</u>	<u>\$ 2,033,273</u>
Total Liabilities and Fund Equity	<u>\$ 1,114,040</u>	<u>\$ 71,025</u>	<u>\$ 2,123,512</u>

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

EXHIBIT A  
(Continued)

<u>Types</u>		<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Capital Project</u>	<u>Special Assessment</u>			<u>General Fixed Assets (Unaudited)</u>	<u>General Long-Term Debt</u>	
\$ -	\$ -	\$ 3,786,712	\$ -	\$ -	\$ -	\$ 3,786,712
-	-	-	-	2,224,278	-	2,224,278
-	-	155,457	-	-	-	155,457
-	-	115,495	-	-	-	115,495
-	-	88,126	-	-	-	88,126
-	-	7,220	-	-	-	7,220
-	-	528,762	-	-	-	528,762
-	-	-	-	-	-	2,415
-	-	-	-	-	-	3,631
-	-	-	-	-	-	748,780
-	-	-	-	-	-	1,057,545
-	(411,574)	-	-	-	-	(184,626)
<u>14,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,077,579</u>
\$ 14,776	\$ (411,574)	\$ 4,681,772	\$ -	\$ 2,224,278	\$ -	\$ 9,611,374
\$ 193,539	\$ 912,666	\$ 6,040,866	\$ 60,248	\$ 2,224,278	\$ 1,058,855	\$ 13,799,029

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT B

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1986

	Governmental Fund Types					Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Special Assessment	
<b>Revenues</b>						
Taxes	\$ 194,322	\$ 45,346	\$ 80,740	\$ -	\$ 136,833	\$ 457,241
Licenses and permits	10,070	50	-	-	-	10,120
Intergovernmental	383,778	61,384	28,274	176,189	25,313	674,938
Charges for services	21,909	2,453	-	-	-	24,362
Fines	6,967	1,608	-	-	-	8,575
Miscellaneous	36,379	16,978	163,855	18,485	226,309	462,006
<b>Total Revenues</b>	<b>\$ 653,425</b>	<b>\$ 127,819</b>	<b>\$ 272,869</b>	<b>\$ 194,674</b>	<b>\$ 388,455</b>	<b>\$ 1,637,242</b>
<b>Expenditures</b>						
General government	\$ 175,925	\$ 6,459	\$ -	\$ -	\$ -	\$ 182,384
Public safety	117,462	23,419	-	-	-	140,881
Public works	181,211	20,923	-	-	-	202,134
Library	-	75,763	-	-	-	75,763
Recreation	3,777	14,415	-	-	-	18,192
Urban and economic development	11,684	-	-	98,915	-	110,599
Miscellaneous	40,806	16,011	4	-	-	56,821
Capital outlay	-	-	-	7,872	64,243	72,115
Debt service	2,602	-	174,616	-	102,672	279,890
Water utility	-	593	-	-	-	593
Sewer utility	-	593	-	-	-	593
<b>Total Expenditures</b>	<b>\$ 533,467</b>	<b>\$ 158,176</b>	<b>\$ 174,620</b>	<b>\$ 106,787</b>	<b>\$ 166,915</b>	<b>\$ 1,139,965</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>\$ 119,958</b>	<b>\$ (30,357)</b>	<b>\$ 98,249</b>	<b>\$ 87,887</b>	<b>\$ 221,540</b>	<b>\$ 497,277</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	\$ 277,545	\$ 18,548	\$ 132,125	\$ 51,512	\$ 41,167	\$ 520,897
Transfers out	(94,261)	(7,673)	(262,342)	(491,351)	(123)	(855,750)
Loan repayment	-	-	-	2,801	-	2,801
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 183,284</b>	<b>\$ 10,875</b>	<b>\$ (130,217)</b>	<b>\$ (437,038)</b>	<b>\$ 41,044</b>	<b>\$ (332,052)</b>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT B  
(Continued)

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES  
YEAR ENDED DECEMBER 31, 1986

	Governmental Fund Types					Total (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Special Assessment</u>	
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 303,242	\$ (19,482)	\$ (31,968)	\$ (349,151)	\$ 262,584	\$ 165,225
Fund Balance - January 1	<u>749,973</u>	<u>35,116</u>	<u>2,065,241</u>	<u>363,927</u>	<u>(674,158)</u>	<u>2,540,099</u>
Fund Balance - December 31	<u>\$ 1,053,215</u>	<u>\$ 15,634</u>	<u>\$ 2,033,273</u>	<u>\$ 14,776</u>	<u>\$ (411,574)</u>	<u>\$ 2,705,324</u>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 1986

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenues			
Taxes	\$ 256,878	\$ 194,322	\$ (62,556)
Licenses and permits	3,875	10,070	6,195
Intergovernmental	249,985	383,778	133,793
Charges for services	18,325	21,909	3,584
Fines	4,000	6,967	2,967
Miscellaneous	860	36,379	35,519
Total Revenues	<u>\$ 533,923</u>	<u>\$ 653,425</u>	<u>\$ 119,502</u>
Expenditures			
General government	\$ 198,296	\$ 175,925	\$ 22,371
Public safety	143,889	117,462	26,427
Public works	171,877	181,211	(9,334)
Library	-	-	-
Recreation	3,150	3,777	(627)
Urban and economic development	-	11,684	(11,684)
Miscellaneous	90,000	40,806	49,194
Debt service	2,602	2,602	-
Water utility	-	-	-
Sewer utility	-	-	-
Total Expenditures	<u>\$ 609,814</u>	<u>\$ 533,467</u>	<u>\$ 76,347</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (75,891)</u>	<u>\$ 119,958</u>	<u>\$ 195,849</u>
Other Financing Sources (Uses)			
Transfers in	\$ 75,891	\$ 277,545	\$ 201,654
- Transfers out	<u>-</u>	<u>(94,261)</u>	<u>(94,261)</u>
Total Other Financing Sources (Uses)	<u>\$ 75,891</u>	<u>\$ 183,284</u>	<u>\$ 107,393</u>

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

## EXHIBIT C

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 60,300	\$ 45,346	\$ (14,954)	\$ 317,178	\$ 239,668	\$ (77,510)
-	50	50	3,875	10,120	6,245
53,295	61,384	8,089	303,280	445,162	141,882
3,101	2,453	(648)	21,426	24,362	2,936
1,000	1,608	608	5,000	8,575	3,575
13,960	16,978	3,018	14,820	53,357	38,537
<u>\$ 131,656</u>	<u>\$ 127,819</u>	<u>\$ (3,837)</u>	<u>\$ 665,579</u>	<u>\$ 781,244</u>	<u>\$ 115,665</u>
\$ 8,345	\$ 6,459	\$ 1,886	\$ 206,641	\$ 182,384	\$ 24,257
31,588	23,419	8,169	175,477	140,881	34,596
19,317	20,923	(1,606)	191,194	202,134	(10,940)
74,291	75,763	(1,472)	74,291	75,763	(1,472)
10,201	14,415	(4,214)	13,351	18,192	(4,841)
-	-	-	-	11,684	(11,684)
11,998	16,011	(4,013)	101,998	56,817	45,181
-	-	-	2,602	2,602	-
1,000	593	407	1,000	593	407
1,000	593	407	1,000	593	407
<u>\$ 157,740</u>	<u>\$ 158,176</u>	<u>\$ (436)</u>	<u>\$ 767,554</u>	<u>\$ 691,643</u>	<u>\$ 75,911</u>
<u>\$ (26,084)</u>	<u>\$ (30,357)</u>	<u>\$ (4,273)</u>	<u>\$ (101,975)</u>	<u>\$ 89,601</u>	<u>\$ 191,576</u>
\$ 10,944	\$ 18,548	\$ 7,604	\$ 86,835	\$ 296,093	\$ 209,258
-	(7,673)	(7,673)	-	(101,934)	(101,934)
<u>\$ 10,944</u>	<u>\$ 10,875</u>	<u>\$ (69)</u>	<u>\$ 86,835</u>	<u>\$ 194,159</u>	<u>\$ 107,324</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
GENERAL AND SPECIAL REVENUE FUNDS  
YEAR ENDED DECEMBER 31, 1986

	<u>General Fund</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
			<u>(Unfavorable)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 303,242	\$ 303,242
Fund Balance - January 1	<u>749,973</u>	<u>749,973</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 749,973</u>	<u>\$ 1,053,215</u>	<u>\$ 303,242</u>

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

EXHIBIT C  
(Continued)

Special Revenue Funds			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ (15,140)	\$ (19,482)	\$ (4,342)	\$ (15,140)	\$ 283,760	\$ 298,900
<u>35,116</u>	<u>35,116</u>	<u>-</u>	<u>785,089</u>	<u>785,089</u>	<u>-</u>
<u>\$ 19,976</u>	<u>\$ 15,634</u>	<u>\$ (4,342)</u>	<u>\$ 769,949</u>	<u>\$ 1,068,849</u>	<u>\$ 298,900</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT D

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 1986

	<u>Enterprise Funds</u>
Operating Revenues	
Sales	\$ 556,274
Cost of goods sold	(325,642)
Cash and promotional discounts	3,022
Freight	<u>(2,055)</u>
Gross Profit	\$ 231,599
Charges for services	453,868
Rent	<u>104,125</u>
Total Operating Revenues	<u>\$ 789,592</u>
Operating Expenses	
Personal services	\$ 231,676
Supplies	23,065
Other services and charges	190,748
Depreciation	<u>352,964</u>
Total Operating Expenses	<u>\$ 798,453</u>
Operating Income (Loss)	<u>\$ (8,861)</u>
Nonoperating Revenues (Expenses)	
Taxes	\$ 10,417
Mobile home	89
Homestead credit	3,649
Machine commissions	16,467
Interest on special assessments	4,865
Interest on investments	44,790
Insurance recovery	1,160
Cash over - net	440
Abatement of prior year's expenses	25
Donations	150
Vending machine revenues	998
Loss on disposal of fixed assets	(300)
Interest on sale of bonds	1,450
Interest expense	(76,758)
Fiscal agent charge	<u>(241)</u>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT D  
(Continued)

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 1986

	<u>Enterprise Funds</u>
Nonoperating Revenues (Expenses) (Continued)	
Merchandise for resale	(648)
Bank service charge	(12)
NSF checks	(339)
Bond issue costs	<u>(3,417)</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 2,785</u>
Income (Loss) Before Operating Transfers	<u>\$ (6,076)</u>
Operating Transfers In (Out) - Net	<u>334,853</u>
Net Income	<u>\$ 328,777</u>
Add credit arising from transfer of depreciation to contribution in aid of construction	<u>106,214</u>
Increase in Retained Earnings	<u>\$ 434,991</u>
Retained Earnings - January 1, as previously reported	<u>\$ 1,305,069</u>
Prior period adjustments and restatements - Note 4	<u>(845,000)</u>
Retained Earnings - January 1, as restated	<u>\$ 460,069</u>
Retained Earnings - December 31	<u><u>\$ 895,060</u></u>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT E

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION  
PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 1986

	<u>Enterprise Funds</u>
Sources of Working Capital	
Operations	
Net income	\$ 328,777
Items not requiring working capital	
Depreciation	352,964
Increase in sick leave payable	3,017
Loss on disposal of fixed assets	300
Decrease in restricted assets	<u>132,789</u>
Working Capital Provided by Operations	\$ 817,847
Contributions	
Equipment purchased with Federal Revenue	
Sharing funds	1,186
Equipment transferred from other fund	<u>200</u>
Total Sources of Working Capital	<u>\$ 819,233</u>
Uses of Working Capital	
Acquisition of fixed assets	\$ 22,149
Decrease in long-term revenue bonds payable	675,000
Decrease in current liabilities payable	
from restricted assets	31,624
Increase in restricted assets	15,995
Utility fund share of construction costs	30,720
Total Uses of Working Capital	<u>775,488</u>
Net Increase in Working Capital	<u>\$ 43,745</u>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

EXHIBIT E  
(Continued)

COMBINED STATEMENT OF CHANGES IN FINANCIAL POSITION  
PROPRIETARY FUND TYPE  
YEAR ENDED DECEMBER 31, 1986

	Enterprise Funds
Elements of Net Increase (Decrease) in Working Capital	
Cash	\$ 92,781
Investments	(50,000)
Receivables	102,433
Due from other funds	(44,039)
Due from other governments	474
Inventories	(6,652)
Prepaid expense	(6,175)
Payables	(1,357)
Due to other funds	54,645
Due to other governments	(89)
Advance from other funds	(98,591)
Deferred revenue	315
Net Increase in Working Capital	<u>\$ 43,745</u>

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

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1986

1. Summary of Significant Accounting Policies

Organization

General

Zumbrota became an incorporated village in 1877. Pursuant to the provisions of Minn. Laws 1973, ch. 123, all villages in Minnesota were reclassified as cities on January 1, 1974.

The City Council is composed of a mayor and four council members who are to be qualified electors and elected at large.

City Council

The Council may create departments and advisory boards and appoint officers, employees and agents for the City as it deems necessary for the proper management and operation of City affairs. The Council may prescribe the duties and fix the compensation of all officers, both appointive and elective, employees and agents, when not otherwise prescribed by law. The Council may require any officer or employee to furnish a bond conditioned for the faithful exercise of his duties and the proper application of, and payment upon demand of, all monies officially received by him. Unless otherwise prescribed by law, the amount of such bonds shall be fixed by the Council. The bonds furnished by the clerk and the treasurer shall be corporate surety bonds.

Specific powers of the Council are detailed in Minn. Stat. § 412.221.

The Council has full authority over the financial affairs of the City, and provides for the collections of all revenues and other assets, the auditing and settlement of accounts, and the safekeeping and disbursement of public monies.

The Council's authority for making an annual tax levy is Minn. Stat. § 412.251.

Officials

The Mayor serves for a term of two years and until a successor is elected and qualifies. The Mayor is the official head of the City and the presiding officer at all meetings of the Council.

The principal duties of the Clerk are stated in Minn. Stat. § 412.151.

The duties of the Treasurer are specified in Minn. Stat. § 412.141.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

Organization

Officials (Continued)

The City operates under the optional plan "A" and the Council has by ordinance combined the offices of clerk and treasurer in one office. The clerk-treasurer performs the duties of both positions.

Disbursements

No disbursement of City funds, including funds of any municipal liquor dispensary operated by the City, may be made except by an order drawn by the mayor and clerk-treasurer. No order shall be issued until the claim to which it relates has been audited and allowed by the Council, except when the claim is issued for the payment of judgments, salaries and wages previously fixed by the Council or by statute, principal and interest on obligations, rent and other fixed charges, the exact amount of which has been previously determined by contract authorized by the Council, and except as otherwise provided in Minn. Stat. § 412.271, subdivisions 4 and 5.

The financial reporting policies of the City of Zumbrota conform to generally accepted accounting principles, except for the accounting of general fixed assets.

A. Financial Reporting Entity

The City of Zumbrota includes all funds, account groups, departments, agencies, boards, commissions, and other organizations over which City officials exercise oversight responsibility. Oversight responsibility includes such duties as appointment of governing body members, budget review, approval of property tax levies, responsibility for outstanding debt secured by Zumbrota's full faith and credit or revenues, and responsibility for funding deficits.

As a result of applying the criteria for determining the reporting entity, certain organizations have been included or excluded from the City's financial statements.

Included

Municipal Liquor Store  
Water Utility  
Sewer Services  
Carnegie Public Library

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

Organization

A. Financial Reporting Entity (Continued)

Excluded

Zumbrota Community Hospital Operations

The Zumbrota Community Foundation has leased the hospital from the City. The Foundation operates the hospital and the City is responsible only for the bond issue which was used to acquire the hospital. Rent from the Foundation will be used to pay the principal and interest maturities. (See Notes 3A, 3B, and 6.)

Zumbrota Volunteer Fire Department Relief Association

The Fire Department Relief Association is a nonprofit organization organized by its members to provide pension and other benefits to members in accordance with Minnesota statutes. The board of directors is appointed by the membership of the organization. All funding is in accordance with Minnesota statutes.

Community Home

The Community Home is a nursing home formerly owned by the City. The home was sold in 1981 and the City is responsible only for the long-term debt of the home at the sale date. Payments on the contract for deed and conditional sales contract for the sale of the home should be sufficient to pay the debt maturities. (See Note 3B.)

B. Basis of Presentation - Fund Accounting

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into the seven generic fund types and three broad fund categories.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

B. Basis of Presentation - Fund Accounting (Continued)

Governmental Funds

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. The City has seven Special Revenue Funds.

Debt Service Funds

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt. The City has six Debt Service Funds.

Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Special Assessment Funds). The City maintains four Capital Projects Funds.

Special Assessment Funds

Special Assessment Funds are used to account for the financing of local improvements or services deemed to benefit the properties against which special assessments are levied. The City maintains six Special Assessment Funds.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to a private business enterprise--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

B. Basis of Presentation - Fund Accounting

Proprietary Funds

Enterprise Funds (Continued)

the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City maintains the Municipal Liquor Dispensary, Water, Sewer, Community Hospital and Swimming Pool Funds.

Fiduciary Fund

Agency Fund

Agency funds are used to account for assets held by the City as an agent for individuals, private organizations, other governmental units or other funds. The City maintains an agency fund for the purpose of paying bonds and coupons. The City acts as its own fiscal agent for three bond issues.

Account Groups

General Fixed Assets Account Group

The General Fixed Assets Account Group is established to record all fixed assets of the City, other than those accounted for in the enterprise funds.

General Long-Term Debt Account Group

The General Long-Term Debt Account Group is established to record all long-term debt of the City that is backed by the City's full faith and credit, other than the debt accounted for in the special assessment and proprietary funds.

C. Basis of Accounting

Governmental and agency funds are reported on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than interest on long-term debt, are recorded when the related liabilities are incurred.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

C. Basis of Accounting (Continued)

Major revenues that are susceptible to accrual include property taxes, special assessments, intergovernmental revenues, and interest on investments. Major revenues that are not susceptible to accrual include licenses and permits, charges for services, fines and forfeits and miscellaneous revenues (except interest on investments and special assessment levies). Such revenues are recorded when received because they are not measurable until collected.

All enterprise funds are accounted for using the accrual basis of accounting, in which revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled receivables for water and sewer utility service are recorded at year-end.

D. Budget

The budget is prepared annually by the City Clerk and adopted by the City Council prior to certification of tax levies to the County Auditor. Budgets are adopted on a basis consistent with generally accepted accounting principles.

E. Assets, Liabilities, and Fund Equity

1. Assets

Investments

Investments are stated at cost.

Taxes Receivable - Delinquent

The delinquent taxes represent the past six years of uncollected tax levies. The City has deferred 100 percent of the revenue for uncollected delinquent taxes.

Contract for Deed Receivable

The contract for deed receivable represents the unpaid principal balance from the sale of the Community Nursing Home. Since the contract is not available for appropriations, fund balance is reserved for the amount of the receivable.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

E. Assets, Liabilities, and Fund Equity

1. Assets (Continued)

Loan Receivable

The loan receivable represents the unpaid principal balance from rehabilitation project loans and an economic development loan.

Advances

The advance to the Community Hospital Enterprise Fund in the amount of \$751,439 at December 31, 1986, represents an accumulation of payments to retire bonded debt obligations by the Debt Service Fund, which is servicing the portion of the General Obligation Refunding Bonds of 1978, the proceeds of which were used to refund General Obligation Hospital Bonds of 1974.

The Zumbrota Community Foundation leased the hospital property from the City and it was expected that the operation of the hospital would provide enough resources to pay bond principal and interest as they became due. As of December 31, 1986, the hospital has been unable to generate sufficient funds to meet the debt service requirements on the bonds.

A portion of the advance, \$748,780 at December 31, 1986, has been reserved in the Debt Service Fund to reflect the uncertainty about whether the Community Hospital Enterprise Fund will collect the \$735,236 of accounts receivable at December 31, 1986, from the Zumbrota Community Foundation, operator of the Community Hospital under a lease agreement. In addition, the Community Hospital Enterprise Fund had a retained earnings deficit of \$13,545 at December 31, 1986.

Inventories

Inventories of the enterprise funds are stated at the lower of cost (first-in, first-out) or market value.

Fixed Assets

All purchased fixed assets are valued at historical cost or estimated historical cost if the actual is not available. Donated fixed assets are valued at their estimated fair value on the date donated.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

E. Assets, Liabilities, and Fund Equity

1. Assets

Fixed Assets (Continued)

General fixed assets, including the Community Hospital's (see Note 3A), are accounted for in the General Fixed Assets Account Group. No depreciation has been provided on general fixed assets.

Depreciation of all exhaustible fixed assets used by enterprise funds is charged as an expense against operations. Accumulated depreciation is reported on the enterprise fund balance sheet. Depreciation has been provided over the estimated useful lives of the assets using the straight-line method.

The useful lives of various classes of depreciable fixed assets are:

Buildings	40 years
Furniture and office equipment	10 years
Trucks and other automotive	5 years
Other equipment	20 years
Water and sewer mains	40 years

2. Liabilities

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group, not in the governmental funds. The single exception to this general rule is for the special assessment bonds, which are accounted for in the special assessment funds.

3. Fund Equity

Fund equity is divided into sections:

- Contributed capital accounts indicate permanent fund capital contributed to the Enterprise Funds.
- The account "investment in general fixed assets" represents the City's equity in general fixed assets.
- Retained earnings of enterprise funds are reserved to indicate portions restricted for specific purposes.
- Fund balance accounts are subdivided:

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

E. Assets, Liabilities, and Fund Equity

3. Fund Equity (Continued)

Reserved accounts indicate the portion of fund balance which has been segregated for specific purposes.

Unreserved designated accounts indicate a portion of fund balance has been designated for a specific purpose.

The unreserved undesignated account is the portion of fund balance which is available for budgeting and expending in future periods.

F. Revenues, Expenditures and Expenses

1. Revenues

Property taxes are recognized as revenue to the extent that they are collectible in the current period. Portions paid by the State in the form of homestead credit are included in intergovernmental revenue. Delinquent property taxes receivable which have not been recognized as revenue are equally offset in the financial statements by deferred revenue.

Intergovernmental revenues are reported under the legal and contractual requirements of the individual programs.

Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except investment earnings and special assessment revenue) are recorded as revenues when received in cash because they are generally not measurable until then. Investment earnings are recorded when earned because they are measurable and available.

Special assessments are recorded as revenues in the year the assessments are levied, even when payments are made in annual installments. Interest on special assessments is recognized as revenue in the year earned.

2. Property Taxes

The City levies its property tax for the subsequent year during the month of October. The property tax is recorded as revenue when it becomes available. Goodhue County is the collecting agency for the levy and remits the collections to the City three times a year. Taxes not collected as of December 31 each year are shown as delinquent taxes receivable.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

1. Summary of Significant Accounting Policies

F. Revenues, Expenditures and Expenses (Continued)

3. Expenditures

Expenditure recognition for governmental fund types includes only amounts represented by current liabilities. Since noncurrent liabilities do not affect net current assets, they are not recognized as governmental fund expenditures or fund liabilities. They are reported as liabilities in the General Long-Term Debt Account Group.

4. Expenses

Proprietary funds recognize expenses when they are incurred.

G. Total Columns on Combined Statements

Total columns on the combined statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles.

2. Stewardship, Compliance and Accountability

A. Individual Fund Deficits of Equity Accounts

The following funds had deficit fund equity balances at December 31, 1986.

Special Revenue Funds	
Special	\$ 17,245
Library	3,541
Debt Service Fund	
General Obligation Fire Equipment	
Certificate of 1985	8,964
Special Assessment Funds	
General Obligation Improvement Bonds of 1978	39,123
General Obligation Improvement Bonds of 1980	123,205
General Obligation Improvement Bonds of 1985	99,025
General Obligation Tax Increment Bonds of 1979	280,789
Enterprise Fund	
Community Hospital	13,545

The deficits of the Special Revenue Funds and the Community Hospital Enterprise Fund will be eliminated by transfers from the General Fund. The deficit of the Debt Service Fund will be eliminated by future tax levies and a General Fund transfer. The deficits of the Special Assessment Funds will be eliminated by future tax levies.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

2. Stewardship, Compliance and Accountability (Continued)

B. Excess of Expenditures Over Appropriations

The following fund expenditures exceeded the appropriations during the year ended December 31, 1986.

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures</u>	<u>Expenditures Over Appropriations</u>
Special Revenue Funds			
Special	\$ -	\$ 5,355	\$ 5,355
Library	71,691	73,163	1,472
Park	10,201	14,415	4,214

3. Detailed Notes on All Funds and Account Groups

A. Assets

Deposits and Investments

Minn. Stat. § 118.005 authorizes the City to deposit its cash and to invest in certificates of deposit in financial institutions designated by the City Council. At December 31, 1986, City deposits totaled \$2,314,856, of which \$1,314,856 was cash deposits and \$1,000,000 was invested in certificates of deposits. Minnesota statutes require that all City deposits be covered by insurance, surety bond, or collateral.

Following is a summary of investments at December 31, 1986.

Certificates of deposit	<u>\$ 1,000,000</u>
General Fund	<u>\$ 644,000</u>
General Obligation Refunding Bonds of 1978 Debt Service Fund	<u>\$ 110,000</u>
Enterprise Funds	
Water (restricted)	\$ 103,000
Sewer (restricted)	<u>143,000</u>
Total Enterprise	<u>\$ 246,000</u>
Total All Funds	<u>\$ 1,000,000</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets (Continued)

Restricted Assets

Restricted assets are held for specifically designated purposes.  
Balances at December 31, 1986, are:

Special Revenue Funds

Library	
Restricted for purchase of library books	\$ 2,415
Park	
Restricted for park equipment	<u>3,631</u>
Total Special Revenue Funds	<u>\$ 6,046</u>

Enterprise Funds

Municipal Liquor Dispensary	
Restricted for maintenance	\$ 20,000
Restricted for revenue bond retirement	<u>8,395</u>
Total Municipal Liquor Dispensary	<u>\$ 28,395</u>
Water	
Restricted for maintenance	<u>\$ 138,008</u>
Sewer	
Restricted for revenue bond retirement	\$ 112,192
Restricted for replacement	<u>88,127</u>
Total Sewer	<u>\$ 200,319</u>
Swimming Pool	
Restricted for purchase of equipment	<u>\$ 7,220</u>
Total Enterprise Funds	<u>\$ 373,942</u>
Total Restricted Assets	<u><u>\$ 379,988</u></u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets (Continued)

Due from Other Governments

Amounts due from other governments at December 31, 1986, are:

<u>Fund Type</u>	<u>Federal</u>	<u>State</u>	<u>Other</u>	<u>Total</u>
General	\$ -	\$ 157	\$ 7,263	\$ 7,420
Special Revenue	-	17	1,502	1,519
Debt Service	-	-	2,688	2,688
Capital Project	30,739	1,495	-	32,234
Special Assessment	-	-	5,024	5,024
Enterprise	-	-	740	740
Total	<u>\$ 30,739</u>	<u>\$ 1,669</u>	<u>\$ 17,217</u>	<u>\$ 49,625</u>

Fixed Assets

1. A summary of changes in general fixed assets (unaudited) follows:

	<u>Balance January 1, 1986</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1986</u>
Land	\$ 56,240	\$ 627	\$ -	\$ 56,867
Buildings	1,643,851	3,440	-	1,647,291
Equipment	685,024	53,302	218,206	520,120
Construction in progress	<u>2,927,042</u>	<u>7,872</u>	<u>2,934,914</u>	<u>-</u>
Total	<u>\$ 5,312,157</u>	<u>\$ 65,241</u>	<u>\$3,153,120</u>	<u>\$ 2,224,278</u>

2. Below is a summary of the Proprietary Fund property, plant, and equipment at December 31, 1986:

	<u>Balance December 31, 1986</u>
Land	\$ 54,197
Buildings	3,304,320
Improvements other than buildings	1,067,343
Equipment	<u>1,275,757</u>
Total	\$ 5,701,617
Less accumulated depreciation	<u>1,253,477</u>
Net	<u>\$ 4,448,140</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

A. Assets

Fixed Assets (Continued)

3. Community Hospital Fixed Assets and Bonds Payable

The City of Zumbrota owns hospital property, plant and equipment which was financed largely by the issuance of the General Obligation Bonds of 1974. (During 1978 the City issued General Obligation Refunding Bonds of 1978 and refunded \$1,255,000 of outstanding General Obligation Bonds of 1974). The Zumbrota Community Foundation leased the property from the City and it was expected that the hospital would pay bond principal and interest as they became due from hospital sources of funds. The payments would be in the form of rent sufficient to cover depreciation and debt service. Accordingly, the hospital has included both the fixed assets and bonds payable on its records for financial reporting.

At December 31, 1986, the hospital had been unable to generate sufficient funds to meet the debt service requirements on the bonds (see Note 1.E.1).

Since the City is directly responsible for making the debt service payments, the Zumbrota Community Hospital's fixed assets are included in the statement of general fixed assets and the related debt is included in the statement of general long-term debt.

B. Liabilities

Deferred Revenues

Deferred revenues consist of delinquent taxes and special assessments receivable, long-term loans receivable, a reimbursement received for bond and interest payable, and unearned grants received.

Deferred revenue at December 31 is summarized below by fund type:

	<u>Delinquent Taxes</u>	<u>Loans Receivable</u>	<u>Reimbursements</u>	<u>Grants</u>	<u>Total</u>
General	\$ 7,845	\$ -	\$ -	\$ -	\$ 7,845
Special Revenue	1,707	-	-	7,394	9,101
Debt Service	3,471	-	7,500	-	10,971
Capital Project	-	95,000	-	-	95,000
Special Assessment	2,984	-	-	-	2,984
Enterprise	477	-	-	-	477
Total	<u>\$ 16,484</u>	<u>\$ 95,000</u>	<u>\$ 7,500</u>	<u>\$ 7,394</u>	<u>\$ 126,378</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities (Continued)

Vacation and Sick Leave

City employees are granted vacation in varying amounts based on their length of service. Vacation leave accrual varies from one to three weeks per year. Sick leave is one day per month.

Unused vacation and sick leave are paid to employees who retire or die in service. Sick leave may be accumulated to 120 days. Vacation leave is limited to five days carried over from one year to the next.

Retirement Plan

On July 27, 1981, all employees except temporary ones became covered by the Public Employees Retirement Association. Prior to this, several of the City's employees were not covered by the Public Employees Retirement Association or a coordinated Public Employees Retirement Association - Social Security Plan, as required by law.

Police Department employees are covered by the Public Employees Police and Fire Fund Retirement Association; both the City and the employees contribute to the fund.

Because the contribution rates for PERA are determined on a statewide basis and include provisions for past service cost, the amount of the unfunded past service cost attributable to the City for PERA members is not determinable.

During the year ended December 31, 1986, the City provided the following amounts for employee retirement.

PERA	\$ 23,548
Social Security	\$ 23,960

The Public Employees Retirement Association is divided into two funds, the Public Employees Retirement Fund and the Public Employees Police and Fire Fund. The Association's annual report for the year ended June 30, 1986, (the most recent available) shows (in thousands):

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Retirement Plan (Continued)

	<u>Public Employees</u>	<u>Police and Fire</u>
Reserves needed for retired members and beneficiaries	\$ 1,102,235	\$ 107,892
Reserves needed for active and deferred members	<u>1,822,771</u>	<u>339,850</u>
Total reserves needed	\$ 2,925,006	\$ 447,742
Assets (net)	<u>2,148,114</u>	<u>424,936</u>
Unfunded reserves	<u>\$ 776,892</u>	<u>\$ 22,806</u>

The Public Employees Retirement Fund was 73 percent funded at June 30, 1986, and the Police and Fire was 95 percent funded.

Long-Term Debt - Bonds

1. Changes in Long-Term Debt

The following is a summary of bond transactions of the City for the year ended December 31, 1986.

	<u>General Obligation</u>	<u>General Obligation Special Assessment</u>	<u>Revenue</u>	<u>Total</u>
Bonds payable at January 1, 1986	\$ 1,968,000	\$ 1,390,000	\$ 305,000	\$ 3,663,000
New bonds issued				
General Obligation Sewer				
Revenue bonds	-	-	280,000	280,000
Bonds retired	<u>(953,000)*</u>	<u>(195,000)</u>	<u>(110,000)</u>	<u>(1,258,000)</u>
Bonds payable at December 31, 1986	<u>\$ 1,015,000</u>	<u>\$ 1,195,000</u>	<u>\$ 475,000</u>	<u>\$ 2,685,000</u>

\* Includes \$845,000 paid from Sewer Fund.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds (Continued)

2. Bonds Outstanding

Bonds outstanding at December 31, 1986, comprise the following issues:

General Obligation Bonds Reported in General  
Long-Term Debt

\$1,920,000 General Obligation Refunding Bonds of 1978; the portion due for General Obligation Nursing Home Bonds of 1969 in annual installments ranging from \$10,000 to \$15,000 through January 1, 1989; interest at 5.5 to 6.125 percent	\$ 30,000
--	-----------

\$1,920,000 General Obligation Refunding Bonds of 1978; the portion due for Hospital Bonds in annual installments ranging from \$35,000 to \$95,000 through January 1, 1999; interest at 5.5 to 6.125 percent	875,000
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\$70,000 General Obligation Bonds of 1981, Series A, due in annual installments ranging from \$1,000 to \$5,000, starting on January 1, 1983, and continuing through January 1, 2011; interest at 5 percent	65,000
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\$35,000 General Obligation Bonds of 1981, Series B, due in annual installments ranging from \$2,000 to \$3,000, starting on January 1, 1983, and continuing through January 1, 1996; interest at 5 percent	25,000
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\$40,000 General Obligation Fire Equipment Certificate of 1985; due in annual installments of \$20,000, starting December 1, 1986, are continuing through December 1, 1987; interest at 8.75 percent	<u>20,000</u>
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Total General Obligation Bonds Reported in General Long-Term Debt	<u>\$ 1,015,000</u>
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds

2. Bonds Outstanding (Continued)

General Obligation Special Assessment Bonds

\$1,920,000 General Obligation Refunding Bonds of 1978; the portion due for General Obligation Improvement Bonds of 1975 in annual installments ranging from \$15,000 to \$30,000 through January 1, 1988; interest at 5.5 to 6.125 percent \$ 20,000

\$70,000 General Obligation Improvement Bonds of 1978, due in annual installments of \$5,000 through October 1, 1993; interest at 5 to 5.7 percent 35,000

\$195,000 General Obligation Improvement Bonds of 1979, due in annual installments ranging from \$20,000 to \$25,000 through December 1, 1989; interest at 6.5 to 6.6 percent 75,000

\$200,000 General Obligation Tax Increment Bonds of 1979, due in annual installments ranging from \$5,000 to \$25,000 through December 1, 1995; interest at 6.6 to 7 percent 170,000

\$730,000 General Obligation Improvement Bonds of 1980, due in annual installments ranging from \$70,000 to \$75,000 through July 1, 1991; interest at 5.6 to 7 percent 375,000

\$150,000 General Obligation Improvement Bonds of 1980, Series A, due in annual installments of \$15,000 through September 1, 1991; interest at 7.5 to 8.25 percent 75,000

\$300,000 General Obligation Tax Increment Bonds of 1982, due in annual installments ranging from \$35,000 to \$70,000 through December 1, 1989; interest at 10.75 percent 180,000

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds

2. Bonds Outstanding (Continued)

\$265,000 General Obligation Improvement Bonds of 1985, due in annual installments ranging from \$10,000 to \$30,000 through February 1, 1997; interest 6.5 to 9 percent	<u>265,000</u>
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Total General Obligation Special Assessment Bonds	<u>\$ 1,195,000</u>
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Water and Sewer Funds

\$325,000 General Obligation Water Revenue Bonds of 1978, due in annual installments of \$10,000 to \$25,000 through October 1, 1998; interest at 5 to 6 percent (payable 88.3 percent from Water Fund and 11.7 percent from Sewer Fund)	\$ 195,000
--	------------

\$280,000 General Obligation Sewer Revenue Bonds of 1986, due in annual installments of \$10,000 to \$30,000 through September 1, 1996; interest at 6.5 to 6.6 percent	<u>280,000</u>
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Total Revenue Bonds	<u>\$ 475,000</u>
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3. Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 1986, including interest payments at \$920,539, are:

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds

3. Requirements to Maturity

The annual requirements to amortize all bonded debt outstanding as of December 31, 1986, including interest payments at \$920,539, are:

Year Ending December 31	General Obligation	General Obligation Special Assessment	Revenue	Total
1987	\$ 152,040	\$ 298,851	\$ 79,340	\$ 530,231
1988	132,290	287,508	76,330	496,128
1989	113,890	285,471	73,300	472,661
1990	110,220	176,615	70,270	357,105
1991	111,520	166,776	67,190	345,486
1992-1996	549,150	299,678	245,225	1,094,053
1997-2001	230,450	15,675	21,800	267,925
2002-2006	22,750	-	-	22,750
2007-2010	19,200	-	-	19,200
Total	<u>\$ 1,441,510</u>	<u>\$ 1,530,574</u>	<u>\$ 633,455</u>	<u>\$ 3,605,539</u>

4. General Obligation Refunding Bonds of 1978

The City issued \$1,920,000 of General Obligation Refunding Bonds of 1978, dated June 16, 1978, to provide for the refunding of the following four bond issues:

	Portion Outstanding June 16, 1978	Portion Outstanding December 31, 1986*
General Obligation Hospital Bonds of 1974 due in annual installments of \$35,000 to \$95,000 through January 1, 1999	\$ 1,255,000	\$ 875,000
General Obligation Improvement Bonds of 1975 due in annual installments of \$15,000 to \$30,000 through January 1, 1988	225,000	20,000



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds

4. General Obligation Refunding Bonds of 1978 (Continued)

	Portion Outstanding <u>June 16, 1978</u>	Portion Outstanding December 31, <u>1986*</u>
General Obligation Nursing Home Bonds of 1969 due in annual installments of \$10,000 to \$15,000 through January 1, 1989	140,000	30,000
General Obligation Water and Sewer Revenue Bonds of 1970 due in annual installments of \$25,000 to \$45,000 through January 1, 1987	<u>300,000</u>	<u>-</u>
Total	<u>\$ 1,920,000</u>	<u>\$ 925,000</u>

\*Excludes bonds due January 1 of the following year which were paid in December.

The four refunded issues will be paid when the respective call dates occur from the invested proceeds of the sale of the General Obligation Refunding Bonds of 1978 held in trust by the First National Bank of Saint Paul.

The resolution providing for the issuance and sale of the General Obligation Refunding Bonds of 1978 stated in part:

The individual irrevocable tax levies for the four refunded bond issues are canceled.

A new irrevocable tax levy schedule for the new bond issue is provided.

Except as stated above, the assets and resources available to pay the debt service costs of the four refunded issues are appropriated to pay the debt service costs of the new refunding issue.

In addition to the general property taxes provided, the following resources are available to pay the debt service costs of the General Obligation Refunding Bonds of 1978:

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds

4. General Obligation Refunding Bonds of 1978 (Continued)

Special Assessment Fund

General Obligation Improvement Bonds of 1975

Fund, with net resources of \$ 4,658 at December 31, 1985.

Community Home Fund

Prior to December 1, 1981, rentals collected from lease of the Nursing Home were available to pay the debt service costs. On December 1, 1981, the City executed a Contract for Deed and Conditional Sales Contract, proceeds of which shall be available to pay the debt service costs of the General Obligation Nursing Home Bonds of 1964.

Community Hospital Fund

Rentals collected from the lease of the Hospital.

Sewer Fund and Water Funds

Net revenues from the operations of the sewer and water utilities. The net revenues are also pledged to pay the debt service costs of the following bond issues:

Refunding Bonds of 1966

General Obligation Water Revenue Bonds of 1978

General Obligation Water Revenue Bonds of 1978, Series B

To the extent that the indicated sources are insufficient to provide for the debt service requirements of the General Obligation Refunding Bonds of 1978, tax levies must be spread as certified to the County Auditor in the resolution providing for the issuance and sale of the bonds.

Minn. Stat. § 475.61, subd. 3 states:

Tax levies so made and filed shall be irrevocable, except that if the governing body in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

5. Industrial Development Revenue Bonds

The City of Zumbrota has issued 13 Industrial Development Revenue Bond issues. Industrial Development Revenue Bonds are

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Bonds (Continued)

payable solely from payments derived from a revenue agreement between the City and a contracting party and are not a general obligation of the City.

Long-Term Debt - Other

1. Changes in Long-Term Debt

Changes in long-term debt other than bonds are summarized as follows:

	<u>Installment Purchase Contracts</u>	<u>Vacation Leave</u>	<u>Sick Leave</u>
Payable January 1, 1986	\$ 12,506	\$ 5,493	\$ 20,107
Less: Paid in 1986	3,204	-	-
Net change in compensated absences	<u>-</u>	<u>4,034</u>	<u>4,919</u>
Payable December 31, 1986	<u>\$ 9,302</u>	<u>\$ 9,527</u>	<u>\$ 25,026</u>

2. Installment Purchase Contracts

The installment purchase contracts payable are:

The City of Zumbrota's share of an ambulance and a garage. The original assessment of \$7,302 for the ambulance and \$20,013 for the garage was reduced by \$12,000 (part of which was used to pay the interest for the first years) because the City donated the land. Principal payments of \$2,001 are due annually, plus interest on the outstanding balance at 6 percent.

\$ 8,005

In 1983, the City purchased a mower tractor for park maintenance for \$6,042, paying \$1,401 down, with the balance due over the next four years. Payments of \$1,401, which include interest at 8 percent, are due annually on June 10, through 1987.

1,297

Total Installment Purchase Contracts

\$ 9,302

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

B. Liabilities

Long-Term Debt - Other (Continued)

3. Requirements to Maturity

The following is a summary of the annual requirements to retire the installment purchase contracts payable, including interest of \$1,304, at December 31, 1986.

1987	\$	3,883
1988		2,361
1989		2,241
1990		<u>2,121</u>
Total	\$	<u>10,606</u>

Long-Term Debt - Tax Increment Financing District

The City of Zumbrota is the administering authority for the following tax increment financing district:

Redevelopment District #1

A redevelopment district authorized under the Housing and Redevelopment Authority (Minn. Stat. §§ 462.545 and 462.585). Established in 1979 to last until the year 1995.

Original assessed value	\$	373,414	
Current assessed value		<u>987,871</u>	
Captured assessed value			
Retained by City	\$	<u>614,457</u>	
Total bonds issued and type			
General Obligation			\$ 500,000
Total loans incurred			-
Amounts redeemed			<u>(150,000)</u>
Outstanding bonds at December 31, 1986			<u>\$ 350,000</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups (Continued)

C. Summary of Interfund Receivables and Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 178,090	\$ 33,083
Special Revenue Funds		
Federal Revenue Sharing	\$ 9	\$ 7,034
Special	-	17,245
Library	-	16,147
Park	-	8
911	-	60
Energy	450	-
Total Special Revenue Funds	\$ 459	\$ 40,494
Debt Service Funds		
General Obligation Funding Bonds of 1978	\$ 30,000	\$ 29,500
General Obligation Equipment Certificates of 1979	209	-
General Obligation Nursing Home Bonds (Community Home)	426	75
General Obligation Fire Equipment Certificates of 1985	21,863	49,693
Total Debt Service Funds	\$ 52,498	\$ 79,268
Capital Project Funds		
Capital Improvement	\$ 64,188	\$ 52,614
Wastewater Treatment Plant Construction	163	29,654
Community Development	79	-
Total Capital Project Funds	\$ 64,430	\$ 82,268
Special Assessment Funds		
General Obligation Improvement Bonds of 1975	\$ 12,512	\$ 21,750
General Obligation Improvement Bonds of 1978	-	30,100
General Obligation Improvement Bonds of 1979	9,844	9,855
General Obligation Improvement Bonds of 1980	10,340	-
General Obligation Improvement Bonds of 1985	21,750	63,888
General Obligation Tax Increment Bonds of 1979	11	163
Total Special Assessment Funds	\$ 54,457	\$ 125,756

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

3. Detailed Notes on All Funds and Account Groups

C. Summary of Interfund Receivables and Payables (Continued)

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Enterprise Funds		
Municipal Liquor Dispensary	\$ -	\$ 17,618
Water	17,441	28,710
Sewer	55,993	16,431
Swimming Pool	<u>272</u>	<u>-</u>
Total Enterprise Funds	<u>\$ 73,706</u>	<u>\$ 62,759</u>
Agency Fund		
General Obligation Improvement Bonds of 1975	<u>\$ -</u>	<u>\$ 12</u>
Total	<u>\$ 423,640</u>	<u>\$ 423,640</u>

D. Contributed Capital

1. Depreciation of Contributed Assets

The fixed assets in the Water, Sewer and Swimming Pool Enterprise Funds were acquired from federal and state grants, the city, and customer contributions. Therefore, the fund equity includes contributed capital of the net book value of those fixed assets.

Depreciation on the contributed assets is included in the total depreciation expense to arrive at net income for the year. The depreciation on contributed assets is added back to retained earnings and subtracted from contributed capital.

2. Changes in Contributed Capital

A summary of the changes in contributed capital for the year ended December 31, 1986, is:

	<u>Enterprise Funds</u>			
	<u>Water</u>	<u>Sewer</u>	<u>Swimming Pool</u>	<u>Total</u>
Balance, January 1, 1986	\$ 233,340	\$ 588,848	\$ 92,143	\$ 914,331
Additions	593	2,977,802	200	2,978,595
Depreciation on contributed assets	<u>(8,283)</u>	<u>(96,731)</u>	<u>(1,200)</u>	<u>(106,214)</u>
Balance, December 31, 1986	<u>\$ 225,650</u>	<u>\$3,469,919</u>	<u>\$ 91,143</u>	<u>\$3,786,712</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

4. Restatement of Retained Earnings

An adjustment was made to the beginning retained earnings to transfer bonds payable of the \$845,000 Grant Anticipation Bonds, Series 1984, from the general long-term debt account group to the Sewer Enterprise Fund.

This item, presented in the following schedule is reported as prior period adjustments and restatements in the financial statements.

	<u>Sewer Fund</u>	<u>Total Enterprise Funds</u>
Retained earnings - January 1, 1986, as previously reported	\$ 641,188	\$ 1,305,069
Prior period adjustments and restatements	<u>(845,000)</u>	<u>(845,000)</u>
Retained earnings - January 1, as restated	<u>\$ (203,812)</u>	<u>\$ 460,069</u>

5. Segment Information for Enterprise Funds

The City maintains five Enterprise Funds which provide liquor, water, sewer, hospital, and swimming services. Segment information on the Enterprise Funds for the year ended December 31, 1986, is:

	<u>Municipal Liquor Dispensary</u>	<u>Water</u>	<u>Sewer</u>	<u>Community Hospital</u>	<u>Swimming Pool</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 231,599	\$ 145,541	\$ 292,405	\$ 104,125	\$ 15,922	\$ 789,592
Depreciation	11,630	24,091	312,106	-	5,137	352,964
Operating income or (loss)	(1,436)	77,966	(172,987)	104,125	(16,529)	(8,861)
Tax revenues	-	60	-	-	10,357	10,417
Operating transfers in (out) - net	(9,965)	447	448,496	(104,125)	-	334,853
Net income (loss)	9,392	84,424	235,637	123	(799)	328,777
Capital contributions	-	593	2,977,802	-	200	2,978,595
Plant, property and equipment						
Additions	1,426	19,503	3,008,950	-	200	3,030,079
Deletions	(1,055)	-	-	-	(75)	(1,130)
Net working capital	104,827	106,815	151,201	(13,545)	15,490	364,788
Total assets	382,010	876,567	3,936,060	737,894	108,335	6,040,866
Bonds payable	-	172,185	302,815	-	-	475,000
Total equity	318,275	670,638	3,598,475	(13,545)	107,929	4,681,772

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

6. Other Items

Leases

Zumbrota Community Hospital

The City of Zumbrota (lessor) and the Zumbrota Community Foundation (lessee) entered into a lease agreement whereby the lessee is to lease certain real estate (Community Hospital) and personal property for a period of 30 years. This lease is effective January 1, 1985, and replaces the lease which was effective June 1, 1982. The lessee agreed to furnish a monthly operating statement to the lessor consisting of not less than: a complete balance sheet on a month-to-month basis; a detailed summary of revenues and expenses on a month-to-month comparison basis; a detailed statement of actual operations compared with budgeted operations; and a detailed statement of accounts receivable on an aged basis.

The lessee incurs rent liability to the lessor on a monthly basis in an amount equal to 1/12 of the annual payment of principal and interest made by the lessor on that portion of the City of Zumbrota General Obligation Refunding Bonds of 1978 that is attributable to the Zumbrota Community Hospital Bond account. Not less than ten percent of the liability occurring annually must be paid in cash to the lessor, regardless of other financial commitments or considerations by the lessee. This ten percent liability will begin to accrue from and after January 1, 1986, with payments to be made quarterly, not later than March 31, June 30, September 30, and December 31.

The lessor and lessee have agreed that there is a rent liability arrearage under the previous lease between the parties in the sum of \$735,236, calculated through December 31, 1986. No capital expenditures or contractual obligations as defined by Minn. Stat. § 471.345 may be incurred by lessee or the Hospital Operating Board in excess of \$5,000 without the express prior consent of lessor in writing.

Portion of Zumbrota Community Hospital

On December 15, 1978, the City of Zumbrota (lessor) and the Mayo Foundation (lessee) entered into a lease agreement. This agreement provides that the City will lease portions of first floor and ground floor of the Zumbrota Community Hospital to the lessee for a term of three years. The lease continues to renew itself for additional one-year terms unless notice of termination is given by either party. The lessee is to provide medical services, laboratory, radiology, ECG, pulmonary function, blood banking, surgical pathology and autopsy services. The lessor is to make all repairs to premises, provide housekeeping services, utilities, and maintenance supplies. The lessee agreed to pay lessor as rent the amounts determined by the formula in Appendix B of the agreement. The lessor has received no payments to date. Lessor has not calculated the actual annual 1978 through 1984 costs allocable to the lessee, as required by Article IV of the agreement.



COMBINING, INDIVIDUAL FUND, AND ACCOUNT GROUP  
FINANCIAL STATEMENTS

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

THE GENERAL FUND

The General Fund accounts for all revenues and expenditures of a governmental unit which are not accounted for in other funds, and it is usually the largest and most important accounting activity for state and local governments. It normally receives a greater variety and number of taxes and other general revenues than any other fund. This fund has flowing into it such revenues as general property taxes, licenses and permits, fines and penalties, rents, charges for current services, state-shared taxes, and interest earnings. The fund's resources also finance a wider range of activities than any other fund. Most of the current operations of governmental units will be financed from this fund.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-1

GENERAL FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$ 266,953
Investments	644,000
Delinquent taxes receivable	7,845
Accounts receivable	6,409
Accrued interest receivable	1,674
Due from other funds	178,090
Due from other governments	7,420
Prepaid expense	<u>1,649</u>
Total Assets	<u>\$ 1,114,040</u>

Liabilities and Fund Balance

Liabilities	
Salaries payable	\$ 2,271
Accounts payable	16,795
Due to other funds	33,083
Due to other governments	831
Deferred revenue	<u>7,845</u>
Total Liabilities	\$ 60,825
Fund Balance	
Unreserved	
Undesignated	<u>1,053,215</u>
Total Liabilities and Fund Balance	<u>\$ 1,114,040</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
General property	\$ 254,378	\$ 189,661	\$ (64,717)
Mobile homes	-	1,632	1,632
Franchise	2,500	2,649	149
Penalties	-	380	380
Total taxes	<u>\$ 256,878</u>	<u>\$ 194,322</u>	<u>\$ (62,556)</u>
Licenses and permits			
Business	\$ 3,650	\$ 4,130	\$ 480
Non-business	225	5,940	5,715
Total licenses and permits	<u>\$ 3,875</u>	<u>\$ 10,070</u>	<u>\$ 6,195</u>
Intergovernmental			
State grants and aids			
Local government aid	\$ 240,675	\$ 297,535	\$ 56,860
Homestead credit	-	67,164	67,164
Police training reimbursement	375	306	(69)
Insurance premiums tax - fire	-	7,987	7,987
Insurance premiums tax - police	8,085	8,954	869
Highway sweeping reimbursement	350	371	21
Snow removal reimbursement	500	495	(5)
Seal coating reimbursement	-	966	966
Total intergovernmental	<u>\$ 249,985</u>	<u>\$ 383,778</u>	<u>\$ 133,793</u>
Charges for services			
General government	\$ 18,200	\$ 18,641	\$ 441
Public safety	125	132	7
Highways and streets	-	3,051	3,051
Recreation	-	85	85
Total charges for services	<u>\$ 18,325</u>	<u>\$ 21,909</u>	<u>\$ 3,584</u>
Fines	<u>\$ 4,000</u>	<u>\$ 6,967</u>	<u>\$ 2,967</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues (Continued)			
Miscellaneous			
Interest	\$ 60	\$ 32,902	\$ 32,842
Sale of junk	-	227	227
Sale or compensation for loss of property	-	400	400
Insurance recovery	-	1,583	1,583
Abatements	800	1,138	338
Other	-	129	129
Total miscellaneous	<u>\$ 860</u>	<u>\$ 36,379</u>	<u>\$ 35,519</u>
Total Revenues	<u>\$ 533,923</u>	<u>\$ 653,425</u>	<u>\$ 119,502</u>
Expenditures			
General government			
Legislative			
Council			
Salaries	\$ 5,300	\$ 5,220	\$ 80
Retirement and pension contributions	77	-	77
Transportation	200	329	(129)
Dues and subscriptions	<u>1,199</u>	<u>1,269</u>	<u>(70)</u>
Total legislative	<u>\$ 6,776</u>	<u>\$ 6,818</u>	<u>\$ (42)</u>
Judicial			
Municipal court			
Professional services			
Legal fees	<u>\$ 4,000</u>	<u>\$ 1,804</u>	<u>\$ 2,196</u>
Executive			
Mayor			
Salaries	\$ 1,980	\$ 1,860	\$ 120
Retirement and pension contributions	29	-	29
Transportation	<u>100</u>	<u>87</u>	<u>13</u>
Total executive	<u>\$ 2,109</u>	<u>\$ 1,947</u>	<u>\$ 162</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General government (Continued)			
City clerk			
Election and voter registration			
Salaries	\$ 1,400	\$ 1,770	\$ (370)
Retirement and pension			
contributions	100	-	100
Office supplies	200	220	(20)
Transportation	60	14	46
Printing and publishing	200	409	(209)
Capital outlay			
Equipment	-	1,364	(1,364)
Total election and voter			
registration	\$ 1,960	\$ 3,777	\$ (1,817)
Recording and reporting			
Salaries	\$ 18,072	\$ 18,252	\$ (180)
Retirement and pension			
contributions			
Social Security taxes	1,289	1,305	(16)
Public Employees Retirement			
Association	766	776	(10)
Employer's insurance			
contribution	901	954	(53)
Repairs and maintenance -			
contractual	100	-	100
Total recording and reporting	\$ 21,128	\$ 21,287	\$ (159)
Total city clerk	\$ 23,088	\$ 25,064	\$ (1,976)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Expenditures			
General government (Continued)			
Financial administration			
Accounting			
Salaries	\$ 56,021	\$ 61,097	\$ (5,076)
Social Security taxes	4,006	4,104	(98)
Public Employees Retirement Association	2,381	2,445	(64)
Medicare	-	21	(21)
Employer's insurance contribution	4,540	3,465	1,075
Office supplies	3,500	3,252	248
Operating supplies	100	22	78
Repair and maintenance supplies	-	685	(685)
Small tools and minor equipment	-	112	(112)
Communication	3,050	2,934	116
Transportation	200	984	(784)
Printing and binding	4,500	4,793	(293)
Repairs and maintenance - contractual	3,130	4,458	(1,328)
Rentals	725	638	87
Miscellaneous	639	537	102
Capital outlay			
Office equipment	-	230	(230)
Machinery and equipment	-	35	(35)
Total accounting	<u>\$ 82,792</u>	<u>\$ 89,812</u>	<u>\$ (7,020)</u>
Assessing			
Professional services	<u>\$ 5,000</u>	<u>\$ 4,923</u>	<u>\$ 77</u>
Auditing			
Professional services	<u>\$ 15,000</u>	<u>\$ 22,847</u>	<u>\$ (7,847)</u>
Total financial administration	<u>\$ 102,792</u>	<u>\$ 117,582</u>	<u>\$ (14,790)</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General government (Continued)			
Law			
City attorney	\$ 4,000	\$ 1,975	\$ 2,025
Other legal expenses	600	735	(135)
Total law	<u>\$ 4,600</u>	<u>\$ 2,710</u>	<u>\$ 1,890</u>
Other general government			
Data processing			
Professional services	\$ -	\$ 5,521	\$ (5,521)
General government buildings			
Fire hall building			
Salaries	\$ 1,600	\$ 894	\$ 706
Operating supplies	200	-	200
Utility services	5,850	3,636	2,214
Repairs and maintenance - contractual	12,391	30	12,361
Total fire hall building	<u>\$ 20,041</u>	<u>\$ 4,560</u>	<u>\$ 15,481</u>
Bezoir building (City Hall)			
Salaries	\$ 1,200	\$ 1,796	\$ (596)
Retirement and pension contributions			
Social security taxes	-	9	(9)
Public Employees Retirement Association	-	6	(6)
Medicare	-	1	(1)
Operating supplies	400	430	(30)
Utility services	990	469	521
Repairs and maintenance - contractual	-	16	(16)
Rent	5,100	4,025	1,075
Total Bezoir building (City Hall)	<u>\$ 7,690</u>	<u>\$ 6,752</u>	<u>\$ 938</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
General government (Continued)			
Maintenance garage			
Utility services	\$ 2,900	\$ 1,649	\$ 1,251
Repairs and maintenance - contractual	-	68	(68)
Rent	1,800	1,450	350
Capital outlay			
Buildings and structures	<u>22,500</u>	<u>-</u>	<u>22,500</u>
Total maintenance garage	<u>\$ 27,200</u>	<u>\$ 3,167</u>	<u>\$ 24,033</u>
Total general government buildings	<u>\$ 54,931</u>	<u>\$ 14,479</u>	<u>\$ 40,452</u>
Total other general government	<u>\$ 54,931</u>	<u>\$ 20,000</u>	<u>\$ 34,931</u>
Total general government	<u>\$ 198,296</u>	<u>\$ 175,925</u>	<u>\$ 22,371</u>
Public safety			
Police protection			
Salaries	\$ 78,240	\$ 78,435	\$ (195)
Retirement and pension contributions			
Public Employees Retirement Association	9,389	9,254	135
Medicare	1,134	100	1,034
Employer's group insurance	3,176	3,050	126
Office supplies	400	351	49
Operating supplies	5,500	4,500	1,000
Repairs and maintenance supplies	2,500	2,701	(201)
Professional services	650	179	471
Communication	600	689	(89)
Transportation	500	365	135
Repairs and maintenance - contractual	-	7	(7)
Miscellaneous	100	334	(234)
Capital outlay			
Machinery and equipment	<u>4,950</u>	<u>4,520</u>	<u>430</u>
Total police protection	<u>\$ 107,139</u>	<u>\$ 104,485</u>	<u>\$ 2,654</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Continued)			
Fire protection			
Reimbursement to Zumbrota			
Fire board for fire protection assessment	\$ 7,400	\$ 7,735	\$ (335)
Capital outlay			
Equipment	<u>28,000</u>	<u>-</u>	<u>28,000</u>
Total fire protection	<u>\$ 35,400</u>	<u>\$ 7,735</u>	<u>\$ 27,665</u>
Building inspection			
Building inspector			
Professional services	<u>\$ -</u>	<u>\$ 4,406</u>	<u>\$ (4,406)</u>
Civil defense			
Utility services	<u>\$ 250</u>	<u>\$ 274</u>	<u>\$ (24)</u>
Animal control			
Salaries	\$ 1,000	\$ 522	\$ 478
Professional services	<u>100</u>	<u>40</u>	<u>60</u>
Total animal control	<u>\$ 1,100</u>	<u>\$ 562</u>	<u>\$ 538</u>
Total public safety	<u>\$ 143,889</u>	<u>\$ 117,462</u>	<u>\$ 26,427</u>
Public works			
Highways and streets			
Street and alley			
Salaries	\$ 57,468	\$ 56,023	\$ 1,445
Retirement and pension contributions			
Social security taxes	3,972	3,897	75
Public Employees Retirement Association	2,361	2,316	45
Employer's insurance contribution	3,176	2,861	315
Operating supplies	6,160	6,183	(23)
Repairs and maintenance supplies	55,030	57,181	(2,151)
Professional services	3,000	8,617	(5,617)
Communication	360	411	(51)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Public works (Continued)			
Transportation	-	77	(77)
Repairs and maintenance - contractual	-	4,088	(4,088)
Capital outlay			
Machinery and equipment	-	25,463	(25,463)
Improvements other than buildings	<u>10,000</u>	<u>-</u>	<u>10,000</u>
Total street and alley	<u>\$ 141,527</u>	<u>\$ 167,117</u>	<u>\$ (25,590)</u>
Snow and ice removal			
Rentals - equipment	<u>\$ 4,000</u>	<u>\$ 1,603</u>	<u>\$ 2,397</u>
Street lighting			
Utilities	<u>\$ 26,250</u>	<u>\$ 11,291</u>	<u>\$ 14,959</u>
Total highways and streets	<u>\$ 171,777</u>	<u>\$ 180,011</u>	<u>\$ (8,234)</u>
Sanitation			
Weed control			
Professional services	\$ 100	\$ 100	-
Pest control			
Professional services	<u>-</u>	<u>1,100</u>	<u>(1,100)</u>
Total sanitation	<u>\$ 100</u>	<u>\$ 1,200</u>	<u>\$ (1,100)</u>
Total public works	<u>\$ 171,877</u>	<u>\$ 181,211</u>	<u>\$ (9,334)</u>
Recreation			
Participant recreation			
Appropriations			
Community band allocation	\$ 750	\$ 750	-
Senior citizens recreation			
Building rent	<u>2,400</u>	<u>2,400</u>	<u>-</u>
Total participant recreation	<u>\$ 3,150</u>	<u>\$ 3,150</u>	<u>\$ -</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Continued)			
Parks			
Capital outlay			
Land	\$ -	\$ 627	\$ (627)
Total recreation	\$ 3,150	\$ 3,777	\$ (627)
Urban and economic development			
Economic development and assistance			
Professional services	\$ -	\$ 1,684	\$ (1,684)
Transportation	-	538	(538)
Total economic development and assistance	\$ -	\$ 2,222	\$ (2,222)
Economic opportunity			
Star City			
Professional services	\$ -	\$ 9,434	\$ (9,434)
Communication	-	28	(28)
Total economic opportunity	\$ -	\$ 9,462	\$ (9,462)
Total urban and economic development	\$ -	\$ 11,684	\$ (11,684)
Miscellaneous			
Unallocated general expense			
Insurance	\$ 60,000	\$ 32,153	\$ 27,847
Remittance of revenue collected for other agency			
Two percent insurance			
Premiums tax for Firemen's Relief Association	-	7,987	(7,987)
Miscellaneous	-	666	(666)
Contingencies	30,000	-	30,000
Total miscellaneous	\$ 90,000	\$ 40,806	\$ 49,194

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement A-2  
(Continued)

GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Continued)			
Debt service			
Payments to Zumbrota Ambulance Association			
Principal	\$ 2,001	\$ 2,001	\$ -
Interest	601	601	-
Total debt service	<u>\$ 2,602</u>	<u>\$ 2,602</u>	<u>\$ -</u>
Total Expenditures	<u>\$ 609,814</u>	<u>\$ 533,467</u>	<u>\$ 76,347</u>
Other Financing Sources (Uses)			
Transfers in	\$ 75,891	\$ 277,545	\$ 201,654
Transfers out	<u>-</u>	<u>(94,261)</u>	<u>(94,261)</u>
Total Other Financing Sources (Uses)	<u>\$ 75,891</u>	<u>\$ 183,284</u>	<u>\$ 107,393</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ -	\$ 303,242	\$ 303,242
Fund Balance - January 1	<u>749,973</u>	<u>749,973</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 749,973</u></u>	<u><u>\$ 1,053,215</u></u>	<u><u>\$ 303,242</u></u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

SPECIAL REVENUE FUNDS

Federal Revenue Sharing Fund

To account for the activity of the funds made available under the Federal Revenue Sharing Act.

Special Fund

To account for the collection of special assessments of a minor improvement project completed in 1979.

Library Fund

To account for the operations and maintenance of the City-owned library. Financing is provided by an annual property tax levy to the extent that contributions and donations are not sufficient to provide such financing.

Shade Tree Disease Control Fund

To account for the financial transactions relating to a Dutch Elm disease control program. Financing is provided by a property tax levy and a State grant.

Park Fund

To account for the operations and maintenance of City parks. Financing is to be provided from General Fund transfers.

911 Fund

To account for the operations and maintenance of a community emergency answering center. Financing is provided by an appropriation from the General Fund of the City and from contributions and donations. This fund was established pursuant to Ordinance 97.

Energy Fund

To account for the financial transactions of the energy program. Financing is provided from state grants and other revenues from local utility companies.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	<u>Federal Revenue Sharing</u>	<u>Special</u>	<u>Library</u>
<u>Assets</u>			
Cash	\$ 24,770	\$ -	\$ 12,623
Petty cash and change funds	-	-	32
Delinquent taxes receivable	-	-	1,135
Accounts receivable	-	-	-
Due from other funds	9	-	-
Due from other governments	-	-	994
Prepaid expense	-	-	223
Restricted assets			
Cash	-	-	2,415
Total Assets	<u>\$ 24,779</u>	<u>\$ -</u>	<u>\$ 17,422</u>
<u>Liabilities and Fund Balance</u>			
Liabilities			
Salaries payable	\$ -	\$ -	\$ 308
Accounts payable	-	-	3,343
Due to other funds	7,034	17,245	16,147
Due to other governments	-	-	30
Deferred revenue	-	-	1,135
Total Liabilities	<u>\$ 7,034</u>	<u>\$ 17,245</u>	<u>\$ 20,963</u>
Fund Balance			
Reserved for purchase of library books	\$ -	\$ -	\$ 2,415
Reserved for park equipment	-	-	-
Unreserved			
Undesignated	17,745	(17,245)	(5,956)
Total Fund Balance	<u>\$ 17,745</u>	<u>\$ (17,245)</u>	<u>\$ (3,541)</u>
Total Liabilities and Fund Balance	<u>\$ 24,779</u>	<u>\$ -</u>	<u>\$ 17,422</u>

Statement B-1

<u>Shade Tree Disease Control</u>	<u>Park</u>	<u>911</u>	<u>Energy</u>	<u>Total</u>
\$ 8,855	\$ (246)	\$ 6,257	\$ 4,413	\$ 56,672
-	-	-	-	32
155	222	195	-	1,707
-	20	-	4,290	4,310
-	-	-	450	459
148	214	146	17	1,519
-	57	-	-	280
-	3,631	-	-	6,046
<u>\$ 9,158</u>	<u>\$ 3,898</u>	<u>\$ 6,598</u>	<u>\$ 9,170</u>	<u>\$ 71,025</u>
\$ -	\$ -	\$ -	\$ 218	\$ 526
-	278	61	1,533	5,215
-	8	60	-	40,494
-	-	-	25	55
155	222	195	7,394	9,101
<u>\$ 155</u>	<u>\$ 508</u>	<u>\$ 316</u>	<u>\$ 9,170</u>	<u>\$ 55,391</u>
\$ -	\$ -	\$ -	\$ -	\$ 2,415
-	3,631	-	-	3,631
9,003	(241)	6,282	-	9,588
<u>\$ 9,003</u>	<u>\$ 3,390</u>	<u>\$ 6,282</u>	<u>\$ -</u>	<u>\$ 15,634</u>
<u>\$ 9,158</u>	<u>\$ 3,898</u>	<u>\$ 6,598</u>	<u>\$ 9,170</u>	<u>\$ 71,025</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	<u>Federal Revenue Sharing</u>	<u>Special</u>	<u>Library</u>
Revenues			
Taxes	\$ -	\$ -	\$ 30,104
Licenses and permits	-	-	-
Intergovernmental	24,952	-	26,464
Charges for services	-	-	1,686
Fines	-	-	1,608
Miscellaneous	1,467	-	969
Total Revenues	<u>\$ 26,419</u>	<u>\$ -</u>	<u>\$ 60,831</u>
Expenditures			
General government	\$ 6,459	\$ -	\$ -
Public safety	10,117	-	-
Public works	17,553	-	-
Library	2,600	-	73,163
Recreation	-	-	-
Miscellaneous	1,200	5,355	-
Water utility	593	-	-
Sewer utility	593	-	-
Total Expenditures	<u>\$ 39,115</u>	<u>\$ 5,355</u>	<u>\$ 73,163</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (12,696)</u>	<u>\$ (5,355)</u>	<u>\$ (12,332)</u>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ -	\$ 12,697
Transfers out	(2,604)	-	-
Total Other Financing Sources (Uses)	<u>\$ (2,604)</u>	<u>\$ -</u>	<u>\$ 12,697</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>\$ (15,300)</u>	<u>\$ (5,355)</u>	<u>\$ 365</u>
Fund Balance - January 1	<u>33,045</u>	<u>(11,890)</u>	<u>(3,906)</u>
Fund Balance - December 31	<u>\$ 17,745</u>	<u>\$ (17,245)</u>	<u>\$ (3,541)</u>

Statement B-2

Shade Tree Disease Control	Park	911	Energy	Total
\$ 4,482	\$ 6,464	\$ 4,296	\$ -	\$ 45,346
-	50	-	-	50
1,584	2,270	1,509	4,605	61,384
-	767	-	-	2,453
-	-	-	-	1,608
401	2,350	6,940	4,851	16,978
<u>\$ 6,467</u>	<u>\$ 11,901</u>	<u>\$ 12,745</u>	<u>\$ 9,456</u>	<u>\$ 127,819</u>
\$ -	\$ -	\$ -	\$ -	\$ 6,459
-	-	13,302	-	23,419
3,370	-	-	-	20,923
-	-	-	-	75,763
-	14,415	-	-	14,415
-	-	-	9,456	16,011
-	-	-	-	593
-	-	-	-	593
<u>\$ 3,370</u>	<u>\$ 14,415</u>	<u>\$ 13,302</u>	<u>\$ 9,456</u>	<u>\$ 158,176</u>
\$ 3,097	\$ (2,514)	\$ (557)	\$ -	\$ (30,357)
\$ -	\$ 5,851	\$ -	\$ -	\$ 18,548
(4)	(5,058)	(7)	-	(7,673)
<u>\$ (4)</u>	<u>\$ 793</u>	<u>\$ (7)</u>	<u>\$ -</u>	<u>\$ 10,875</u>
\$ 3,093	\$ (1,721)	\$ (564)	\$ -	\$ (19,482)
5,910	5,111	6,846	-	35,116
<u>\$ 9,003</u>	<u>\$ 3,390</u>	<u>\$ 6,282</u>	<u>\$ -</u>	<u>\$ 15,634</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-3

FEDERAL REVENUE SHARING SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$ 24,770
Due from other funds	<u>9</u>
Total Assets	<u>\$ 24,779</u>

Liabilities and Fund Balance

Liabilities	
Due to other funds	\$ 7,034
Fund Balance	
Unreserved	
Undesignated	<u>17,745</u>
Total Liabilities and Fund Balance	<u>\$ 24,779</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-4

FEDERAL REVENUE SHARING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental			
Federal grants			
Federal revenue sharing	\$ 29,898	\$ 24,952	\$ (4,946)
Miscellaneous			
Interest on investments	-	1,467	1,467
Total Revenues	<u>\$ 29,898</u>	<u>\$ 26,419</u>	<u>\$ (3,479)</u>
Expenditures			
General government			
Financial administration			
Accounting			
Printing and publishing	\$ 200	\$ 54	\$ 146
Capital outlay			
Office equipment	3,020	1,840	1,180
Other general government			
Data processing			
Professional services	1,125	1,125	-
General government buildings			
Fire hall building			
Buildings and structures	<u>4,000</u>	<u>3,440</u>	<u>560</u>
Total general government	<u>\$ 8,345</u>	<u>\$ 6,459</u>	<u>\$ 1,886</u>
Public safety			
Police protection			
Equipment	\$ 9,538	\$ 10,117	\$ (579)
Ambulance service			
Equipment	1,200	-	1,200
Civil defense			
Equipment	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total public safety	<u>\$ 18,238</u>	<u>\$ 10,117</u>	<u>\$ 8,121</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-4  
(Continued)

FEDERAL REVENUE SHARING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures (Continued)			
Public works			
Highways and streets			
Street and alley			
Capital outlay			
Machinery and equipment	\$ 1,950	\$ 1,186	\$ 764
Improvements other than buildings	-	5,000	(5,000)
Street lighting			
Utilities	<u>11,367</u>	<u>11,367</u>	<u>-</u>
Total public works	<u>\$ 13,317</u>	<u>\$ 17,553</u>	<u>\$ (4,236)</u>
Library			
Capital outlay			
Equipment	<u>\$ 2,600</u>	<u>\$ 2,600</u>	<u>\$ -</u>
Miscellaneous			
Unallocated general expense			
Rents	<u>\$ 1,200</u>	<u>\$ 1,200</u>	<u>\$ -</u>
Water utility			
Capital outlay			
Equipment	<u>\$ 1,000</u>	<u>\$ 593</u>	<u>\$ 407</u>
Sewer			
Capital outlay			
Equipment	<u>\$ 1,000</u>	<u>\$ 593</u>	<u>\$ 407</u>
Total Expenditures	<u>\$ 45,700</u>	<u>\$ 39,115</u>	<u>\$ 6,585</u>
Excess of Revenues Over (Under) Expenditures	\$ (15,802)	\$ (12,696)	\$ 3,106
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(2,604)</u>	<u>(2,604)</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-4  
(Continued)

FEDERAL REVENUE SHARING SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ (15,802)	\$ (15,300)	\$ 502
Fund Balance - January 1	<u>33,045</u>	<u>33,045</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 17,243</u>	<u>\$ 17,745</u>	<u>\$ 502</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-5

SPECIAL SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Liabilities and Fund Balance

Liabilities	
Due to other funds	\$ 17,245
 Fund Balance	
Unreserved	
Undesignated	<u>(17,245)</u>
 Total Liabilities and Fund Balance	<u>\$ -</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-6

SPECIAL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Miscellaneous			
Settlement on contract	\$ -	\$ 3,355	\$ (3,355)
Interest on settlement of contract	<u>-</u>	<u>2,000</u>	<u>(2,000)</u>
Total Expenditures	<u>\$ -</u>	<u>\$ 5,355</u>	<u>\$ (5,355)</u>
Excess of Revenues Over (Under)			
Expenditures	\$ -	\$ (5,355)	\$ (5,355)
Fund Balance - January 1	<u>(11,890)</u>	<u>(11,890)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (11,890)</u>	<u>\$ (17,245)</u>	<u>\$ (5,355)</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-7

LIBRARY SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$ 12,623
Petty cash and change funds	32
Delinquent taxes receivable	1,135
Due from other governments	994
Prepaid expense	223
Restricted assets	
Cash	<u>2,415</u>
Total Assets	<u>\$ 17,422</u>

Liabilities and Fund Balance

Liabilities	
Salaries payable	\$ 308
Accounts payable	3,343
Due to other funds	16,147
Due to other governments	30
Deferred revenue	<u>1,135</u>
Total Liabilities	<u>\$ 20,963</u>
Fund Balance	
Reserved for purchase of library books	\$ 2,415
Unreserved	
Undesignated	<u>(5,956)</u>
Total Fund Balance	<u>\$ (3,541)</u>
Total Liabilities and Fund Balance	<u>\$ 17,422</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-8

LIBRARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
General property	\$ 40,000	\$ 29,851	\$ (10,149)
Mobile homes	-	253	253
Total Taxes	<u>\$ 40,000</u>	<u>\$ 30,104</u>	<u>\$ (9,896)</u>
Intergovernmental			
State grants and aids			
Homestead credit	\$ -	\$ 10,567	\$ 10,567
Grants from local governmental units			
Goodhue County			
Southeastern Library			
Cooperative grant	15,897	15,897	-
Total Intergovernmental	<u>\$ 15,897</u>	<u>\$ 26,464</u>	<u>\$ 10,567</u>
Charges for services			
Photocopies	\$ 1,500	\$ 1,168	\$ (332)
Book sales	-	334	334
Other	-	184	184
Total Charges for Services	<u>\$ 1,500</u>	<u>\$ 1,686</u>	<u>\$ 186</u>
Fines			
Library fines and lost books	\$ 1,000	\$ 1,608	\$ 608
Miscellaneous			
Interest on investments	\$ -	\$ 436	\$ 436
Contributions	350	533	183
Total Miscellaneous	<u>\$ 350</u>	<u>\$ 969</u>	<u>\$ 619</u>
Total Revenues	<u>\$ 58,747</u>	<u>\$ 60,831</u>	<u>\$ 2,084</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-8  
(Continued)

LIBRARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Library			
Salaries and wages	\$ 30,380	\$ 31,913	\$ (1,533)
Retirement and pension contributions			
Social Security taxes	1,578	2,068	(490)
Public Employees Retirement Association	1,014	1,221	(207)
Medicare	100	18	82
Office supplies	275	260	15
Operating supplies	2,150	1,362	788
Repair and maintenance supplies	350	439	(89)
Professional services	6,000	6,000	-
Communication	1,300	1,044	256
Transportation	308	244	64
Advertising	10	10	-
Printing and publishing	50	87	(37)
Insurance	4,000	2,894	1,106
Utility services	3,560	2,285	1,275
Repairs and maintenance - contractual	550	2,126	(1,576)
Rentals	-	1,171	(1,171)
Books and subscriptions	15,725	17,261	(1,536)
Contingencies	2,341	-	2,341
Capital outlay			
Office equipment	2,000	1,373	627
Other equipment	-	937	(937)
Buildings and structures	-	450	(450)
- Total Expenditures	<u>\$ 71,691</u>	<u>\$ 73,163</u>	<u>\$ (1,472)</u>
Excess of Revenues Over (Under) Expenditures	\$ (12,944)	\$ (12,332)	\$ 612
Other Financing Sources (Uses)			
Transfers in	<u>10,944</u>	<u>12,697</u>	<u>1,753</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-8  
(Continued)

LIBRARY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures	\$ (2,000)	\$ 365	\$ 2,365
Fund Balance - January 1	<u>(3,906)</u>	<u>(3,906)</u>	<u>-</u>
Fund Balance - December 31	<u>\$ (5,906)</u>	<u>\$ (3,541)</u>	<u>\$ 2,365</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-9

SHADE TREE DISEASE CONTROL SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$	8,855
Delinquent taxes receivable		155
Due from other governments		<u>148</u>
Total Assets	\$	<u>9,158</u>

Liabilities and Fund Balance

Liabilities		
Deferred revenue	\$	155
Fund Balance		
Unreserved		
Undesignated		<u>9,003</u>
Total Liabilities and Fund Balance	\$	<u>9,158</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-10

SHADE TREE DISEASE CONTROL SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
General property	\$ 6,000	\$ 4,444	\$ (1,556)
Mobile homes	-	38	38
Total Taxes	\$ 6,000	\$ 4,482	\$ (1,518)
Intergovernmental			
State grants and aids			
Homestead credit	-	1,584	1,584
Miscellaneous			
Interest on investments	-	401	401
Total Revenues	\$ 6,000	\$ 6,467	\$ 467
Expenditures			
Public works			
Sanitation			
Dutch Elm disease control			
Supplies	\$ -	\$ 2	\$ (2)
Tree inspection	600	480	120
Tree removal	5,400	2,845	2,555
Advertising	-	43	(43)
Total Expenditures	\$ 6,000	\$ 3,370	\$ 2,630
Excess of Revenues Over (Under) Expenditures	\$ -	\$ 3,097	\$ 3,097
Other Financing Sources (Uses)			
Transfers out	-	(4)	(4)
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ -	\$ 3,093	\$ 3,093
Fund Balance - January 1	5,910	5,910	-
Fund Balance - December 31	\$ 5,910	\$ 9,003	\$ 3,093

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-11

PARK SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$	(246)
Delinquent taxes receivable		222
Accounts receivable		20
Due from other governments		214
Prepaid expense		57
Restricted assets		
Cash		<u>3,631</u>
Total Assets	\$	<u>3,898</u>

Liabilities and Fund Balance

Liabilities		
Accounts payable	\$	278
Due to other funds		8
Deferred revenue		<u>222</u>
Total Liabilities	\$	<u>508</u>
Fund Balance		
Reserved for park equipment	\$	3,631
Unreserved		
Undesignated		<u>(241)</u>
Total Fund Balance	\$	<u>3,390</u>
Total Liabilities and Fund Balance	\$	<u>3,898</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-12

PARK SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
General property	\$ 8,600	\$ 6,409	\$ (2,191)
Mobile homes	-	55	55
Total Taxes	<u>\$ 8,600</u>	<u>\$ 6,464</u>	<u>\$ (2,136)</u>
Licenses and permits			
Business	<u>\$ -</u>	<u>\$ 50</u>	<u>\$ 50</u>
Intergovernmental			
State grants and aids			
Homestead credit	<u>\$ -</u>	<u>\$ 2,270</u>	<u>\$ 2,270</u>
Charges for services			
Shelter fees	\$ 801	\$ 700	\$ (101)
Camping fees	<u>800</u>	<u>67</u>	<u>(733)</u>
Total Charges for Services	<u>\$ 1,601</u>	<u>\$ 767</u>	<u>\$ (834)</u>
Miscellaneous			
Interest on investments	\$ -	\$ 322	\$ 322
Insurance recovery	-	1,638	1,638
Donations and contributions	<u>-</u>	<u>390</u>	<u>390</u>
Total Miscellaneous	<u>\$ -</u>	<u>\$ 2,350</u>	<u>\$ 2,350</u>
Total Revenues	<u>\$ 10,201</u>	<u>\$ 11,901</u>	<u>\$ 1,700</u>
Expenditures			
Recreation			
Salaries	\$ -	\$ 3,665	\$ (3,665)
Retirement and pension benefits			
Social security	-	258	(258)
Public Employees Retirement			
Association	-	153	(153)
Operating supplies	1,500	337	1,163
Repair and maintenance supplies	700	3,419	(2,719)
Small tools and minor equipment	500	377	123
Transportation	-	24	(24)



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-12  
(Continued)

PARK SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Recreation (Continued)			
Operating supplies	1,500	337	1,163
Repair and maintenance supplies	700	3,419	(2,719)
Small tools and minor equipment	500	377	123
Transportation	-	24	(24)
Printing and publishing	100	111	(11)
Insurance	1,000	776	224
Utility services	500	458	42
Repairs and maintenance - contractual	4,500	3,436	1,064
Rentals	1,401	1,401	-
Total Expenditures	<u>\$ 10,201</u>	<u>\$ 14,415</u>	<u>\$ (4,214)</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (2,514)</u>	<u>\$ (2,514)</u>
Other Financing Sources (Uses)			
Transfers in	\$ -	\$ 5,851	\$ 5,851
Transfers out	<u>-</u>	<u>(5,058)</u>	<u>(5,058)</u>
Total Other Financing Sources (Uses)	<u>\$ -</u>	<u>\$ 793</u>	<u>\$ 793</u>
Excess of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>\$ -</u>	<u>\$ (1,721)</u>	<u>\$ (1,721)</u>
-Fund Balance - January 1	<u>5,111</u>	<u>5,111</u>	<u>-</u>
Fund Balance - December 31	<u><u>\$ 5,111</u></u>	<u><u>\$ 3,390</u></u>	<u><u>\$ (1,721)</u></u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-13

911 SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$	6,257
Delinquent taxes receivable		195
Due from other governments		<u>146</u>
Total Assets	\$	<u>6,598</u>

Liabilities and Fund Balance

Liabilities		
Accounts payable	\$	61
Due to other funds		60
Deferred revenue		<u>195</u>
Total Liabilities	\$	<u>316</u>
Fund Balance		
Unreserved		
Undesignated	\$	<u>6,282</u>
Total Liabilities and Fund Balance	\$	<u>6,598</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-14

911 SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Taxes			
General property	\$ 5,700	\$ 4,260	\$ (1,440)
Mobile homes	-	36	36
Total Taxes	<u>\$ 5,700</u>	<u>\$ 4,296</u>	<u>\$ (1,404)</u>
Intergovernmental			
State grants and aids			
Homestead credit	\$ -	\$ 1,509	\$ 1,509
Miscellaneous			
Interest on investments	\$ -	\$ 523	\$ 523
Donations	<u>7,650</u>	<u>6,417</u>	<u>(1,233)</u>
Total Miscellaneous	<u>\$ 7,650</u>	<u>\$ 6,940</u>	<u>\$ (710)</u>
Total Revenues	<u>\$ 13,350</u>	<u>\$ 12,745</u>	<u>\$ (605)</u>
Expenditures			
Public safety			
Operating supplies	\$ -	\$ 105	\$ (105)
Small tools and minor equipment	-	175	(175)
Communication	600	665	(65)
Repairs and maintenance - contractual	500	752	(252)
Answering service fees - Zumbrota Hospital	<u>12,250</u>	<u>11,605</u>	<u>645</u>
Total Expenditures	<u>\$ 13,350</u>	<u>\$ 13,302</u>	<u>\$ 48</u>
Excess of Revenues Over (Under) Expenditures	\$ -	\$ (557)	\$ (557)
Other Financing Sources (Uses)			
Transfers out	<u>-</u>	<u>(7)</u>	<u>(7)</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-14  
(Continued)

911 SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Excess of Revenues Over (Under) Expenditures and Other Uses	\$ -	\$ (564)	\$ (564)
Fund Balance - January 1	<u>6,846</u>	<u>6,846</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 6,846</u>	<u>\$ 6,282</u>	<u>\$ (564)</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-15

ENERGY SPECIAL REVENUE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$	4,413
Accounts receivable		4,290
Due from other funds		450
Due from other governments		<u>17</u>
Total Assets	\$	<u>9,170</u>

Liabilities

Liabilities		
Salaries payable	\$	218
Accounts payable		1,533
Due to other governments		25
Deferred revenue		<u>7,394</u>
Total Liabilities	\$	<u>9,170</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-16

ENERGY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues			
Intergovernmental			
State grants and aids			
Energy efficiency program	\$ 7,500	\$ 4,605	\$ (2,895)
Miscellaneous			
Interest	\$ -	\$ 111	\$ 111
Contributions and donations	4,110	4,291	181
City share of energy program costs	1,850	449	(1,401)
Total miscellaneous	\$ 5,960	\$ 4,851	\$ (1,109)
Total Revenues	\$ 13,460	\$ 9,456	\$ (4,004)
Expenditures			
Miscellaneous			
Energy efficiency programs			
Weatherization program			
Salaries	\$ 1,400	\$ 2,216	\$ (816)
Retirement and pension contributions	112	158	(46)
Social security taxes			
Public Employees Retirement Association	68	94	(26)
Operating supplies	-	434	(434)
Energy supplies	1,500	2,235	(735)
Transportation	160	42	118
Total weatherization program	\$ 3,240	\$ 5,179	\$ (1,939)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement B-16  
(Continued)

ENERGY SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 1986

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures			
Energy efficiency program			
(Continued)			
Energy audit program			
Salaries	\$ 1,666	\$ 513	\$ 1,153
Retirement and pension contributions			
Social security taxes	201	37	164
Public Employees Retirement Association	123	22	101
Energy supplies	1,250	-	1,250
Professional services	-	2,829	(2,829)
Transportation	463	452	11
Total energy audit program	<u>\$ 3,703</u>	<u>\$ 3,853</u>	<u>\$ (150)</u>
City energy office			
Salaries	\$ 2,280	\$ 52	\$ 2,228
Operating supplies	250	15	235
Communication	375	-	375
Printing and publishing	500	357	143
Rental	200	-	200
Insurance	250	-	250
Total city energy office	<u>\$ 3,855</u>	<u>\$ 424</u>	<u>\$ 3,431</u>
Total Expenditures	<u>\$ 10,798</u>	<u>\$ 9,456</u>	<u>\$ 1,342</u>
Excess of Revenues Over (Under) Expenditures	\$ 2,662	\$ -	\$ (2,662)
Fund Balance - January 1	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - December 31	<u>\$ 2,662</u>	<u>\$ -</u>	<u>\$ (2,662)</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

DEBT SERVICE FUNDS

General Obligation Refunding Bonds of 1978 Fund

To account for the collection of ad valorem taxes and special assessments, and for the payment of a portion of the principal and interest of the General Obligation Refunding Bonds of 1978.

General Obligation Funding Bonds of 1978 Fund

To account for the collection of ad valorem taxes and for the payment of principal and interest on the General Obligation Funding Bonds of 1978.

General Obligation Equipment Certificates of 1979 Fund

To account for the collection of ad valorem taxes and for the payment of principal and interest on the General Obligation Equipment Certificates of 1979.

General Obligation Ambulance Bonds Fund

To account for the collection of ad valorem taxes and money received from the Zumbrota Area Ambulance Association, and for the payment of principal and interest on the General Obligation Bonds of 1981, Series A and B.

General Obligation Nursing Home Bonds (Community Home) Fund

To account for the interest received on the contract for deed receivable on the sale of the nursing home and for the payment of principal and interest on the General Obligation Nursing Home Bonds.

General Obligation Fire Equipment Certificate of 1985 Fund

To account for the collection of ad valorem taxes and transfers and for the payment of principal and interest on the General Obligation Fire Equipment Certificates of 1985.



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL DEBT SERVICE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	General Obligation Refunding Bonds of 1978	General Obligation Funding Bonds of 1978
<u>Assets</u>		
Current Assets		
Cash	\$ 60,850	\$ 7,031
Investments	110,000	-
Delinquent taxes receivable	2,918	329
Accounts receivable	-	-
Accrued interest receivable	286	-
Due from other funds	-	30,000
Due from other governments	2,638	29
Advance to Community Hospital Fund	751,439	-
Total Current Assets	\$ 928,131	\$ 37,389
Long-Term Receivable		
Contract for deed	-	-
Total Assets	<u>\$ 928,131</u>	<u>\$ 37,389</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Due to other funds	\$ -	\$ 29,500
Deferred revenue	2,918	329
Total Liabilities	<u>\$ 2,918</u>	<u>\$ 29,829</u>
Fund Balance		
Reserved for portion of advance to		
Community Hospital Enterprise Fund	\$ 748,780	\$ -
Reserved for long-term receivable	-	-
Unreserved		
Designated for debt service	176,433	7,560
Total Fund Balance	<u>\$ 925,213</u>	<u>\$ 7,560</u>
Total Liabilities and Fund Balance	<u>\$ 928,131</u>	<u>\$ 37,389</u>

Statement C-1

<u>General Obligation Equipment Certificates of 1979</u>	<u>General Obligation Ambulance Bonds</u>	<u>General Obligation Nursing Home Bonds (Community Home)</u>	<u>General Obligation Fire Equipment Certificate of 1985</u>	<u>Total</u>
\$ -	\$ 202	\$ 33,938	\$ 18,866	\$ 120,887
-	-	-	-	110,000
224	-	-	-	3,471
-	13,622	501	-	14,123
-	-	10,575	-	10,861
209	-	426	21,863	52,498
21	-	-	-	2,688
-	-	-	-	751,439
<u>\$ 454</u>	<u>\$ 13,824</u>	<u>\$ 45,440</u>	<u>\$ 40,729</u>	<u>\$ 1,065,967</u>
-	-	1,057,545	-	1,057,545
<u>\$ 454</u>	<u>\$ 13,824</u>	<u>\$ 1,102,985</u>	<u>\$ 40,729</u>	<u>\$ 2,123,512</u>
\$ -	\$ -	\$ 75	\$ 49,693	\$ 79,268
224	7,500	-	-	10,971
<u>\$ 224</u>	<u>\$ 7,500</u>	<u>\$ 75</u>	<u>\$ 49,693</u>	<u>\$ 90,239</u>
\$ -	\$ -	\$ -	\$ -	\$ 748,780
-	-	1,057,545	-	1,057,545
230	6,324	45,365	(8,964)	226,948
<u>\$ 230</u>	<u>\$ 6,324</u>	<u>\$ 1,102,910</u>	<u>\$ (8,964)</u>	<u>\$ 2,033,273</u>
<u>\$ 454</u>	<u>\$ 13,824</u>	<u>\$ 1,102,985</u>	<u>\$ 40,729</u>	<u>\$ 2,123,512</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 1986

	General Obligation Refunding Bonds of 1978	General Obligation Funding Bonds of 1978
Revenues		
Taxes		
General property	\$ 79,278	\$ 527
Mobile homes	672	-
Total taxes	<u>\$ 79,950</u>	<u>\$ 527</u>
Intergovernmental		
State grants and aids		
Homestead credit	<u>\$ 28,274</u>	<u>\$ -</u>
Miscellaneous		
Interest on investments	\$ 8,351	\$ 3,744
Interest on contract for deed	-	-
Reimbursement for share of debt service payment	<u>-</u>	<u>-</u>
Total miscellaneous	<u>\$ 8,351</u>	<u>\$ 3,744</u>
Total Revenues	<u>\$ 116,575</u>	<u>\$ 4,271</u>
Expenditures		
Miscellaneous		
Expenditures resulting from disposal of nursing home	\$ -	\$ -
Debt service		
Principal retirement	50,000	20,000
Interest	54,125	1,060
Fiscal agent charge	<u>100</u>	<u>106</u>
Total Expenditures	<u>\$ 104,225</u>	<u>\$ 21,166</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 12,350</u>	<u>\$ (16,895)</u>

Statement C-2

<u>General Obligation Equipment Certificates of 1979</u>	<u>General Obligation Ambulance Bonds</u>	<u>General Obligation Nursing Home Bonds (Community Home)</u>	<u>General Obligation Fire Equipment Certificate of 1985</u>	<u>Total</u>
\$ 263	\$ -	\$ -	\$ -	\$ 80,068
-	-	-	-	672
\$ 263	\$ -	\$ -	\$ -	\$ 80,740
\$ -	\$ -	\$ -	\$ -	\$ 28,274
\$ -	\$ 187	\$ 15,077	\$ 1,339	\$ 28,698
-	-	127,507	-	127,507
-	7,650	-	-	7,650
\$ -	\$ 7,837	\$ 142,584	\$ 1,339	\$ 163,855
\$ 263	\$ 7,837	\$ 142,584	\$ 1,339	\$ 272,869
\$ -	\$ -	\$ 4	\$ -	\$ 4
-	3,000	15,000	20,000	108,000
-	4,650	2,565	3,500	65,900
-	-	510	-	716
\$ -	\$ 7,650	\$ 18,079	\$ 23,500	\$ 174,620
\$ 263	\$ 187	\$ 124,505	\$ (22,161)	\$ 98,249

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 1986

	General Obligation Refunding Bonds of 1978	General Obligation Funding Bonds of 1978
Other Financing Sources (Uses)		
Transfers in	\$ 104,125	\$ -
Transfers out	<u>(42)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>\$ 104,083</u>	<u>\$ -</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 116,433	\$ (16,895)
Fund Balance - January 1	<u>808,780</u>	<u>24,455</u>
Fund Balance - December 31	<u><u>\$ 925,213</u></u>	<u><u>\$ 7,560</u></u>

Statement C-2  
(Continued)

<u>General Obligation Equipment Certificates of 1979</u>	<u>General Obligation Ambulance Bonds</u>	<u>General Obligation Nursing Home Bonds (Community Home)</u>	<u>General Obligation Fire Equipment Certificate of 1985</u>	<u>Total</u>
\$ -	\$ -	\$ -	\$ 28,000	\$ 132,125
-	-	(262,300)	-	(262,342)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262,300)</u>	<u>\$ 28,000</u>	<u>\$ (130,217)</u>
\$ 263	\$ 187	\$ (137,795)	\$ 5,839	\$ (31,968)
(33)	6,137	1,240,705	(14,803)	2,065,241
<u>\$ 230</u>	<u>\$ 6,324</u>	<u>\$ 1,102,910</u>	<u>\$ (8,964)</u>	<u>\$ 2,033,273</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

CAPITAL PROJECT FUNDS

Capital Improvement Fund

To account for capital improvement projects.

Economic Development Fund

To account for state grants received for economic development and assistance.

Wastewater Treatment Plant Construction Fund

To account for the construction of a new wastewater treatment plant.

Community Development Fund

To account for Federal Community Development Block Grant Funds received for redevelopment of a certain downtown area, a Bitter Creek project, and a housing rehabilitation plan.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement D-1

ALL CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	Capital Improvement	Economic Development	Wastewater Treatment Plant Construction	Community Development	Total
<u>Assets</u>					
Cash	\$ 406	\$ -	\$ -	\$ (131)	\$ 275
Loans receivable	-	90,000	-	5,000	95,000
Interest on loans receivable	-	-	-	1,600	1,600
Due from other funds	64,188	-	163	79	64,430
Due from other governments	-	1,495	30,739	-	32,234
Total Assets	<u>\$ 64,594</u>	<u>\$ 91,495</u>	<u>\$ 30,902</u>	<u>\$ 6,548</u>	<u>\$ 193,539</u>
<u>Liabilities and Fund Balance</u>					
Liabilities					
Accounts payable	\$ -	\$ 1,495	\$ -	\$ -	\$ 1,495
Due to other funds	52,614	-	29,654	-	82,268
Deferred revenue	-	90,000	-	5,000	95,000
Total Liabilities	\$ 52,614	\$ 91,495	\$ 29,654	\$ 5,000	\$ 178,763
Fund Balance					
Unreserved					
Undesignated	11,980	-	1,248	1,548	14,776
Total Liabilities and Fund Balance	<u>\$ 64,594</u>	<u>\$ 91,495</u>	<u>\$ 30,902</u>	<u>\$ 6,548</u>	<u>\$ 193,539</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement D-2

ALL CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	<u>Capital Improvement</u>	<u>Economic Development</u>	<u>Wastewater Treatment Plant Construction</u>	<u>Community Development</u>	<u>Total</u>
<b>Revenues</b>					
Intergovernmental					
Federal grant	\$ -	\$ -	\$ 83,450	\$ 2,315	\$ 85,765
State grant	-	90,424	-	-	90,424
Total Intergovernmental	\$ -	\$ 90,424	\$ 83,450	\$ 2,315	\$ 176,189
Miscellaneous					
Interest					
Investments	\$ 707	\$ -	\$ 17,351	\$ 27	\$ 18,085
Loan repayment	-	-	-	400	400
Total Miscellaneous	\$ 707	\$ -	\$ 17,351	\$ 427	\$ 18,485
Total Revenues	\$ 707	\$ 90,424	\$ 100,801	\$ 2,742	\$ 194,674
<b>Expenditures</b>					
Economic development and assistance					
Administration	\$ -	\$ 424	\$ -	\$ -	\$ 424
Development	-	90,000	-	-	90,000
Urban and economic development					
Urban redevelopment and housing					
Administration	-	-	-	2,080	2,080
Rehabilitation	-	-	-	6,411	6,411
Wastewater treatment plant construction					
Construction costs	-	-	7,872	-	7,872
Total Expenditures	\$ -	\$ 90,424	\$ 7,872	\$ 8,491	\$ 106,787
Excess of Revenues Over (Under) Expenditures	\$ 707	\$ -	\$ 92,929	\$ (5,749)	\$ 87,887

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement D-2  
(Continued)

ALL CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	Capital Improvement	Economic Development	Wastewater Treatment Plant Construction	Community Development	Total
Other Financing Sources (Uses)					
Transfers in	\$ 22,058	\$ -	\$ 29,454	\$ -	\$ 51,512
Transfers out	(12,943)	-	(478,408)	-	(491,351)
Loan repayment	-	-	-	2,801	2,801
Total Other Financing Sources (Uses)	\$ 9,115	\$ -	\$ (448,954)	\$ 2,801	\$ (437,038)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	\$ 9,822	\$ -	\$ (356,025)	\$ (2,948)	\$ (349,151)
Fund Balance - January 1	2,158	-	357,273	4,496	363,927
Fund Balance - December 31	<u>\$ 11,980</u>	<u>\$ -</u>	<u>\$ 1,248</u>	<u>\$ 1,548</u>	<u>\$ 14,776</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

SPECIAL ASSESSMENT FUNDS

General Obligation Improvement Bonds of 1975 Fund

To account for the proceeds of a bond issue sold to finance a public improvement or services deemed to benefit the properties against which the assessments are levied.

General Obligation Improvement Bonds of 1978 Fund

To account for the proceeds of a bond issue sold to finance the construction of a storm sewer improvement project. This fund accounts for the collection of special assessments and ad valorem taxes, and the payment of principal and interest on the General Obligation Improvement Bonds of 1978.

General Obligation Improvement Bonds of 1979 Fund

To account for the proceeds of a bond issue sold to finance the construction of a sanitary sewer, water, and street improvement project. This fund accounts for the collection of special assessments levied and the payment of principal and interest on the General Obligation Improvement Bonds of 1979.

General Obligation Improvement Bonds of 1980 Fund

To account for the proceeds of two bond issues sold to help finance the construction of a street improvement. This fund accounts for the collection of special assessments and ad valorem taxes, and the payment of principal and interest on the General Obligation Improvement Bonds of 1980 and the General Obligation Improvement Bonds of 1980, Series A.

General Obligation Improvement Bonds of 1985 Fund

To account for the proceeds of a bond issue sold to finance the construction of sanitary sewer, water main enlargement, storm sewer, curb and gutter, and street improvement project. This fund accounts for the collection of special assessments and ad valorem taxes and the payment of principal and interest on the General Obligation Improvement Bonds of 1985.

General Obligation Tax Increment Bonds of 1979 Fund

To account for the proceeds of a bond issue sold to help finance a redevelopment project undertaken by the City. This fund accounts for the collection of all tax increments derived from the project and the payment of principal and interest on the General Obligation Tax Increment Bonds of 1979.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL SPECIAL ASSESSMENT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	General Obligation Improvement Bonds of 1975	General Obligation Improvement Bonds of 1978
<u>Assets</u>		
Cash	\$ 53,891	\$ 25,975
Delinquent taxes receivable	176	55
Accounts receivable	-	-
Special assessments receivable		
Delinquent	-	-
Deferred	-	-
Due from other funds	12,512	-
Due from other governments	<u>5</u>	<u>2</u>
Total Assets	<u>\$ 66,584</u>	<u>\$ 26,032</u>
<u>Liabilities and Fund Balance</u>		
Liabilities		
Contracts payable	\$ -	\$ -
Due to other funds	21,750	30,100
Deferred revenue	176	55
Bonds payable		
Special assessment	-	35,000
Refunding bonds of 1978	<u>20,000</u>	<u>-</u>
Total Liabilities	\$ 41,926	\$ 65,155
Fund Balance		
Unreserved		
Designated for debt service	<u>24,658</u>	<u>(39,123)</u>
Total Liabilities and Fund Balance	<u>\$ 66,584</u>	<u>\$ 26,032</u>

Statement E-1

<u>General Obligation Improvement Bonds of 1979</u>	<u>General Obligation Improvement Bonds of 1980</u>	<u>General Obligation Improvement Bonds of 1985</u>	<u>General Obligation Tax Increment Bonds of 1979</u>	<u>Total</u>
\$ 41,453	\$ 168,744	\$ 123,844	\$ 66,843	\$ 480,750
315	1,964	249	225	2,984
-	-	10	-	10
63,570	21,231	-	-	84,801
75,800	124,492	84,348	-	284,640
9,844	10,340	21,750	11	54,457
98	1,988	411	2,520	5,024
<u>\$ 191,080</u>	<u>\$ 328,759</u>	<u>\$ 230,612</u>	<u>\$ 69,599</u>	<u>\$ 912,666</u>
\$ -	\$ -	\$ 500	\$ -	\$ 500
9,855	-	63,888	163	125,756
315	1,964	249	225	2,984
75,000	450,000	265,000	350,000	1,175,000
-	-	-	-	20,000
<u>\$ 85,170</u>	<u>\$ 451,964</u>	<u>\$ 329,637</u>	<u>\$ 350,388</u>	<u>\$ 1,324,240</u>
- 105,910	(123,205)	(99,025)	(280,789)	(411,574)
<u>\$ 191,080</u>	<u>\$ 328,759</u>	<u>\$ 230,612</u>	<u>\$ 69,599</u>	<u>\$ 912,666</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL SPECIAL ASSESSMENT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	General Obligation Improvement Bonds of 1975	General Obligation Improvement Bonds of 1978
Revenues		
Taxes		
General property	\$ 318	\$ 151
Mobile homes	-	-
Total taxes	<u>\$ 318</u>	<u>\$ 151</u>
Intergovernmental		
State grants and aids		
Homestead credit	<u>\$ -</u>	<u>\$ -</u>
Miscellaneous		
Interest on investments	\$ 4,619	\$ 2,024
Special assessments		
Principal	-	-
Penalties and interest	57	-
Reimbursement from other funds for share of construction costs	<u>-</u>	<u>-</u>
Total miscellaneous	<u>\$ 4,676</u>	<u>\$ 2,024</u>
Total Revenues	<u>\$ 4,994</u>	<u>\$ 2,175</u>
Expenditures		
Capital outlay		
Construction costs	\$ -	\$ -
Debt service		
Interest	2,300	2,185
Fiscal agent service charge	<u>25</u>	<u>101</u>
Total Expenditures	<u>\$ 2,325</u>	<u>\$ 2,286</u>

Statement E-2

<u>General Obligation Improvement Bonds of 1979</u>	<u>General Obligation Improvement Bonds of 1980</u>	<u>General Obligation Improvement Bonds of 1985</u>	<u>General Obligation Tax Increment Bonds of 1979</u>	<u>Total</u>
\$ 2,556 17	\$ 51,892 421	\$ 14,524 113	\$ 66,822 19	\$ 136,263 570
<u>\$ 2,573</u>	<u>\$ 52,313</u>	<u>\$ 14,637</u>	<u>\$ 66,841</u>	<u>\$ 136,833</u>
\$ 794	\$ 18,498	\$ 5,284	\$ 737	\$ 25,313
\$ 2,777	\$ 10,047	\$ 7,823	\$ 5,914	\$ 33,204
-	-	138,166	-	138,166
8,730	15,432	-	-	24,219
-	-	30,720	-	30,720
<u>\$ 11,507</u>	<u>\$ 25,479</u>	<u>\$ 176,709</u>	<u>\$ 5,914</u>	<u>\$ 226,309</u>
<u>\$ 14,874</u>	<u>\$ 96,290</u>	<u>\$ 196,630</u>	<u>\$ 73,492</u>	<u>\$ 388,455</u>
\$ -	\$ -	\$ 63,094	\$ 1,149	\$ 64,243
6,600	34,950	19,428	36,502	101,965
14	227	205	135	707
<u>\$ 6,614</u>	<u>\$ 35,177</u>	<u>\$ 82,727</u>	<u>\$ 37,786</u>	<u>\$ 166,915</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ALL SPECIAL ASSESSMENT FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	General Obligation Improvement Bonds of 1975	General Obligation Improvement Bonds of 1978
Excess of Revenues Over (Under) Expenditures	\$ 2,669	\$ (111)
Other Financing Sources (Uses)		
Transfers in	\$ 20	\$ 32
Transfers out	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ 20	\$ 32
Excess of Revenues and Other Sources Over (Under) Expenditures and Other (Uses)	\$ 2,689	\$ (79)
Fund Balance - January 1	<u>21,969</u>	<u>(39,044)</u>
Fund Balance - December 31	<u>\$ 24,658</u>	<u>\$ (39,123)</u>



Statement E-2  
(Continued)

<u>General Obligation Improvement Bonds of 1979</u>	<u>General Obligation Improvement Bonds of 1980</u>	<u>General Obligation Improvement Bonds of 1985</u>	<u>General Obligation Tax Increment Bonds of 1979</u>	<u>Total</u>
\$ 8,260	\$ 61,113	\$ 113,903	\$ 35,706	\$ 221,540
\$ 48	\$ -	\$ 22,943	\$ 18,124	\$ 41,167
-	(123)	-	-	(123)
\$ 48	\$ (123)	\$ 22,943	\$ 18,124	\$ 41,044
\$ 8,308	\$ 60,990	\$ 136,846	\$ 53,830	\$ 262,584
97,602	(184,195)	(235,871)	(334,619)	(674,158)
\$ 105,910	\$ (123,205)	\$ (99,025)	\$ (280,789)	\$ (411,574)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

ENTERPRISE FUNDS

Municipal Liquor Dispensary Fund

To account for all revenues of the municipal liquor store and the operation and maintenance of the store. This fund was established pursuant to Ordinance No. 70.

Water Fund

To account for the financing of water services to the general public where all or most of the cost is paid in the form of charges to users of such services.

Sewer Fund

To account for the financing of sanitary sewage services to the general public where all or most of the cost is paid in the form of charges to users of the services.

Community Hospital Fund

To account for the rental of the hospital and the payment of principal and interest on the Hospital Revenue Bonds.

Swimming Pool Fund

To account for operation and maintenance of a municipal swimming pool.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-1

ALL ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
<u>Assets</u>						
Current assets						
Cash	\$ 79,724	\$ 53,706	\$ 77,108	\$ 2,658	\$ 14,481	\$ 227,677
Petty cash and change fund	2,800	-	20	-	-	2,820
Receivables						
Taxes	-	46	25	-	406	477
Accounts	-	20,941	46,154	735,236	291	802,622
Special assessments	-	46,285	20,718	-	-	67,003
Due from other funds	-	14,941	26,539	-	272	41,752
Due from other governments	-	178	207	-	355	740
Inventories	64,706	1,270	-	-	-	65,976
Prepaid expense	6,530	478	2,983	-	91	10,082
Total current assets	\$ 153,760	\$ 137,845	\$ 173,754	\$ 737,894	\$ 15,896	\$ 1,219,149
Restricted assets						
Cash	\$ 28,395	\$ 32,240	\$ 27,493	\$ -	\$ 7,220	\$ 95,348
Investments	-	103,000	143,000	-	-	246,000
Accrued interest receivable	-	268	372	-	-	640
Due from other funds	-	2,500	29,454	-	-	31,954
Total restricted assets	\$ 28,395	\$ 138,008	\$ 200,319	\$ -	\$ 7,220	\$ 373,942
Fixed assets (net)	\$ 199,855	\$ 600,714	\$ 3,561,987	\$ -	\$ 85,219	\$ 4,447,775
Total Assets	\$ 382,010	\$ 876,567	\$ 3,936,060	\$ 737,894	\$ 108,335	\$ 6,040,866

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-1  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
<u>Liabilities and Fund Equity</u>						
<u>Liabilities</u>						
Current liabilities						
(payable from current assets)						
Accrued vacation payable \$	7,219	\$ 250	\$ 427	\$ -	\$ -	\$ 7,896
Salaries payable	1,280	68	562	-	-	1,910
Accounts payable	17,707	1,863	6,752	-	-	26,322
Accrued interest payable	-	2,417	-	-	-	2,417
Sales tax payable	4,978	219	-	-	-	5,197
Due to other funds	17,618	26,159	14,723	-	-	58,500
Due to other governments	131	8	64	-	-	203
Advance from Debt						
Service Fund	-	-	-	751,439	-	751,439
Deferred revenue	-	46	25	-	406	477
Total current liabilities						
(payable from current assets)	\$ 48,933	\$ 31,030	\$ 22,553	\$ 751,439	\$ 406	\$ 854,361
Current liabilities						
(payable from restricted assets)						
Accrued interest payable \$	-	\$ -	\$ 3,385	\$ -	\$ -	\$ 3,385
Due to other funds	-	2,551	1,708	-	-	4,259
Total current liabilities (payable from restricted assets)	\$ -	\$ 2,551	\$ 5,093	\$ -	\$ -	\$ 7,644
Long-term liabilities						
Accrued sick leave payable	\$ 14,802	\$ 163	\$ 7,124	\$ -	\$ -	\$ 22,089
Bonds payable	-	172,185	302,815	-	-	475,000
Total long-term liabilities	\$ 14,802	\$ 172,348	\$ 309,939	\$ -	\$ -	\$ 497,089
Total Liabilities	\$ 63,735	\$ 205,929	\$ 337,585	\$ 751,439	\$ 406	\$ 1,359,094

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-1  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 1986

	<u>Municipal Liquor Dispensary</u>	<u>Water</u>	<u>Sewer</u>	<u>Community Hospital</u>	<u>Swimming Pool</u>	<u>Total</u>
<u>Liabilities and Fund Equity</u> (Continued)						
Fund Equity						
Contributed capital	\$ -	\$ 225,650	\$ 3,469,919	\$ -	\$ 91,143	\$ 3,786,712
Retained earnings						
Reserved for maintenance	\$ 20,000	\$ 135,457	\$ -	\$ -	\$ -	\$ 155,457
Reserved for revenue						
bond retirement	8,395	-	107,100	-	-	115,495
Reserved for replacement	-	-	88,126	-	-	88,126
Reserved for purchase of						
equipment	-	-	-	-	7,220	7,220
Unreserved	289,880	309,531	(66,670)	(13,545)	9,566	528,762
Total retained earnings	\$ 318,275	\$ 444,988	\$ 128,556	\$ (13,545)	\$ 16,786	\$ 895,060
Total Fund Equity	\$ 318,275	\$ 670,638	\$ 3,598,475	\$ (13,545)	\$ 107,929	\$ 4,681,772
Total Liabilities and Fund Equity	\$ 382,010	\$ 876,567	\$ 3,936,060	\$ 737,894	\$ 108,335	\$ 6,040,866

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-2

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
<b>Operating Revenues</b>						
Sales	\$ 556,274	\$ -	\$ -	\$ -	\$ -	\$ 556,274
Cost of goods sold	(325,642)	-	-	-	-	(325,642)
Cash and promotional discounts	3,022	-	-	-	-	3,022
Freight	(2,055)	-	-	-	-	(2,055)
Gross profit	\$ 231,599	\$ -	\$ -	\$ -	\$ -	\$ 231,599
Charges for services	-	145,541	292,405	-	15,922	453,868
Rent	-	-	-	104,125	-	104,125
Total Operating Revenues	\$ 231,599	\$ 145,541	\$ 292,405	\$ 104,125	\$ 15,922	\$ 789,592
<b>Operating Expenses</b>						
Personal services	\$ 149,335	\$ 3,229	\$ 63,461	\$ -	\$ 15,651	\$ 231,676
Supplies	1,313	6,708	11,211	-	3,833	23,065
Other services and charges	70,757	33,547	78,614	-	7,830	190,748
Depreciation	11,630	24,091	312,106	-	5,137	352,964
Total Operating Expenses	\$ 233,035	\$ 67,575	\$ 465,392	\$ -	\$ 32,451	\$ 798,453
Operating Income (Loss)	\$ (1,436)	\$ 77,966	\$ (172,987)	\$ 104,125	\$ (16,529)	\$ (8,861)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-2  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
Nonoperating Revenues						
(Expenses)						
Taxes	\$ -	\$ 60	\$ -	\$ -	\$ 10,357	\$ 10,417
Mobile home	-	-	-	-	89	89
Homestead credit	-	-	-	-	3,649	3,649
Machine commissions	16,467	-	-	-	-	16,467
Interest on special assessments	-	4,148	717	-	-	4,865
Interest on investments	6,301	12,838	24,422	123	1,106	44,790
Insurance recovery	-	1,160	-	-	-	1,160
Cash over - net	374	-	-	-	66	440
Abatement of prior year's expenses	-	25	-	-	-	25
Donations	-	-	-	-	150	150
Vending machine revenues	-	-	-	-	998	998
Loss on disposal of fixed assets	(263)	-	-	-	(37)	(300)
Interest on sale of bonds	-	-	1,450	-	-	1,450
Interest expense	(1,625)	(12,126)	(63,007)	-	-	(76,758)
Fiscal agent charge	(110)	(94)	(37)	-	-	(241)
Merchandise for resale	-	-	-	-	(648)	(648)
Bank service charge	(12)	-	-	-	-	(12)
NSF checks	(339)	-	-	-	-	(339)
Bond issue costs	-	-	(3,417)	-	-	(3,417)
Total Nonoperating Revenues (Expenses)	\$ 20,793	\$ 6,011	\$ (39,872)	\$ 123	\$ 15,730	\$ 2,785

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-2  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
Income (Loss) Before Operating Transfers	\$ 19,357	\$ 83,977	\$ (212,859)	\$ 104,248	\$ (799)	\$ (6,076)
Operating transfers in (out) - net	<u>(9,965)</u>	<u>447</u>	<u>448,496</u>	<u>(104,125)</u>	<u>-</u>	<u>334,853</u>
Net Income (Loss)	\$ 9,392	\$ 84,424	\$ 235,637	\$ 123	\$ (799)	\$ 328,777
Add credit arising from transfer of depreciation to contribution in aid of construction	<u>-</u>	<u>8,283</u>	<u>96,731</u>	<u>-</u>	<u>1,200</u>	<u>106,214</u>
Increase in Retained Earnings	\$ 9,392	\$ 92,707	\$ 332,368	\$ 123	\$ 401	\$ 434,991
Retained earnings - January 1, as previously stated	\$ 308,883	\$ 352,281	\$ 641,188	\$ (13,668)	\$ 16,385	\$ 1,305,069
Prior period adjustments and restatements - Note 4	<u>-</u>	<u>-</u>	<u>(845,000)</u>	<u>-</u>	<u>-</u>	<u>(845,000)</u>
Retained earnings - January 1, as restated	\$ 308,883	\$ 352,281	\$ (203,812)	\$ (13,668)	\$ 16,385	\$ 460,069
Retained earnings - December 31	<u>\$ 318,275</u>	<u>\$ 444,988</u>	<u>\$ 128,556</u>	<u>\$ (13,545)</u>	<u>\$ 16,786</u>	<u>\$ 895,060</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-3

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
Sources of Working Capital						
Operations						
Net income (loss)	\$ 9,392	\$ 84,424	\$ 235,637	\$ 123	\$ (799)	\$ 328,777
Items not requiring working capital						
Depreciation	11,630	24,091	312,106	-	5,137	352,964
Increase in sick leave payable	1,686	141	1,190	-	-	3,017
Loss on disposal of fixed assets	263	-	-	-	37	300
Decrease in restricted assets	<u>29,114</u>	<u>-</u>	<u>103,675</u>	<u>-</u>	<u>-</u>	<u>132,789</u>
Working capital provided by operations	\$ 52,085	\$ 108,656	\$ 652,608	\$ 123	\$ 4,375	\$ 817,847
Contributions						
Equipment purchased with Federal Revenue Sharing funds	-	593	593	-	-	1,186
Equipment transferred from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>
Total Sources of Working Capital	<u>\$ 52,085</u>	<u>\$ 109,249</u>	<u>\$ 653,201</u>	<u>\$ 123</u>	<u>\$ 4,575</u>	<u>\$ 819,233</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-3  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

	<u>Municipal</u> <u>Liquor</u> <u>Dispensary</u>	<u>Water</u>	<u>Sewer</u>	<u>Community</u> <u>Hospital</u>	<u>Swimming</u> <u>Pool</u>	<u>Total</u>
Uses of Working Capital						
Acquisition of fixed assets	\$ 1,426	\$ 19,503	\$ 1,020	\$ -	\$ 200	\$ 22,149
Decrease in long-term revenue bonds payable	30,000	46,910	598,090	-	-	675,000
Decrease in current liabilities payable from restricted assets	325	-	31,299	-	-	31,624
Increase in restricted assets	-	15,491	-	-	504	15,995
Utility fund share of construction costs	-	-	30,720	-	-	30,720
Total Uses of Working Capital	<u>\$ 31,751</u>	<u>\$ 81,904</u>	<u>\$ 661,129</u>	<u>\$ -</u>	<u>\$ 704</u>	<u>\$ 775,488</u>
Net Increase (Decrease) in Working Capital	<u>\$ 20,334</u>	<u>\$ 27,345</u>	<u>\$ (7,928)</u>	<u>\$ 123</u>	<u>\$ 3,871</u>	<u>\$ 43,745</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-3  
(Continued)

ALL ENTERPRISE FUNDS  
COMBINING STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

	Municipal Liquor Dispensary	Water	Sewer	Community Hospital	Swimming Pool	Total
Elements of Net Increase (Decrease) in Working Capital						
Cash	\$ 54,165	\$ 16,056	\$ 16,761	\$ 2,399	\$ 3,400	\$ 92,781
Investments	-	(20,000)	(30,000)	-	-	(50,000)
Receivables	-	(3,942)	9,846	96,315	214	102,433
Due from other funds	(22,058)	7,259	(29,240)	-	-	(44,039)
Due from other governments	-	178	207	-	89	474
Inventories	(5,639)	(1,013)	-	-	-	(6,652)
Prepaid expense	(5,244)	(699)	(323)	-	91	(6,175)
Payables	(873)	(536)	52	-	-	(1,357)
Due to other funds	-	29,895	24,750	-	-	54,645
Due to other governments	(17)	(8)	(64)	-	-	(89)
Advance from other funds	-	-	-	(98,591)	-	(98,591)
Deferred revenue	-	155	83	-	77	315
Net Increase (Decrease) in Working Capital	<u>\$ 20,334</u>	<u>\$ 27,345</u>	<u>\$ (7,928)</u>	<u>\$ 123</u>	<u>\$ 3,871</u>	<u>\$ 43,745</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-4

MUNICIPAL LIQUOR DISPENSARY ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Current assets

Cash	\$ 79,724
Petty cash and change fund	2,800
Inventories	
Beverages	63,758
Other merchandise	948
Prepaid expense	<u>6,530</u>
Total current assets	\$ <u>153,760</u>

Restricted assets

Cash	
Revenue bond current debt service account	\$ 8,395
Maintenance account	<u>20,000</u>
Total restricted assets	\$ <u>28,395</u>

Property, Plant and Equipment

Land	\$ 16,563
Land improvements	1,610
Building	221,708
Furniture and fixtures	<u>66,228</u>
Total	\$ 306,109

Less accumulated depreciation	<u>106,254</u>
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Net Property, Plant and Equipment	\$ <u>199,855</u>
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Total Assets	\$ <u>382,010</u>
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-4  
(Continued)

MUNICIPAL LIQUOR DISPENSARY ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Liabilities and Fund Equity

Liabilities

Current liabilities (payable from current assets)

Accrued vacation payable	\$ 7,219
Salaries payable	1,280
Accounts payable	17,707
Sales tax payable	4,978
Due to other funds	17,618
Due to other governments	<u>131</u>

Total current liabilities (payable from current assets)	\$ 48,933
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Long-term liabilities

Accrued sick leave payable	<u>14,802</u>
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Total Liabilities	\$ <u>63,735</u>
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Fund Equity

Retained earnings

Reserved for building maintenance	\$ 20,000
Reserved for revenue bond retirement	8,395
Unreserved	<u>289,880</u>

Total Fund Equity	\$ <u>318,275</u>
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Total Liabilities and Fund Equity	\$ <u>382,010</u>
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-5

MUNICIPAL LIQUOR DISPENSARY ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

	<u>Sales</u>	<u>Percent to Sales</u>
Sales	\$ 556,274	100.00
Cost of goods sold	<u>(325,642)</u>	<u>(58.54)</u>
Gross Profit on Sales	\$ 230,632	41.46
Unallocated		
Cash and promotional discounts	3,022	.54
Freight	<u>(2,055)</u>	<u>(.37)</u>
Total Gross Profit on Sales	\$ 231,599	41.63
Operating Expenses		
Personal services	\$ 149,335	
Supplies	1,313	
Other services and charges	70,757	
Depreciation	<u>11,630</u>	
Total Operating Expenses	\$ 233,035	41.89
Operating Income (Loss)	\$ (1,436)	(.26)
Nonoperating Revenues (Expenses)		
Machine commissions	\$ 16,467	
Interest on investments	6,301	
Cash over - net	374	
Loss on disposal of fixed assets	(263)	
Interest expense	(1,625)	
Fiscal agent charge	(110)	
Bank service charge	(12)	
NSF checks	<u>(339)</u>	
Total Nonoperating Revenues (Expenses)	\$ 20,793	3.74
Income Before Operating Transfers	\$ 19,357	3.48
Operating transfers in (out) - net	<u>(9,965)</u>	<u>(1.79)</u>
Net Income	\$ 9,392	1.69
Retained earnings - January 1	<u>308,883</u>	<u>55.53</u>
Retained earnings - December 31	<u>\$ 318,275</u>	<u>57.22</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-6

MUNICIPAL LIQUOR DISPENSARY ENTERPRISE FUND  
STATEMENT OF OPERATING EXPENSES  
YEAR ENDED DECEMBER 31, 1986

Personal services	
Salaries and wages	
Manager	\$ 25,610
Bartenders and waitresses	96,455
Janitor	3,123
Employer contributions for retirement	
PERA contributions	5,035
FICA contributions	8,344
Medicare	7
Employer-paid insurance	7,215
Workers' compensation	3,546
Total Personal Services	<u>\$ 149,335</u>
Supplies	
Cleaning	\$ 324
Glassware, ice and bar	552
Office	409
Small tools and minor equipment	28
Total Supplies	<u>\$ 1,313</u>
Other services and charges	
Communication	\$ 287
Insurance	48,634
Printing and binding	141
Utility services	12,484
Repair and maintenance	
Building	1,809
Equipment	1,245
Licenses	54
Subscriptions	103
Administrative charges	6,000
Total Other Services and Charges	<u>\$ 70,757</u>
Depreciation	<u>\$ 11,630</u>
Total Operating Expenses	<u>\$ 233,035</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-7

MUNICIPAL LIQUOR DISPENSARY ENTERPRISE FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

Sources of Working Capital

Operations

Net income	\$ 9,392
Items not requiring working capital	
Depreciation	11,630
Increase in sick leave payable	1,686
Loss on disposal of fixed assets	263
Decrease in restricted assets	<u>29,114</u>

Total Sources of Working Capital \$ 52,085

Uses of Working Capital

Acquisition of fixed assets	\$ 1,426
Decrease in long-term revenue bonds payable	30,000
Decrease in current liabilities payable from restricted assets	<u>325</u>

Total Uses of Working Capital \$ 31,751

Net Increase (Decrease) in Working Capital \$ 20,334

Elements of Net Increase (Decrease)  
in Working Capital

Cash	\$ 54,165
Due from other funds	(22,058)
Inventories	(5,639)
Prepaid expense	(5,244)
Payables	(873)
Due to other governments	<u>(17)</u>

Net Increase (Decrease) in Working Capital \$ 20,334



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-8

WATER ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Current Assets

Cash	\$ 53,706
Receivables	
Delinquent taxes	46
Accounts	10,075
Unbilled	10,817
Miscellaneous	49
Assessments	
Deferred	45,133
Delinquent water bills certified	1,152
Due from other funds	14,941
Due from other governments	178
Inventory	1,270
Prepaid expense	478

Total Current Assets \$ 137,845

Restricted Assets

Cash	\$ 32,240
Investments	103,000
Accrued interest receivable	268
Due from other funds	2,500

Total Restricted Assets \$ 138,008

Property, Plant and Equipment

Land	\$ 12,506
Buildings	242,824
Water main and extensions	666,348
Machinery and equipment	13,836

Total \$ 935,514  
Less accumulated depreciation (334,800)

Net Property, Plant and Equipment \$ 600,714

Total Assets \$ 876,567

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-8  
(Continued)

WATER ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Liabilities and Fund Equity

Liabilities

Current liabilities (payable from current assets)

Accrued vacation payable	\$	250
Salaries payable		68
Accounts payable		1,863
Accrued interest payable		2,417
Sales tax payable		219
Due to other funds		26,159
Due to other governments		8
Deferred revenue		46

Total current liabilities (payable  
from current assets) \$ 31,030

Current liabilities (payable from restricted  
assets)

Due to other funds \$ 2,551

Long-term liabilities

Accrued sick leave payable	\$	163
General obligation revenue bonds payable		172,185

Total long-term liabilities \$ 172,348

Total Liabilities \$ 205,929

Fund Equity

Contributed capital

City	\$	225,057
Federal		593

Total contributed capital \$ 225,650

Retained earnings

Reserved for maintenance	\$	135,457
Unreserved		309,531

Total retained earnings \$ 444,988

Total Fund Equity \$ 670,638

Total Liabilities and Fund Equity \$ 876,567

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-9

WATER ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

Operating Revenues	
Sales and charges for services	
Water sales	\$ 145,368
Hook-up fee	125
Other sales	48
	<hr/>
Total Operating Revenues	\$ 145,541
Operating Expenses	
Personal services	\$ 3,229
Supplies	6,708
Other services and charges	33,547
Depreciation	24,091
	<hr/>
Total Operating Expenses	\$ 67,575
Operating Income	\$ 77,966
Nonoperating Revenues (Expenses)	
Taxes	
General property	\$ 60
Interest on special assessments	4,148
Interest on investments	12,838
Insurance recovery	1,160
Abatement of prior year's expenses	25
Interest expense	(12,126)
Fiscal agent charge	(94)
	<hr/>
Total Nonoperating Revenues (Expenses)	\$ 6,011
Income Before Operating Transfers	\$ 83,977
Operating transfers in (out) - net	447
	<hr/>
Net Income	\$ 84,424
Add credit arising from transfer of depreciation to contribution in aid of construction	<hr/> 8,283
Increase in Retained Earnings	\$ 92,707
Retained earnings - January 1	<hr/> 352,281
Retained earnings - December 31	<hr/> \$ 444,988

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-10

WATER ENTERPRISE FUND  
STATEMENT OF OPERATING EXPENSES  
YEAR ENDED DECEMBER 31, 1986

Personal Services	
Salaries	\$ 2,784
Employer contributions for retirement	
PERA contributions	102
FICA contributions	172
Employer-paid insurance	<u>171</u>
Total Personal Services	<u>\$ 3,229</u>
Supplies	
Office	\$ 463
Operating	4,356
Repair and maintenance	<u>1,889</u>
Total Supplies	<u>\$ 6,708</u>
Other Services and Charges	
Professional services	
Inspection and analysis fees	\$ 374
Communication	
Telephone	327
Postage	489
Printing and binding	100
Insurance	4,281
Utility services	15,048
Repairs and maintenance	6,712
Administration charges	6,000
Dues	<u>216</u>
Total Other Services and Charges	<u>\$ 33,547</u>
Depreciation	
Contributed assets	\$ 8,283
City-owned assets	<u>15,808</u>
Total Depreciation	<u>\$ 24,091</u>
Total Operating Expenses	<u>\$ 67,575</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-11

WATER ENTERPRISE FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

Sources of Working Capital

Operations

Net income	\$ 84,424
Items not requiring working capital	
Depreciation	24,091
Increase in sick leave payable	<u>141</u>

Working capital provided by operations \$ 108,656

Contributions

Equipment purchased with Federal Revenue Sharing funds 593

Total Sources of Working Capital \$ 109,249

Uses of Working Capital

Acquisition of fixed assets	\$ 19,503
Decrease in long-term bonds payable	46,910
Increase in restricted assets	<u>15,491</u>

Total Uses of Working Capital \$ 81,904

Net Increase (Decrease) in Working Capital \$ 27,345

Elements of Net Increase (Decrease) in Working Capital

Cash	\$ 16,056
Investments	(20,000)
Receivables	(3,942)
Due from other funds	7,259
Due from other governments	178
Inventory	(1,013)
Prepaid expense	(699)
Payables	(536)
Due to other funds	29,895
- Due to other governments	(8)
Deferred revenue	<u>155</u>

Net Increase (Decrease) in Working Capital \$ 27,345

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-12

SEWER ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Current Assets

Cash	77,108
Petty cash	20
Receivables	
Delinquent taxes	25
Accounts	25,368
Unbilled	20,786
Assessments	
Future	8,698
Deferred	11,121
Delinquent sewer bills certified	899
Due from other funds	26,539
Due from other governments	207
Prepaid expense	2,983

Total Current Assets 173,754

Restricted Assets

Reserve for fixed capital charge account	
Cash	(17,790)
Investments	60,000
Accrued interest receivable	156
Due from other funds	29,454
Reserve for debt capital charge account	
Cash	40,372
Reserve for renewals account	
Cash	4,911
Investments	83,000
Accrued interest receivable	216

Total Restricted Assets 200,319

Property, Plant and Equipment

Land	12,506
Buildings	2,717,254
Sanitary sewer lines	400,995
Machinery and equipment	1,122,200
Vehicles	72,438

Total 4,325,393  
Less accumulated depreciation (763,406)

Net Property, Plant and Equipment 3,561,987

Total Assets 3,936,060

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-12  
(Continued)

SEWER ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Liabilities and Fund Equity

Liabilities

Current liabilities (payable from current assets)

Accrued vacation payable	\$ 427
Salaries payable	562
Accounts payable	6,752
Due to other funds	14,723
Due to other governments	64
Deferred revenue	25

Total current liabilities (payable from current assets) \$ 22,553

Current liabilities (payable from restricted assets)

Reserve for fixed capital charge account	
Accrued interest payable	\$ 3,065
Due to other funds	1,000
Reserve for debt capital charge account	
Accrued interest payable	320
Due to other funds	708

Total current liabilities (payable from restricted assets) \$ 5,093

Long-term liabilities

Accrued sick leave payable	\$ 7,124
General obligation revenue bonds payable	302,815

Total long-term liabilities \$ 309,939

Total Liabilities \$ 337,585

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-12  
(Continued)

SEWER ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Liabilities and Fund Equity

Fund Equity

Contributed capital

City	\$ 532,912
Federal and state	2,712,927
Customers	<u>224,080</u>

Total contributed capital	<u>\$ 3,469,919</u>
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Retained earnings

Reserved for revenue bond retirement	\$ 107,100
Reserved for replacement	88,126
Unreserved	<u>(66,670)</u>

Total retained earnings	<u>\$ 128,556</u>
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Total Fund Equity	<u>\$ 3,598,475</u>
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Total Liabilities and Fund Equity	<u><u>\$ 3,936,060</u></u>
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-13

SEWER ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

Operating Revenues	
Sales and charges for services	
Sewer use charges	\$ 292,405
Operating Expenses	
Personal services	\$ 63,461
Supplies	11,211
Other services and charges	78,614
Depreciation	312,106
Total Operating Expenses	\$ 465,392
Operating Income (Loss)	\$ (172,987)
Nonoperating Revenues (Expenses)	
Interest on special assessments	\$ 717
Interest on investments	24,422
Interest on sale of bonds	1,450
Interest expense	(63,007)
Fiscal agent charge	(37)
Bond issue costs	
Printing	(350)
Legal	(1,319)
Issuance fee	(300)
Coupon service fee	(448)
Bond rating fee	(1,000)
Total Nonoperating Revenues (Expenses)	\$ (39,872)
Income (Loss) Before Operating Transfers	\$ (212,859)
Operating transfers in (out) - net	448,496
Net Income	\$ 235,637
Add credit arising from transfer of depreciation to contribution in aid of construction	96,731
Increase (Decrease) in Retained Earnings	\$ 332,368
Retained earnings - January 1, as previously reported	\$ 641,188
Prior period adjustments and restatements - Note 4	(845,000)
Retained earnings - January 1, as restated	\$ (203,812)
Retained earnings - December 31	\$ 128,556

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-14

SEWER ENTERPRISE FUND  
STATEMENT OF OPERATING EXPENSES  
YEAR ENDED DECEMBER 31, 1986

Personal Services	
Salaries	\$ 54,582
Employer contributions for retirement	
PERA contributions	2,239
FICA contributions	3,767
Medicare	9
Employer-paid insurance	<u>2,864</u>
Total Personal Services	<u>\$ 63,461</u>
Supplies	
Office	\$ 685
Operating	7,263
Repair and maintenance	<u>3,263</u>
Total Supplies	<u>\$ 11,211</u>
Other Services and Charges	
Professional services	
Inspection and analysis fees	\$ 770
Communication	
Telephone	327
Postage	502
Transportation	352
Insurance	25,782
Utility services	43,636
Repairs and maintenance	993
Administration charges	6,000
Licenses	67
Subscriptions	<u>185</u>
Total Other Services and Charges	<u>\$ 78,614</u>
Depreciation	
Contributed assets	\$ 97,499
City-owned assets	<u>214,607</u>
Total Depreciation	<u>\$ 312,106</u>
Total Operating Expenses	<u>\$ 465,392</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-15

SEWER ENTERPRISE FUNDS  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

Sources of Working Capital

Operations

Net income	\$ 235,637
Items not requiring working capital	
Depreciation	312,106
Increase in sick leave payable	1,190
Decrease in restricted assets	<u>103,675</u>

Working capital provided by operations \$ 652,608

Contributions

Equipment purchased with Federal Revenue Sharing Funds 593

Total Sources of Working Capital \$ 653,201

Uses of Working Capital

Acquisition of fixed assets	\$ 1,020
Decrease in long-term bonds payable	598,090
Decrease in current liabilities payable from restricted assets	31,299
Utility fund share of construction cost	<u>30,720</u>

Total Uses of Working Capital \$ 661,129

Net Increase (Decrease) in Working Capital \$ (7,928)

Elements of Net Increase (Decrease) in Working Capital

Cash	\$ 16,761
Investments	(30,000)
Receivables	9,846
Due from other funds	(29,240)
Due from other governments	207
Prepaid expense	(323)
Payables	52
Due to other funds	24,750
- Due to other governments	(64)
Deferred revenue	<u>83</u>

Net Increase (Decrease) in Working Capital \$ (7,928)

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-16

COMMUNITY HOSPITAL ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Current Assets

Cash	\$ 2,658
Accounts receivable - due from community hospital	
Interest account	424,361
Construction and bonds account	<u>310,875</u>
Total Assets	<u>\$ 737,894</u>

Liabilities and Fund Equity

Current Liabilities

Advance from Debt Service Fund	\$ 751,439
--------------------------------	------------

Fund Equity

Retained earnings	
Unreserved	<u>(13,545)</u>

Total Liabilities and Fund Equity	<u>\$ 737,894</u>
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-17

COMMUNITY HOSPITAL ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

Operating Revenues	
Rent	\$ 104,125
Nonoperating Revenues	
Interest on investments	<u>123</u>
Income Before Operating Transfers	\$ 104,248
Operating Transfers in (out) - net	<u>(104,125)</u>
Net Income	\$ 123
Retained earnings - January 1	<u>(13,668)</u>
Retained earnings - December 31	<u><u>\$ (13,545)</u></u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-18

COMMUNITY HOSPITAL ENTERPRISE FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

Sources of Working Capital

Operations

Net income

\$ 123

Elements of Net Increase (Decrease) in Working Capital

Cash

\$ 2,399

Receivables

96,315

Advance from Debt Service Fund

(98,591)

Net Increase (Decrease) in Working Capital

\$ 123

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-19

SWIMMING POOL ENTERPRISE FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Current Assets

Cash	\$ 14,481
Delinquent taxes receivable	406
Accounts receivable	291
Due from other funds	272
Due from other governments	355
Prepaid expense	91

Total Current Assets \$ 15,896

Restricted Assets

Cash	<u>\$ 7,220</u>
------	-----------------

Property, Plant and Equipment

Land	\$ 6,000
Land improvements	5,012
Pool and fixtures	<u>122,534</u>

Total	\$ 133,546
Less accumulated depreciation	<u>(48,327)</u>

Net Property, Plant and Equipment \$ 85,219

Total Assets \$ 108,335

Liabilities and Fund Equity

Liabilities

Deferred revenue	<u>\$ 406</u>
------------------	---------------

Fund Equity

Contributed capital	<u>\$ 91,143</u>
---------------------	------------------

Retained earnings

Reserved for purchase of equipment	\$ 7,220
Unreserved	<u>9,566</u>

Total retained earnings \$ 16,786

Total Fund Equity \$ 107,929

Total Liabilities and Fund Equity \$ 108,335

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-20

SWIMMING POOL ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

Operating Revenues	
Charges for services	<u>\$ 15,922</u>
Operating Expenses	
Personal services	
Salaries and wages	\$ 14,939
Workers' compensation	<u>712</u>
Total personal services	<u>\$ 15,651</u>
Supplies	
Office	\$ 218
Operating	1,772
Repair and maintenance	1,683
Small tools and minor equipment	<u>160</u>
Total supplies	<u>\$ 3,833</u>
Other services and charges	
Communication	\$ 182
Transportation	80
Printing and binding	23
Insurance	70
Utilities	4,651
Repair and maintenance	<u>2,824</u>
Total other services and charges	<u>\$ 7,830</u>
Depreciation	<u>\$ 5,137</u>
Total Operating Expenses	<u>\$ 32,451</u>
Operating Income (Loss)	<u>\$ (16,529)</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-20  
(Continued)

SWIMMING POOL ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN RETAINED EARNINGS  
YEAR ENDED DECEMBER 31, 1986

Nonoperating Revenues (Expenses)	
General property taxes	\$ 10,357
Mobile home	89
Intergovernmental revenue	
Homestead credit	3,649
Interest on investments	1,106
Cash over - net	66
Donations	150
Vending machine revenues	998
Loss on disposal of fixed assets	(37)
Other	
Merchandise for resale	(648)
Total Nonoperating Revenues (Expenses)	\$ 15,730
Net Income (Loss)	\$ (799)
Add credit arising from transfer of depreciation to contribution in aid of construction	\$ 1,200
Increase (Decrease) in Retained Earnings	\$ 401
Retained earnings - January 1	16,385
Retained earnings - December 31	\$ 16,786

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement F-21

SWIMMING POOL ENTERPRISE FUND  
STATEMENT OF CHANGES IN FINANCIAL POSITION  
YEAR ENDED DECEMBER 31, 1986

Sources of Working Capital

Operations

Net income (loss)	\$ (799)
Items not requiring working capital	
Depreciation	5,137
Loss on disposal of fixed assets	<u>37</u>

Total Working Capital Provided by Operations \$ 4,375

Contributions

Equipment transferred from municipal Liquor Dispensary Fund	<u>200</u>
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Total Sources of Working Capital \$ 4,575

Uses of Working Capital

Acquisition of fixed assets	\$ 200
Increase in restricted assets	<u>504</u>

Total Uses of Working Capital \$ 704

Net Increase (Decrease) in Working Capital \$ 3,871

Elements of Net Increase (Decrease)  
in Working Capital

Cash	\$ 3,400
Delinquent taxes receivable	(77)
Accounts receivable	291
Due from other governments	89
Prepaid expense	91
Deferred revenue	<u>77</u>

Net Increase (Decrease) in Working Capital \$ 3,871

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

AGENCY FUND

Bond Agency Fund

To account for deposit of principal and interest and the subsequent payment of matured bonds and coupons of three bond issues. The City serves as its own fiscal agent for three bond issues as established by resolution 86-09.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement G-1

BOND AGENCY FUND  
BALANCE SHEET  
DECEMBER 31, 1986

Assets

Cash	\$ 60,248
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Liabilities

Due to other funds	\$ 12
Due to bondholders	60,236

Total Liabilities	\$ 60,248
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CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement G-2

BOND AGENCY FUND  
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES  
YEAR ENDED DECEMBER 31, 1986

	<u>Balance January 1, 1986</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1986</u>
<u>Assets</u>				
Cash	<u>\$ -</u>	<u>\$ 73,663</u>	<u>\$ 13,415</u>	<u>\$ 60,248</u>
<u>Liabilities</u>				
Due to other funds	<u>\$ -</u>	<u>\$ 12</u>	<u>\$ -</u>	<u>\$ 12</u>
Due to bondholders	<u>-</u>	<u>60,236</u>	<u>-</u>	<u>60,236</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 60,248</u>	<u>\$ -</u>	<u>\$ 60,248</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

GENERAL LONG-TERM DEBT  
ACCOUNT GROUP

General obligation bonds and other forms of long-term debt supported by general revenues are obligations of a governmental unit as a whole and not its individual constituent funds. Moreover, the proceeds of such debt may be spent on facilities which are utilized in the operations of several funds. For these reasons, the amount of unmatured long-term indebtedness which is backed by the full faith and credit of the government is recorded and accounted for in a separate self-balancing account group titled the "General Long-Term Debt Account Group." This debt group includes, in addition to conventional general obligation bonds, time warrants and notes which have a maturity of more than one year from date of issuance.

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Statement H-1

STATEMENT OF GENERAL LONG-TERM DEBT  
YEAR ENDED DECEMBER 31, 1986

AMOUNT AVAILABLE AND TO BE PROVIDED FOR PAYMENT  
OF GENERAL LONG-TERM DEBT

Amount available in Debt Service Fund	
Reserved for long-term receivables	\$ 1,057,545
Unreserved	<u>1,310</u>
Total Available	<u>\$ 1,058,855</u>

GENERAL LONG-TERM DEBT PAYABLE

Accrued vacation payable	\$ 9,527
Accrued sick leave payable	25,026
Bonds payable	1,015,000
Installment purchase contracts payable	<u>9,302</u>
Total General Long-Term Debt Payable	<u>\$ 1,058,855</u>

**STATISTICAL SECTION  
SUPPORTING SCHEDULES**



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

WATER ENTERPRISE FUND  
STATEMENT OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
YEAR ENDED DECEMBER 31, 1986

	Fixed Assets	
	Balance January 1, 1986	Additions
Land	\$ 12,506	\$ -
Buildings	240,324	2,500
Water mains and extensions	650,913	15,435
Machinery and equipment	12,268	1,568
Total	<u>\$ 916,011</u>	<u>\$ 19,503</u>

Allowance for Depreciation				
Balance December 31, 1986	Balance January 1, 1986	Additions	Balance December 31, 1986	Book Value December 31, 1986
\$ 12,506	\$ -	\$ -	\$ -	\$ 12,506
242,824	105,203	6,039	111,242	131,582
666,348	201,727	15,369	217,096	449,252
13,836	3,779	2,683	6,462	7,374
<u>\$ 935,514</u>	<u>\$ 310,709</u>	<u>\$ 24,091</u>	<u>\$ 334,800</u>	<u>\$ 600,714</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

SEWER ENTERPRISE FUND  
STATEMENT OF FIXED ASSETS AND ALLOWANCE FOR DEPRECIATION  
YEAR ENDED DECEMBER 31, 1986

	Fixed Assets		
	Balance January 1, 1986	Additions	Deductions
Land	\$ 12,506	\$ -	\$ -
Buildings	700,414	2,016,840	-
Sanitary sewer lines	370,275	30,720	-
Machinery and equipment			
Other	27,529	1,094,671	-
Vehicles	17,438	55,000	-
Construction in progress	188,281	-	188,281
Total	<u>\$ 1,316,443</u>	<u>\$ 3,197,231</u>	<u>\$ 188,281</u>

Schedule 2

Balance December 31, 1986	Allowance for Depreciation			Book Value December 31, 1986
	Balance January 1, 1986	Additions	Balance December 31, 1986	
\$ 12,506	\$ -	\$ -	\$ -	\$ 12,506
2,717,254	309,609	67,931	377,540	2,339,714
400,995	109,112	9,257	118,369	282,626
1,122,200	19,603	234,025	253,628	868,572
72,438	12,975	893	13,868	58,570
-	451,299	-	-	-
<u>\$ 4,325,393</u>	<u>\$ 451,299</u>	<u>\$ 312,106</u>	<u>\$ 763,405</u>	<u>\$ 3,561,988</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

STATEMENT OF BONDED INDEBTEDNESS  
DECEMBER 31, 1986

<u>Fund and Bond Issue</u>	<u>Dated</u>	<u>Final Maturity Date</u>
General Long-Term Debt		
General Obligation Refunding Bonds of 1978		
Debt Service Fund (Formerly Community Home Fund)		
General Obligation Refunding Bonds of 1978	June 16, 1978	Jan. 1, 1989
General Obligation Refunding Bonds of 1978		
Debt Service Fund		
General Obligation Refunding Bonds of 1978	June 16, 1978	Jan. 1, 1999
General Obligation Funding Bonds of 1978		
Debt Service Fund		
General Obligation Funding Bonds of 1978	Oct. 1, 1978	Oct. 1, 1986
General Obligation Bonds of 1981, Series A		
Debt Service Fund		
General Obligation Bonds of 1981, Series A	Mar. 31, 1981	Jan. 1, 2011
General Obligation Bonds of 1981, Series B		
Debt Service Fund		
General Obligation Bonds of 1981, Series B	Mar. 31, 1981	Jan. 1, 1996
Grant Anticipation Bonds, Series 1984		
Capital Project Fund		
Wastewater Treatment Plant Construction Fund		Oct. 1, 1986
General Obligation Fire Equipment Certificate of 1985		
Debt Service Fund		
General Obligation Fire Equipment Certificate of 1985	Dec. 1, 1986	Dec. 1, 1987
Total General Long-Term Debt		

Schedule 3

<u>Interest Rates</u>	<u>Original Issue</u>	<u>Payments</u>		<u>Outstanding Dec. 31, 1986</u>
		<u>Prior Years</u>	<u>Year Ended Dec. 31, 1986</u>	
5.50 to 6.125	<u>\$ 140,000</u>	<u>\$ 95,000</u>	<u>\$ 15,000</u>	<u>\$ 30,000</u>
5.50 to 6.125	<u>\$ 1,255,000</u>	<u>\$ 330,000</u>	<u>\$ 50,000</u>	<u>\$ 875,000</u>
5.00 to 5.30	<u>\$ 125,000</u>	<u>\$ 105,000</u>	<u>\$ 20,000</u>	<u>\$ -</u>
5.00	<u>\$ 70,000</u>	<u>\$ 4,000</u>	<u>\$ 1,000</u>	<u>\$ 65,000</u>
5.00	<u>\$ 35,000</u>	<u>\$ 8,000</u>	<u>\$ 2,000</u>	<u>\$ 25,000</u>
6.75	<u>\$ 845,000</u>	<u>\$ -</u>	<u>\$ 845,000</u>	<u>\$ -</u>
8.75	<u>\$ 40,000</u>	<u>\$ -</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
	<u>\$ 2,510,000</u>	<u>\$ 542,000</u>	<u>\$ 953,000</u>	<u>\$ 1,015,000</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

STATEMENT OF BONDED INDEBTEDNESS  
DECEMBER 31, 1986

<u>Fund and Bond Issue</u>	<u>Dated</u>	<u>Final Maturity Date</u>
Special Assessment Funds		
General Obligation Improvement Bonds of 1975 Special Assessment Fund		
General Obligation Refunding Bonds of 1978	June 16, 1978	Jan. 1, 1988
General Obligation Improvement Bonds of 1978 Special Assessment Fund		
General Obligation Improvement Bonds of 1978	Oct. 1, 1978	Oct. 1, 1993
General Obligation Improvement Bonds of 1979 Special Assessment Fund		
General Obligation Improvement Bonds of 1979	Dec. 1, 1979	Dec. 1, 1989
General Obligation Tax Increment Bonds of 1979 Special Assessment Fund		
General Obligation Tax Increment Bonds of 1979	Dec. 1, 1979	Dec. 1, 1995
General Obligation Improvement Bonds of 1980 Special Assessment Fund		
General Obligation Improvement Bonds of 1980	July 1, 1980	July 1, 1991
General Obligation Improvement Bonds of 1980, Series A	Sept. 1, 1980	Sept 1, 1991
Total General Obligation Improvement Bonds of 1980 Special Assessment Fund		
General Obligation Tax Increment Bonds of 1982 Special Assessment Fund		
General Obligation Tax Increment Bonds of 1982	June 1, 1982	Dec. 1, 1989
General Obligation Improvement Bonds of 1985 Special Assessment Fund		
General Obligation Improvement Bonds of 1985	Sept. 1, 1985	Feb. 1, 1997
Total Special Assessment Funds		

Schedule 3  
(Continued)

<u>Interest Rates</u>	<u>Original Issue</u>	<u>Payments</u>		<u>Outstanding Dec. 31, 1986</u>
		<u>Prior Years</u>	<u>Year Ended Dec. 31, 1986</u>	
5.50 to 6.125	<u>\$ 225,000</u>	<u>\$ 185,000</u>	<u>\$ 20,000</u>	<u>\$ 20,000</u>
5.00 to 5.70	<u>\$ 70,000</u>	<u>\$ 30,000</u>	<u>\$ 5,000</u>	<u>\$ 35,000</u>
6.50 to 6.60	<u>\$ 195,000</u>	<u>\$ 95,000</u>	<u>\$ 25,000</u>	<u>\$ 75,000</u>
6.60 to 7.00	<u>\$ 200,000</u>	<u>\$ 20,000</u>	<u>\$ 10,000</u>	<u>\$ 170,000</u>
5.60 to 7.00	<u>\$ 730,000</u>	<u>\$ 280,000</u>	<u>\$ 75,000</u>	<u>\$ 375,000</u>
7.50 to 8.25	<u>150,000</u>	<u>60,000</u>	<u>15,000</u>	<u>75,000</u>
	<u>\$ 880,000</u>	<u>\$ 340,000</u>	<u>\$ 90,000</u>	<u>\$ 450,000</u>
10.75	<u>\$ 300,000</u>	<u>\$ 75,000</u>	<u>\$ 45,000</u>	<u>\$ 180,000</u>
6.50 to 9.00	<u>\$ 265,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,000</u>
	<u>\$ 2,135,000</u>	<u>\$ 745,000</u>	<u>\$ 195,000</u>	<u>\$ 1,195,000</u>



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

STATEMENT OF BONDED INDEBTEDNESS  
DECEMBER 31, 1986

<u>Fund and Bond Issue</u>	<u>Dated</u>	<u>Final Maturity Date</u>
Enterprise Funds		
Liquor Dispensary Fund		
Municipal Liquor Store Revenue Bonds of 1976	Aug. 1, 1976	Nov. 1, 1986
Sewer and Water Funds		
Refunding Bonds of 1966	Jan. 1, 1966	Jan. 1, 1987
General Obligation Water Revenue Bonds of 1978	Oct. 1, 1978	Oct. 1, 1998
General Obligation Refunding Bonds of 1978	June 16, 1978	Jan. 1, 1987
General Obligation Sewer Revenue Bonds of 1986	Sept. 1, 1986	Sept. 1, 1996
Total Sewer and Water Funds		
Total Enterprise Funds		
Total Bonded Indebtedness		

Schedule 3  
(Continued)

<u>Interest Rates</u>	<u>Original Issue</u>	<u>Payments</u>		<u>Outstanding Dec. 31, 1986</u>
		<u>Prior Years</u>	<u>Year Ended Dec. 31, 1986</u>	
6.00 to 6.50	<u>\$ 250,000</u>	<u>\$ 220,000</u>	<u>\$ 30,000</u>	<u>\$ -</u>
3.90 to 4.00	<u>\$ 230,000</u>	<u>\$ 215,000</u>	<u>\$ 15,000</u>	<u>\$ -</u>
5.00 to 6.00	<u>325,000</u>	<u>110,000</u>	<u>20,000</u>	<u>195,000</u>
5.50 to 6.125	<u>300,000</u>	<u>255,000</u>	<u>45,000</u>	<u>-</u>
6.50 to 6.60	<u>280,000</u>	<u>-</u>	<u>-</u>	<u>280,000</u>
	<u>\$ 1,135,000</u>	<u>\$ 580,000</u>	<u>\$ 80,000</u>	<u>\$ 475,000</u>
	<u>\$ 1,385,000</u>	<u>\$ 800,000</u>	<u>\$ 110,000</u>	<u>\$ 475,000</u>
	<u>\$ 6,030,000</u>	<u>\$ 2,087,000</u>	<u>\$ 1,258,000</u>	<u>\$ 2,685,000</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Schedule 4

TAXABLE VALUATIONS, TAX LEVIES AND RATES

	<u>1985</u>	<u>1986</u>
Taxable Valuations		
Real property	\$ 11,877,104	\$ 11,890,682
Personal property	<u>399,341</u>	<u>390,440</u>
Total	\$ 12,276,445	\$ 12,281,122
Less increment valuation	<u>605,330</u>	<u>614,457</u>
Net Taxable Valuations	<u>\$ 11,671,115</u>	<u>\$ 11,666,665</u>

Tax Levies Extended by County  
Auditor  
Extended in year  
Collectible in year

1985	1986
1986	1987

	<u>Amount</u>	<u>Tax Rate in Mills</u>	<u>Amount</u>	<u>Tax Rate in Mills</u>
Revenue	\$ 288,514	24.807	\$ 212,354	18.289
Library	40,008	3.440	53,318	4.592
Bonds and interest	107,000	9.168	234,351	20.121
Special assessment	<u>93,006</u>	<u>7.969</u>	<u>-</u>	<u>-</u>
Total	\$ 528,528	<u>45.384</u>	\$ 500,023	<u>43.002</u>
Less -				
Homestead credit	<u>137,434</u>		<u>131,208</u>	
Net Levy	<u>\$ 391,094</u>		<u>\$ 368,815</u>	

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Schedule 5

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS  
FOR REDEVELOPMENT DISTRICT #1, A TAX INCREMENT FINANCING DISTRICT  
DECEMBER 31, 1986

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Accounted for in Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
Source of Funds					
Bond proceeds	\$ 200,000	\$ 500,000	\$ 500,000	\$ -	\$ -
Tax increments received	-	76,638	271,351	66,841	(261,554)
Interest on invested funds	-	-	16,885	5,914	(22,799)
Levied property taxes	-	-	20,000	-	(20,000)
Homestead credit	-	-	12,029	737	(12,766)
Reduced assessment credit	-	-	45,286	-	(45,286)
Rent	-	-	150	-	(150)
Auction proceeds of personal property	-	-	1,006	-	(1,006)
Sale of property (Note 1)	-	12,000	12,000	-	-
Other	-	15,579	-	-	15,579
Total Sources of Funds	<u>\$ 200,000</u>	<u>\$ 604,217</u>	<u>\$ 878,707</u>	<u>\$ 73,492</u>	<u>\$ (347,982)</u>
Use of Funds					
Acquisition	\$ 175,000	\$ 318,433	\$ 280,507	\$ -	\$ 37,926
Relocation	-	37,751	33,232	-	4,519
Site improvements	-	4,000	3,833	-	167
Installation of public utilities or improvements	-	147,500	195,462	1,149	(49,111)
Bond payments					
Principal	-	-	95,000	55,000	(150,000)
Interest	-	18,635	188,943	36,502	(206,810)
Administrative costs	25,000	68,398	12,774	135	55,489
Contingencies	-	9,500	-	-	9,500
Total Uses of Funds	<u>\$ 200,000</u>	<u>\$ 604,217</u>	<u>\$ 809,751</u>	<u>\$ 92,786</u>	<u>\$ (298,320)</u>
District Balance (or Deficiency)	\$ -	\$ -	\$ 68,956	\$ (19,294)	\$ 49,662
Transfers from General Fund	-	-	-	18,124	(18,124)
Funds Remaining (or Deficient)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,956</u>	<u>\$ (1,170)</u>	<u>\$ 67,786</u>

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

Schedule 5  
(Continued)

SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS  
FOR REDEVELOPMENT DISTRICT #1, A TAX INCREMENT FINANCING DISTRICT  
DECEMBER 31, 1986

Note 1	Description of Properties Sold to Developers	Purchase Price Using City Tax Increment Funds Only	Amount Developers Paid to City
	E 90' of N 40' of Lot 8 Block 33 Orig. Plat	\$ 85,997	\$ 10,450*
	Lots 5, 6, 7 & 8 Block 42 Orig. Plat	144,510	25,000*
	Lots 1 and 2 Block 43 Orig. Plat	50,000	12,000

Note 2      Type of Tax Exempt Obligations issued on behalf of private entities for facilities located within Zumbrota's Tax Increment District.

Type	Date of Issue	Amount Issued
Industrial Revenue Bond	May 1, 1981	\$ 100,000
Industrial Revenue Bond	June 3, 1982	160,000
Industrial Revenue Bond	June 14, 1982	262,000

\* The amounts paid for the properties by the developers to the City were included as budgeted revenue in the City's Community Development Block Grant Fund and Program.

**MANAGEMENT AND COMPLIANCE SECTION**



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103


296-2551

## AUDITOR'S REPORT ON THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

The Honorable Alfred E. Collinge, Mayor  
Members of the City Council  
City of Zumbrota  
Zumbrota, Minnesota 55992

We have examined the financial statements of the City of Zumbrota for the year ended December 31, 1986, and have issued our report thereon dated December 21, 1987. Our examination of such financial statements was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities and Functions, issued by the U.S. General Accounting Office. Accordingly, the examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Our examination was made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying Schedule of Federal Financial Assistance is presented for purposes of additional analysis and is not a required part of the financial statements. The information in that schedule has been subjected to the auditing procedures applied in the examination of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

  
ARNE H. CARLSON  
State Auditor

December 21, 1987

CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

SCHEDULE OF FEDERAL GRANT INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 1986

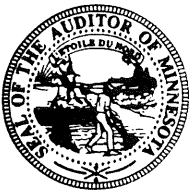
<u>Federal Funding Source</u>	<u>State or Local Administering Agency</u>	<u>Federal Domestic Assistance #</u>	<u>Grant Name</u>	<u>State or Other Contract Number</u>
Department of Housing and Urban Development	None	14.218	Community Development Block Grant	B-82-DH-27-0012
Department of Treasury	None	21.300	General Revenue Sharing	24-2-025-009
Environmental Protection Agency	Minnesota Pollution Control Agency	66.418	Construction Grants for Wastewater Treatment Works	C 2708870-02



CITY OF ZUMBROTA  
ZUMBROTA, MINNESOTA

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
YEAR ENDED DECEMBER 31, 1986

	<u>CFDA # 14.218</u>	<u>CFDA # 21.300</u>	<u>CFDA # 66.418</u>	<u>Total</u>
Revenues				
Federal				
Direct	\$ 2,315	\$ 24,952	\$ -	\$ 27,267
Flow-through	-	-	83,450	83,450
Program income	<u>427</u>	<u>1,467</u>	<u>17,351</u>	<u>19,245</u>
Total Revenues	<u>\$ 2,742</u>	<u>\$ 26,419</u>	<u>\$ 100,801</u>	<u>\$ 129,962</u>
Expenditures				
Current				
General government	\$ -	\$ 6,459	\$ -	\$ 6,459
Public safety	-	10,117	-	10,117
Public works	-	17,553	-	17,553
Library	-	2,600	-	2,600
Urban and economic development	8,491	-	-	8,491
Miscellaneous	-	1,200	-	1,200
Capital outlay	<u>-</u>	<u>1,186</u>	<u>7,872</u>	<u>9,058</u>
Total Expenditures	<u>\$ 8,491</u>	<u>\$ 39,115</u>	<u>\$ 7,872</u>	<u>\$ 55,478</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ (5,749)</u>	<u>\$ (12,696)</u>	<u>\$ 92,929</u>	<u>\$ 74,484</u>
Other Financing Sources (Uses)				
Transfers in	\$ -	\$ -	\$ 29,454	\$ 29,454
Transfers out	-	(2,604)	(478,408)	(481,012)
Loan repayment	<u>2,801</u>	<u>-</u>	<u>-</u>	<u>2,801</u>
Total Other Financing Sources (Uses)	<u>\$ 2,801</u>	<u>\$ (2,604)</u>	<u>\$ (448,954)</u>	<u>\$ (448,757)</u>
Excess of Revenues and Other - Sources Over (Under) Expenditures and Other Uses	<u>\$ (2,948)</u>	<u>\$ (15,300)</u>	<u>\$ (356,025)</u>	<u>\$ (374,273)</u>
Fund Balance - January 1	<u>4,496</u>	<u>33,045</u>	<u>357,273</u>	<u>394,814</u>
Fund Balance - December 31	<u>\$ 1,548</u>	<u>\$ 17,745</u>	<u>\$ 1,248</u>	<u>\$ 20,541</u>



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103

296-2551

## AUDITOR'S REPORT ON COMPLIANCE

The Honorable Alfred E. Collinge, Mayor  
Members of the City Council  
City of Zumbrota  
Zumbrota, Minnesota 55992

We have examined the financial statements of the City of Zumbrota for the year ended December 31, 1986, and have issued our report thereon dated December 21, 1987. Our examination was made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office; and the provisions of the Minnesota Legal Compliance Audit Guide for Local Government, promulgated by the Legal Compliance Task Force pursuant to Minn. Stat. § 6.65. Accordingly, the examination included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The management of the City of Zumbrota is responsible for the City's compliance with laws and regulations. In connection with our examination referred to above, we selected and tested transactions and records to determine the City of Zumbrota's compliance with laws and regulations, noncompliance with which could have a material effect on the financial statements of the City of Zumbrota.

The results of our tests indicate that for the items tested, the City of Zumbrota complied with those provisions of laws and regulations, noncompliance with which could have a material effect on the financial statements. Nothing came to our attention that caused us to believe that for the items not tested the City of Zumbrota was not in compliance with laws or regulations, noncompliance with which could have a material effect on the City of Zumbrota's financial statements.

The Minnesota Legal Compliance Audit Guide for Local Government covers five main categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, and claims and disbursements. Our study included all of the listed categories. The results of our tests indicated that for the items tested, the City of Zumbrota complied with the material terms and conditions of applicable legal provisions, except as described in this letter. Further, for the items not tested, based on our

examination, nothing came to our attention to indicate that the City had not complied with such legal provisions.

We also reviewed for compliance with other statutes, bylaws, administrative rules, and state grant regulations and contracts that we deemed necessary. This review did not include all possible regulatory provisions which may be applicable, and was not intended to provide assurance of full compliance with all regulatory provisions. However, we noted the following instances of noncompliance with the provisions reviewed.

A. Claims

Several claims were allowed and paid by the City Council without first being properly itemized.

Minn. Stat. § 412.271, subd. 2 (1986) states in part:

Except for wages paid on an hourly or daily basis, where a claim for money due on goods or services furnished can be itemized in the ordinary course of business the person claiming payment, or his agent, shall prepare the claim in written items and sign a declaration that the claim is just and correct and that no part of it has been paid....

The City must comply with the law when allowing and paying claims.

B. Preparation of Financial Statements on a Timely Basis

The City did not prepare and publish its 1986 financial statement on a timely basis.

Minn. Stat. § 412.151, subd. 2, states:

If the bookkeeping functions of the clerk are delegated to the city treasurer, the council shall provide for an annual audit of the city's financial affairs in accordance with the minimum procedures prescribed by the state auditor.

The minimum procedures prescribed by the State Auditor are contained in Minn. Stat. § 471.697, subd. 1, which states that the city clerk or chief financial officer shall:


- (a) Prepare a financial report covering the city's operations including operations of municipal hospitals and nursing homes, liquor stores, and public utility commissions during the preceding fiscal year after the close of the fiscal year and publish the report or a summary of the report, in a form as prescribed by the state auditor, in a qualified newspaper of general circulation in the city or, if there is none, post copies in three of the most public places in the city, no later than 30 days after the report is due in the office of the state auditor. The report shall contain financial statements and disclosures which present the city's financial position and the results of city operations in conformity with generally accepted accounting principles. The report shall include such information and be in such form as may be prescribed by the state auditor;

- (b) File the financial report in his office for public inspection and present it to the city council after the close of the fiscal year. One copy of the financial report shall be furnished to the state auditor after the close of the fiscal year; and
- (c) Submit to the state auditor audited financial statements which have been attested to by a certified public accountant, public accountant, or the state auditor within 180 days after the close of the fiscal year, except that the state auditor may upon request of a city and a showing of inability to conform, extend the deadline. The state auditor may accept this report in lieu of the report required in clause (b) above.

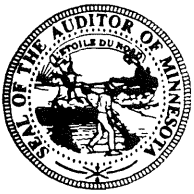
We recommend that the City comply with the statute.

\* \* \* \* \*

This report is intended solely for the use of the City of Zumbrota, and should not be used for any other purpose. This restriction is not intended to limit the distribution of the report which is a matter of public record.

  
ARNE H. CARLSON  
State Auditor

December 21, 1987



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103

296-2551

## AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS RELATED TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAMS

The Honorable Alfred E. Collinge, Mayor  
Members of the City Council  
City of Zumbrota  
Zumbrota, Minnesota 55992

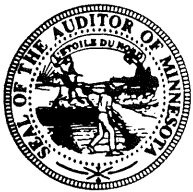
We have examined the financial statements of the City of Zumbrota for the year ended December 31, 1986, and have issued our report dated December 21, 1987. Our examination was made in accordance with generally accepted auditing standards; the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984; and the provisions of OMB Circular A-128, Audits of State and Local Governments, and accordingly, included such tests of the accounting records and such other auditing procedures as we deemed necessary in the circumstances.

The management of the City of Zumbrota is responsible for the City's compliance with laws and regulations. In connection with the examination referred to above, we selected and tested transactions and records from nonmajor federal financial assistance programs to determine the compliance with laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures.

The results of our tests indicate that for the transactions and records tested, the City of Zumbrota complied with the laws and regulations referred to above. Our testing was more limited than would be necessary to express an opinion on whether the City of Zumbrota administered those programs in compliance in all material respects with those laws and regulations, noncompliance with which we believe could have a material effect on the allowability of program expenditures; however, with respect to the transactions that were not tested by us, nothing came to our attention to indicate that the City of Zumbrota had not complied with laws and regulations.

  
ARNE H. CARLSON  
State Auditor

December 21, 1987



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
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SAINT PAUL 55103

296-2551

## AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROLS BASED SOLELY ON A STUDY AND EVALUATION MADE AS A PART OF AN EXAMINATION OF THE FINANCIAL STATEMENTS

The Honorable Alfred E. Collinge, Mayor  
Members of the City Council  
City of Zumbrota  
Zumbrota, Minnesota 55992

We have examined the financial statements of the City of Zumbrota as of and for the year ended December 31, 1986, and have issued our report thereon dated December 21, 1987. This letter resulting from part of that examination includes our comments on internal accounting control, and management practices.

### INTERNAL ACCOUNTING CONTROL

As part of our examination, we made a study and evaluation of the City's system of internal accounting control to the extent we considered necessary to evaluate the system, as required by generally accepted auditing standards and the standards for financial and compliance audits contained in the U.S. General Accounting Office's Standards for Audit of Governmental Organizations, Programs, Activities, and Functions. For the purpose of this report, we have classified the significant internal accounting controls in the following categories:

Receipts  
Disbursements  
Payroll  
Inventories  
Purchases  
Accounts receivable

Our study included all of the control categories listed above. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the City's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole or on any of the categories of controls identified above.

The management of the City is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, management must make estimates and judgments that assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that:

- assets are safeguarded against loss from unauthorized use or disposition,
- transactions are executed in accordance with management's authorization, and
- transactions are recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions, or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described above will not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the City taken as a whole or on any of the categories of controls identified. However, our study and evaluation disclosed the following conditions that we believe result in more than a relatively low risk that material errors or irregularities--that is, errors or irregularities that would materially affect the City's financial statements--may occur and not be detected within a timely period.

A. General Accounting Policies and Procedures

Our review of the City's general internal control procedures indicated the following deficiencies.

1. A policy manual is not maintained covering -
  - a. the use of operating budgets to control funds by activity,
  - b. approval authority for financial transactions, and
  - c. guidelines for controlling expenditures.
2. Detailed accounting records were not always in balance with controls.
3. All transfers were not properly explained or supported.
4. Written procedures are not maintained covering purchasing and receiving.

We recommend:

1. That the City establish a policy manual covering the entire budgeting process and guidelines for controlling the expenditures.
2. That detailed accounting records be balanced with controls monthly.
3. That all transfers contain adequate explanations and supporting materials.
4. That written procedures covering purchasing and receiving be maintained.

B. Controls Over Cash Receipts

Review of the controls over the cash receipting process revealed that there is no record kept of the money and checks received by the person opening the mail. This could lead to the misplacement or loss of receipts.

We recommend that a schedule of receipts be prepared each day. The receipts should be given to the person preparing the deposit, and the schedule given to the person who performs the reconciliations.

C. Controls Over Imprest Petty Cash Fund

Review of the imprest cash fund maintained at the library revealed that the vouchers were not prenumbered.

We recommend that the petty cash vouchers be prenumbered.

D. City Records

General Ledger

During the year ended December 31, 1986, the City did not maintain a general ledger for any of its funds.

We recommend, as a minimum, that a general ledger be maintained.

E. Municipal Liquor Dispensary

Cash Registers

Three cash registers are used at the liquor dispensary. Each day the manager or his assistants total the cash register by department to arrive at the total amount of the day's sales.

The manager should subtotal the cash registers for cumulative daily sales by department and subtract the prior day's subtotals to arrive at the total amount of the day's sales. The cash register should be totaled at the end of the month by the Clerk-Treasurer.

F. Controls Over Payment of Vouchers

The internal control procedures for vouchers had the following deficiencies:

1. Some vouchers, including supporting documents, are not stamped "paid" or effectively canceled.
2. Some vouchers lack the supporting documents required for approval and payment.



The cancellation of vouchers and supporting documents is intended to prevent duplicate payments.

Vouchers should have all necessary documents attached prior to approval to provide adequate support for payment.

We recommend:

1. That vouchers and all supporting documents be stamped "paid" or effectively canceled.
2. That prior to approval for payment, vouchers include documented evidence that all prescribed processing procedures have been performed, including the attachment of all necessary documents. Some standard documents such as purchase requisitions, purchase orders, and receiving reports, are not always required for vouchers. Vouchers which do not require some of the documents should state on their face that such documents are not required.

G. Licenses and Permits

Licenses and permits issued by the City are not prenumbered.

We recommend that all licenses and permits be consecutively prenumbered by the printer so that the City is assured that all licenses and permits are accounted for.

H. Water and Sewer Accounts Receivable

Our review of the water and sewer billing process revealed that adjustments may be made to the accounts receivable by a memo entry. The documentation of these memos is not complete.

We recommend that the City maintain more adequate control of these memo entries. These should include:

1. a memo number,
2. approval by person other than the preparer, and
3. a description of the memo adjustment:

I. General Fixed Asset Records

The City does not maintain inventory records of general fixed assets.

Internal control over the City's fixed assets would be improved if an inventory system were established and maintained. A good fixed assets control system would include central oversight of record-keeping with responsibility for safeguarding the assets assigned to appropriate department heads.

Further, the lack of fixed asset inventories results in a qualification of our opinion on the City's financial statements.

We recommend, to improve controls over the City's assets and eliminate the opinion qualification, a fixed asset record-keeping system be established. Below is an outline for a possible approach to developing and maintaining a fixed asset inventory system.

1. Inventory all land, buildings, and equipment now owned by the City.
2. Assign responsibility for each asset to a particular department head or official.
3. Assign actual or estimated costs to each item.
4. Establish a fixed asset control ledger with accounts for each department; the opening balance in each account would then reflect the dollar value attributed to the related inventory.
5. Establish a capitalization policy for future purchases and record those expenditures as general fixed assets.
6. Assure that purchases of all goods meeting the requirements of the capitalization policy are classified and recorded on the departmental inventory and control account.
7. Annually, distribute a copy of each department's inventory updated for purchases and sales during the year, for verification and the deletion of items stolen, destroyed, or otherwise lost.
8. Then, adjust fixed asset control accounts to reflect departmental adjustments.
9. Periodically, have the department responsible for the overall records verify the various departments' inventories by actual observation.

We realize establishing this system requires a substantial amount of time and effort. However, it could be phased in over several years. According to unaudited amounts on the financial statements, which may be overstated or understated, the City has approximately \$2,225,000 in general fixed assets. This amount, in our opinion, warrants consideration of a control system.

The above items were considered in determining the nature, timing, and extent of the audit tests applied in our examination of the 1986 financial statements, and this letter does not affect our opinion on those statements dated December 21, 1987.

#### MANAGEMENT PRACTICES

As part of our financial statement examination, we also reviewed certain management practices. Our review was not a detailed study of every system, procedure, and transaction. Accordingly, the items presented here may not be all-inclusive of areas where improvement may be needed.

A. Special Assessments

No control account is maintained of the deferred special assessments receivable.

We recommend that separate control accounts for the deferred special assessment principal of each assessment roll be established and maintained. This record should show the original amount assessed, deletions for cancellations, and prepayments. Such a record would permit the total annual installment to be compared and reconciled with the amount actually spread on the tax rolls and amounts spread by the City.

B. Fiscal Agents' Accounts

No record is maintained by the City to show the cash balances on deposit with each fiscal agent.

We recommend that the Clerk-Treasurer maintain records of matured outstanding bonds and coupons; the records should agree with the cash on deposit with the fiscal agents.

C. Sales Tax Remittances From Swimming Pool


The sales tax reports of the swimming pool for the year ended December 31, 1986, show that the City was overpaying sales tax to the State of Minnesota because of the method of calculation.

We recommend that the City change its method of calculating the sales tax to be paid and submit a corrected sales tax report for a possible refund.

\* \* \* \* \*

We are available throughout the year to assist you in implementing any of our suggestions.

We would like to express our appreciation to the City Council and City clerk and his staff for their cooperation and assistance during the audit.

  
ARNE H. CARLSON  
State Auditor

December 21, 1987



ARNE H. CARLSON  
STATE AUDITOR

# STATE OF MINNESOTA

OFFICE OF THE STATE AUDITOR  
SUITE 400  
525 PARK STREET  
SAINT PAUL 55103

296-2551

**AUDITOR'S REPORT ON INTERNAL CONTROLS (ACCOUNTING AND ADMINISTRATIVE)  
BASED ON A STUDY AND EVALUATION MADE AS A PART OF AN EXAMINATION  
OF THE FINANCIAL STATEMENTS AND THE ADDITIONAL TESTS  
REQUIRED BY THE SINGLE AUDIT ACT**

The Honorable Alfred E. Collinge, Mayor  
Members of the City Council  
City of Zumbrota  
Zumbrota, Minnesota 55992

We have examined the financial statements of the City of Zumbrota as of and for the year ended December 31, 1986, and have issued our report thereon dated December 21, 1987. As part of our examination, we made a study and evaluation of the internal control systems, including applicable internal administrative controls, used in administering federal financial assistance programs to the extent we considered necessary to evaluate the systems as required by generally accepted auditing standards, the standards for financial and compliance audits contained in the Standards for Audit of Governmental Organizations, Programs, Activities, and Functions, issued by the U.S. General Accounting Office, the Single Audit Act of 1984, and the provisions of OMB Circular A-128, Audits of State and Local Governments. For the purpose of this report, we have classified the significant internal accounting and administrative controls used in administering federal financial assistance programs in the following categories: accounting controls--cash receipts, cash disbursements, payroll and investments; administrative controls--political activity, civil rights, cash management, financial reporting, and eligibility.

The management of the City is responsible for establishing and maintaining internal control systems used in administering federal financial assistance programs. In fulfilling that responsibility, management must make estimates and judgments that assess the expected benefits and related costs of control procedures. The objectives of the internal control systems are to provide management with reasonable, but not absolute, assurance that:

- resource use is consistent with laws, regulations, and policies;
- resources are safeguarded against waste, loss, and misuse; and
- reliable data are obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any system of internal accounting and administrative controls for federal financial assistance programs, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the systems to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

Our study included all of the applicable control categories listed above.


During the year ended December 31, 1986, the City of Zumbrota had no major federal financial assistance programs and expended 100 percent of its total federal financial assistance under the following nonmajor federal financial assistance programs: Community Development Block Grant (CFDA #14.218), General Revenue Sharing (CFDA #21.300) and Construction Grants for Wastewater Treatment Works (CDFA #66.418).

With respect to internal control systems used in administering these nonmajor federal financial assistance programs, our study and evaluation included:

- considering the types of errors and irregularities that could occur,
- determining the internal control procedures that should prevent or detect such errors and irregularities,
- determining whether the necessary procedures are prescribed and are being followed satisfactorily, and
- evaluating any weaknesses.

Our study and evaluation was more limited than would be necessary to express an opinion on the internal control systems used in administering the federal financial assistance programs of the City of Zumbrota. Accordingly, we do not express an opinion on the internal control systems used in administering the federal financial assistance programs of the City of Zumbrota.

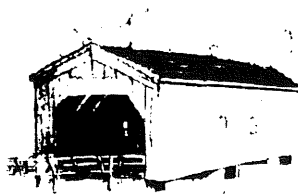
This report is intended solely for the use of the City of Zumbrota and should not be used for any other purpose. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

  
ARNE H. CARLSON  
State Auditor

December 21, 1987

# City of Zumbrota

Gary C. Patterson  
City Clerk  
Treasurer  
Administrator



365 Main Street  
Zumbrota, Minnesota 55992  
Phone 507/732-5223

## City's Response to State Auditors Report:

### A. CLAIMS

All claims are properly itemized. Further controls include claims being checked by a Councilman prior to Council meetings and another review by the Council at each meeting.

### B. PREPARATION of FINANCIAL STATEMENTS on a TIMELY BASIS

The City plans to publish its '87 financial statement within the statutory limits of June 1, 1988.

### C. GENERAL ACCOUNTING POLICIES & PROCEDURES

The City uses the Governmental Accounting, Auditing & Financial Reporting as our written policy for accounting policies & procedures. Balancing of accounting records with controls monthly has been established in '87. All transfers do currently contain adequate explanations. The Council has adopted stringent purchase controls for all City purchases.

### D. CONTROLS OVER CASH RECEIPTS

All money is promptly receipted when received, including any received by mail. The City does not maintain enough staff to have all the separate listings and receipting done by different employees.

### E. CONTROLS OVER IMPREST PETTY CASH FUND

The City intends to prenumber all petty cash vouchers.

### F. CITY RECORDS - GENERAL LEDGER

Beginning Jan. '87, a general ledger was established for all funds.

### G. MUNICIPAL LIQUOR DISPENSARY - CASH REGISTERS

The Clerk - Treasurer is not presently totaling the cash registers at the end of the month, however, the matter has been referred to the City Council.

### H. CONTROLS OVER PAYMENT OF VOUCHERS

All vouchers contain supporting documents except those statutory items and are stamped "PAID" to effectively cancel them.

### I. LICENSES & PERMITS

The City plans to have all future orders of licenses & permits prenumbered.

### J. WATER & SEWER ACCOUNTS RECEIVABLE

Recommendations have been implemented - memo entries are now numbered, approved by the City Administrator or Water Commissioner and documented with a description of the adjustment.

### K. GENERAL FIXED ASSET RECORDS

A computerized Fixed Assets Inventory System has been implemented. Department heads will be responsible for reviewing & updating print-outs - deleting assets that have disposed of & adding new acquisitions.

For insurance & budget purposes, Fixed Assets will include items over \$50.00 with a minimum useful life of one year.

L. SPECIAL ASSESSMENTS

A Special Assessments record is maintained, showing the original amount assessed & all payments and prepayments. Establishment of recommended control is being established.

M. FISCAL AGENT'S ACCOUNTS

Records are being established to record the cash on deposit with Fiscal Agents.

N. SALES TAX REMITTANCES FROM SWIMMING POOL

The City has corrected their method of calculations of Sales Tax due. The City is recalculating the period of overpayment and applying for a refund.

Prepared by:

A handwritten signature in cursive script, appearing to read "Gary C. Patterson".

Gary C. Patterson  
Clerk/Treasurer