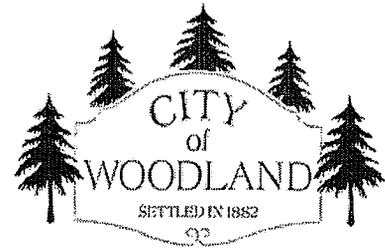


**CITY OF WOODLAND  
CITY COUNCIL AGENDA**

**MONDAY, MARCH 11, 2013  
7:00 P.M.**



**1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**

**2. ROLL CALL**

**3. CONSENT AGENDA**

All matters listed under the Consent Agenda are considered to be routine by the City Council and will be enacted by one motion. There will be no special discussion of these items unless a Councilmember or Citizen so requests, in which event will be removed from the Consent Agenda and will be considered separately under New Business.

- A.** Minutes February 11, 2013; Regular Council Meeting
- B.** Approve Street Sweeping Agreement for 2013

**4. PUBLIC COMMENTS**

Individuals may address the Council about any item not contained on the regular agenda. Limit comments to 5 minutes. The Council may ask questions for clarification purposes but will take no official action on items discussed with the exception of referral to staff or with the agreement of the Council may be scheduled on the current or future agenda.

**5. PUBLIC HEARING**

- A.** Storm Water Pollution Prevention Program (SWPPP) – Annual Public Hearing

**6. NEW BUSINESS**

- A.** Shavers Lake Preservation Association; Peter Davis & Charlie Bisanz
- B.** Andy Berg; Abdo, Eick & Meyers - 2012 Annual Financial Report
- C.** Fire Chief Kevin Klapprich – Fire Department updates
- D.** Resolution No. 09-2013; Approve Monetary Limits on Tort Liability Insurance
- E.** Resolution No. 10-2013; Consider an Agreement with Schneider Excavating and Grading for Water and Sewer Maintenance Needs (routine and emergency work)
- F.** Coyotes in Woodland
- G.** Web Host Discussion

**7. OLD BUSINESS**

- A.** Review of Planned Zoning Ordinance Revisions

**8. MAYOR'S REPORT**

**9. COUNCIL REPORTS**

- A.** Council Member Newberry – Ordinances & Septic Ordinance & Inspections
- B.** Council Member Rich - Roads, Signs & Trees
- C.** Council Member Carlson - Finance, Enterprise Funds, Intgov. Relations & MCWD
- D.** Council Member Massie - Public Safety & Deer Management

**10. ACCOUNTS PAYABLE**

**11. TREASURER'S REPORT**

**12. ADJOURNMENT**

- 15 minutes will be allotted for public comments. If the full 15 minutes is not needed, the City Council will continue with the agenda.
- Next meeting: April 8, 2013 - Board of Appeals Hearing

**WOODLAND  
CITY COUNCIL MINUTES  
Monday, February 11, 2013**

**CALL TO ORDER & PLEDGE OF ALLEGIANCE**

Mayor Doak called the meeting to order at 7:00 P.M.

**ROLL CALL**

Present: Mayor Jim Doak; Council Members Chris Rich and Tom Newberry  
Absent: Council Members Sliv Council Member Carlson and John Massie  
Staff: City Clerk Shelley Souers

**CONSENT AGENDA**

**A. Minutes January 14, 2013; Regular Council Meeting**

Council Member Rich moved to approve the consent agenda. Council Member Newberry seconded the motion. Motion carried 3-0.

**PUBLIC COMMENTS**

No comments.

**NEW BUSINESS**

**A. Overview & Survey of MCWD Clean Water Conservation**

Mayor Doak reported that the MCWD is seeking feedback from member cities relating to its future priorities and programs. The MCWD has requested that cities provide guidance on clean water issues affecting their communities by completing the "weigh in on clean water" survey. The MCWD provided each City with an overview on clean water objectives and challenges along with the survey. Council discussed the "weigh in on clean water" survey and prioritized issues relevant to Woodland. This consensus will be communicated to the MCWD.

Mayor Doak noted that the MCWD offers technical support and protection to cities through their review of land use applications. This is particularly useful to Woodland.

The Council recommended that the MCWD's current pragmatic approach and level of funding be continued.

**B. Update on Watershed Governance in Hennepin County (Johnson Proposal)**

Mayor Doak reported that, following last months discussion of restructuring the water management governance districts, he sent an email to Commissioner Callison stating that the Council was not in support of Commissioner Johnson's Watershed Management Proposal.

Council Member Rich noted that Commissioner Johnson's concept appeared to be driven by potential cost savings to Hennepin County communities, but it was unclear if there would be any cost savings to the Minnetonka Lake area communities.

Mayor Doak noted that the Johnson proposal would give the revised watershed organizations taxing authority. By changing the district boundaries, the tax capacity of the Lake Minnetonka area will be included in an enlarged management district. that includes communities in western Hennepin County. There appears to be little justification for the revised watershed boundaries

from an ecological standpoint. The new district, containing the current MCWD, would likely drain resources from the Lake Minnetonka area to the benefit of other communities.

Mayor Doak suggested that the MCWD be maintained as configured and consideration be given to consolidating or reorganizing the other watershed management organizations in Hennepin County and to giving them taxing authority. The current Minnehaha Creek Watershed District works well for Woodland.

Council discussed the Watershed Governance Feedback Form and indicated that they do not support the proposal from Commission Johnson as it dilutes the technical and financial resources of the MCWD which is organized with sound ecological boundaries. A copy of the feedback form will be sent to Commissioner Callison's office.

### **C. Bow Fishing Regulations on Lake Minnetonka**

Mayor Doak stated that Woodland's Ordinance does not specifically address bow fishing, or the territorial waters of the City, but does prohibit the discharge of a weapon, including a bow and arrow, within City limits. The City limits extend into Lake Minnetonka and Woolsey Pond. The Lake Minnetonka Conservation District (LMCD) has been approached by persons wanting to bow fish on Lake Minnetonka. The LMCD, given all the different municipal regulations, is considering creating an umbrella policy regarding bow fishing that would aid the water patrol with enforcement.

Council agreed that there is an ecological value to controlling the rough fish population in the lake. Council was not supportive of bow fishing, either by day or at night, along the shoreline of the City. Such fishing appears to be contrary to public safety and disrupts the peaceful use of lakeshore residences. Mayor Doak noted that Lake Minnetonka is a densely developed urban recreational lake that may be too busy for this type of fishing.

Mayor Doak suggested that the Council review the City's weapons ordinance for clarity. The City limits extend into the water and within those limits, bow fishing would be prohibited. Enforcement presents a practical problem as the City relies on the Water Patrol that is reluctant to enforce the ordinances that vary from city to city.

Council agreed to continue to operate as we currently do and prohibit the bow fishing in Woodland. Mayor Doak will draft a letter to the LMCD, explaining the City's position.

### **D. Discussion of Lake Minnetonka Communications Commission (LMCC) Franchise Negotiations**

The LMCC's franchise renewal committee has been in franchise negotiations with Mediacom since December 2012. The current Mediacom franchise expires at the end of 2013.

The LMCC Executive Committee approved a model resolution and has sent it out to member cities for consideration and adoption to garner their support of exclusive representation by the LMCC in cable TV franchise negotiations with Mediacom.

Several member cities are considering direct negotiation with Mediacom and withdrawing from the LMCC. They may benefit from retaining franchise fees that could be used to fund cable build-out to the "underserved" areas of their cities.

Mayor Doak stated that the LMCC benefits the Woodland by handling all service related complaints and franchise negotiations.

Council reviewed the LMCC resolution and recommended minor changes.

Council Member Newberry moved to approve Resolution No. 08-2013; A Resolution in Support of Exclusive Representation By The Lake Minnetonka Communications Commission in Cable TV Franchise Negotiations, as revised by the Council. Council Member Rich seconded the motion. Motion carried 3-0.

### **OLD BUSINESS**

None.

### **MAYOR'S REPORT**

Mayor Doak reported that the City received a claim from an attorney, representing a photographic studio, regarding the use of a copyrighted photo on the City's website. The City Attorney was contacted and the League of Minnesota Cities, the City's insurer, is reviewing the matter. The City's insurance covers this type of claim.

Mayor Doak reported that he attended an Open Meeting Law webinar, hosted by the League of Minnesota Cities. The law applies to any discussion about city business within a gathering of a quorum of the Council or Committees. The webinar addressed serial meetings which can occur through written correspondence or telephone conference calls. The webinar also covered electronic communications and the implication of a serial meeting via email. Staff will provide a copy of the materials to the Council in the March packet.

Mayor Doak reported that he attended the Mayors/Minnetonka School District meeting. The district has more open enrollment applications than available spaces. The open enrollment program is very attractive to the District, because without it, schools would have been closed and programs curtailed to reflect a declining local student population. The District has a financial rating of AAA and in academic quality is nationally ranked.

Mayor Doak reported that the Board of Equalization and Appeals Training will be held on Thursday, March 21 in Plymouth.

### **COUNCIL REPORTS**

#### **A. Ordinances & Septic Ordinance & Inspections**

Mayor Doak reported that he attended a course on the Basics of Planning and Zoning that yielded ideas for constructive updates to the City's Zoning Code.

The Council, led by Council Member, Newberry, will work on ordinance language to address the impact of construction traffic on City streets. The Council may also review the weapons ordinance to determine if any changes are warranted in view of the area-wide discussion of bow-fishing.

**B. Roads, Signs & Trees**

Council Member Rich reported that the City spent \$17,000 on snow plowing relative to the budget of \$35,000 in 2012. There were \$5,500 in snow plow costs from December that were received and paid for in February and will show up in the 2013 budget.

The tree removal costs were under budget during 2012.

The City sign at the entrance of Breezy Point Road is missing a piece off the top. The sign will be examined to make necessary repairs and may need to be repainted in the spring.

**C. Finance, Enterprise Funds, Intgov. Relations & MCWD**

No report

**D. Public Safety & Deer Management**

Council Member Massie provided written comments in his absence. The deer traps have been removed due to lack of activity. Council Member Massie noted that he had spoken with the owners of the dog that had recently entered a deer trap.

**ACCOUNTS PAYABLE**

Council Member Newberry moved to approve the accounts payable as presented. Council Member Rich seconded the motion. Motion carried 3-0.

**TREASURER'S REPORT**

Council Member Newberry moved to approve the accounts payable as presented. Council Member Rich seconded the motion. Motion carried 3-0.

**ADJOURNMENT**

Council adjourned by consent at 8:30 P.M.

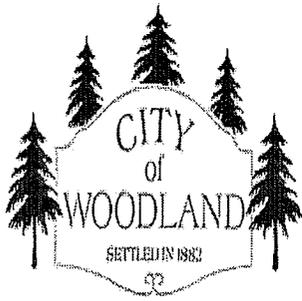
ATTEST:

\_\_\_\_\_  
Shelley J. Souers, City Clerk

\_\_\_\_\_  
James S. Doak, Mayor

**REQUEST FOR ACTION**

**WOODLAND CITY COUNCIL**



MEETING DATE: March 11, 2013  
FROM: Shelley Souers, City Clerk  
SUBJECT: Street Sweeping

**OVERVIEW**

The past few years the City of Woodland has teamed up with Deephaven and Greenwood for street sweeping services.

The City received 4 bids for sweeping.

The City of Deephaven, on Monday, March 4, approved of Allied Blacktop Company.

**COUNCIL ACTION:**

Approve the Consent Agenda which includes Allied Blacktop Company.  
\$76.00 per hour for sweeping in 2013.

**History**

<b><u>Year</u></b>	<b><u>Company</u></b>	<b><u>Rate/ Hour</u></b>
2012	Allied Blacktop	\$76.00
2011	Allied Blacktop	\$74.00
2010	Reliakor	\$72.50
2009	Reliakor	\$69.00
2008	Reliakor	\$69.75
2007	Pearson Brothers	\$69.25

**Deephaven City Council Agenda Item  
March 4, 2013**

**Agenda Item: Approve 2013 Street Sweeper Bids**

**Background Information:**

Each year, bids are obtained from metro area contractors for street sweeping services for the cities of Deephaven, Woodland and Greenwood. Streets in all three cities are swept in the early spring. The total cost for street sweeping in 2007 - 2012 for the city of Deephaven are as follows:

**2007-2012 Street Sweeping Costs**

<b>Year</b>	<b>Contractor</b>	<b>Hours</b>	<b>Hourly Rate</b>	<b>Cost</b>
2007	Pearson Bros., Inc.	103	\$69.25	\$7,132.75
2008	Reliakor Services, Inc.	99	\$69.75	\$6,905.27
2009	Reliakor Services, Inc.	90.17	\$69.00	\$6,221.73
2010	Reliakor Services, Inc.	121	\$72.50	\$8,772.50
2011	Allied Blacktop Co.	74	\$74.00	\$5,476.00
2012	Allied Blacktop Co.	80.50	\$76.00	\$6,118.00

**Current Bids:**

The following bids were received for 2013 street sweeping that are based on an hourly cost per street sweeper with prior year bids shown for comparative purposes.

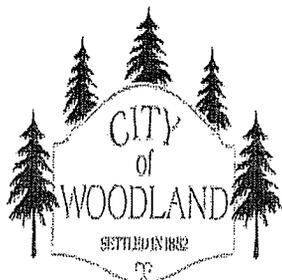
**2013 Street Sweeping Bids**

<b>Contractor</b>	<b>2010 Bids (Per Hour)</b>	<b>2011 Bids (Per Hour)</b>	<b>2012 Bids (Per Hour)</b>	<b>2013 Bids (Per Hour)</b>
Reliakor Services, Inc.	\$72.50	\$74.25	\$72.50	\$ 74.00
Pearson Bros., Inc.	\$78.95	\$78.95	\$76.00	\$ 79.00
Allied Blacktop Company	\$76.00	\$74.00	\$76.00	\$ 76.00
Carefree Services Inc.	No Bid	\$97.00	\$99.00	\$102.00

Despite the fact that Reliakor Services, Inc. provided the lowest bid for 2013, city staff recommends awarding the bid to Allied Blacktop Company. As shown above under 2007-2012 Street Sweeping Costs, Allied Blacktop provided the most efficient service in terms of the total number of hours it took to sweep the entire city and, consequently, provided the lowest cost the City has had to pay for street sweeping over the past six years.

**Recommendation:**

**Approve the 2013 Street Sweeping bid submitted by Allied Blacktop Company in the amount of \$76.00 per hour per street sweeper.**

**WOODLAND CITY COUNCIL**

MEETING DATE: March 11, 2013  
FROM: Gus Karpas, Zoning Administrator  
SUBJECT: Stormwater Pollution Prevention Program Annual Public Hearing

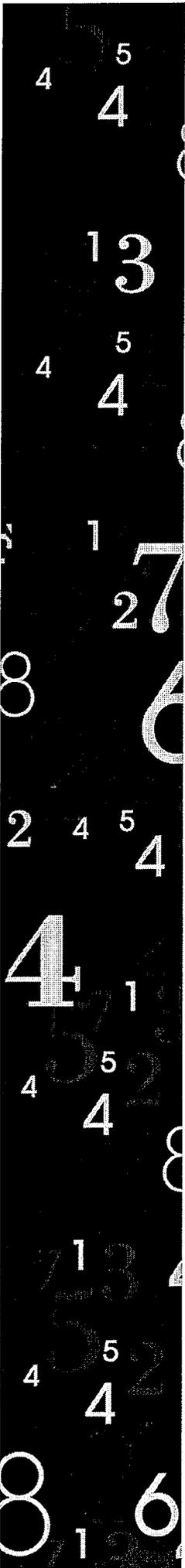
**Summary:** In 2003, all cities in the metropolitan area were required to submit a Stormwater Pollution Prevention Plan (SWPPP) outlining the steps they would take to limit runoff into protected water bodies. This is done through the adoption of Best Management Practices (BMP's) in six categories; Public Education and Outreach on Stormwater Impacts, Public Participation/Involvement, Illicit Discharge Detection and Elimination, Construction Site Stormwater Runoff Control, Post-construction Stormwater Management in New Development and Redevelopment and Pollution Prevention/Good Housekeeping for Municipal Operations.

The MPCA is working on reissuance of the MS4 General Permit which expired May 2011. The last MS4 General Permit issued was to address the new federal Phase II stormwater regulations for small MS4s. These federal rules identified an iterative process for improved stormwater management where MS4 programs are strengthened with each five year permit cycle. This permit reissuance will shift from the initial focus on permit program development to measuring implementation. Permit revisions will focus on main issues that have been identified for improvement from the existing permit with efforts to streamline and clarify permit requirements.

In addition, federal rulemaking is currently under way to overhaul the municipal stormwater program; USEPA plans to propose rules to control stormwater from, at minimum, newly developed and redeveloped sites. Final action on this rule was expected by December 2012, but has not yet taken place. The MPCA will need to comply with the new federal rules with the 2016 MS4 General Permit reissuance."

As part of the program the city must hold annual public hearings to collect public input on the program and to document suggestions. The previous hearings have yielded no public comment.

I would encourage any Councilmember with a question to call me.



CITY OF WOODLAND  
WOODLAND, MINNESOTA

MANAGEMENT LETTER

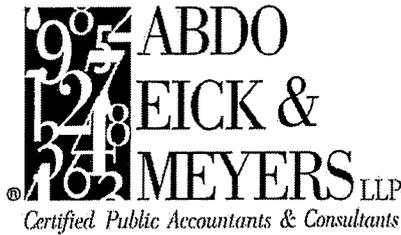
FOR THE YEAR ENDED  
DECEMBER 31, 2012

 **ABDO  
EICK &  
MEYERS** LLP  
*Certified Public Accountants & Consultants*

CITY OF WOODLAND  
WOODLAND, MINNESOTA

MANAGEMENT LETTER

FOR THE YEAR ENDED  
DECEMBER 31, 2012



February 20, 2013

5201 Eden Avenue  
Suite 250  
Edina, MN 55436

Management, Honorable Mayor and City Council  
City of Woodland, Minnesota

We have audited each major fund of the governmental and proprietary funds of the City of Woodland, Minnesota (the City), for year ended December 31, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter dated December 6, 2012. In our report, our opinion was modified because the City prepared its financial statements on the regulatory basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Professional standards require that we provide you with the following information related to our audit.

#### **Our Responsibility Under Auditing Standards Generally Accepted in the United States of America**

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with the regulatory basis of accounting prescribed by the Minnesota Office of the State Auditor. Our audit of the financial statements does not relieve you or management of your responsibilities.

Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement. As part of our audit, we considered the internal control over financial reporting of the City. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control. We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

#### **Significant Audit Findings**

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all such deficiencies have been identified. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2012-1 to be significant deficiency in internal control over financial reporting.



2012-1 **Preparation of financial statements**

- Condition:* As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. It is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.
- Criteria:* Internal controls should be in place to provide reasonable assurance over financial reporting.
- Cause:* From a practical standpoint, we both prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with organizations of your size.
- Effect:* The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors in financial reporting. As in prior years, we have instructed management to review a draft of the auditor prepared financials in detail for accuracy; we have answered any questions that management might have, and have encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification of disclosure in your statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.
- Recommendation:* Under these circumstances, the most effective controls lie in management's knowledge of the City's financial operations. It is the responsibility of management and those charged with governance to make the decision to accept the degree of risk associated with this condition because of cost or other considerations. Regarding the specific situations listed above, we would offer the following recommendations: 1) Utilize a disclosure checklist to ensure that all required disclosures are present and agree to work papers, and 2) Agree your accounting information from your financial software to the amounts reported in the financial statements.
- Management response:*
- For now, the City's management accepts the degree of risk associated with this condition and thoroughly reviews a draft of the financial statements.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions. We noted no instances of noncompliance with Minnesota statutes.

**Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you.



### **Qualitative Aspects of Accounting Practices**

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. The requirements of GASB 63 and 65 were adopted for the year ended December 31, 2012 and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period. Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation on capital assets.

Management's estimate of depreciation is based on estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users.

### **Difficulties Encountered in Performing the Audit**

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### **Corrected and Uncorrected Misstatements**

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### **Management Representations**

We have requested certain representations from management that are included in the management representation letter dated February 20, 2013.

### **Management Consultations with Other Independent Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the City's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### **Other Audit Findings or Issues**

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.



**Financial Position and Results of Operations**

Our principal observations and recommendations are summarized on the following pages. These recommendations resulted from our observations made in connection with our audit of the City's financial statements for the year ended December 31, 2012.

**General Fund**

The General fund is used to account for resources traditionally associated with government, which are not required legally or by sound principal management to be accounted for in another fund. The fund balance increased \$15,210 to \$264,015 at December 31, 2012. The total fund balance represents 79 percent of the 2013 budgeted expenditures and transfers out. We recommend that the fund balance be maintained at a level sufficient to fund operations until the major revenue sources are received in June. We feel a reserve of approximately 50 percent of planned expenditures and transfers out would be a minimum level to maintain for working capital.

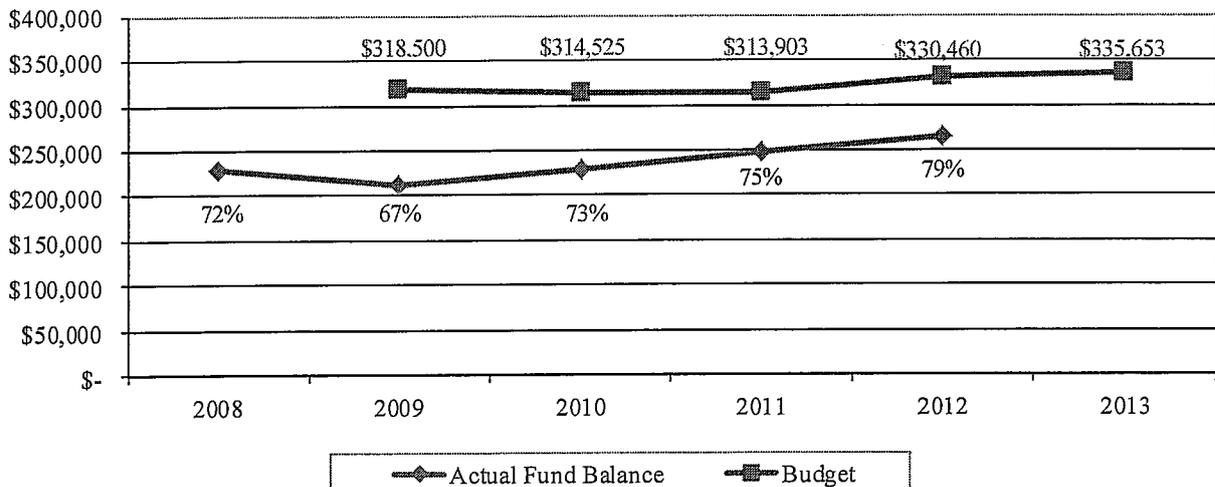
Minnesota cities must maintain substantial amounts of fund balance in order to meet their liquidity and working capital needs as an operating entity. That is because a substantial portion of your revenue sources (taxes and intergovernmental revenues) are received in the last two months of each six-month cycle.

The Office of the State Auditor (the OSA) has issued a Statement of Position relating to fund balance stating "a local government should identify fund balance separately between reserved and unreserved fund balance. The local government may assign and report some or all of the fund balance as designated and undesignated." We recommend local governments adopt a formal policy on the level of unreserved fund balance that should be maintained in the general and special revenue funds. This helps address citizen concerns as to the use of fund balance and tax levels.

A table summarizing the General and Street Improvement fund balances in relation to the following years' budget follows:

Year	Street Improvement Fund	General Fund Balance December 31	Total Governmental Funds	General Fund Budget Year	General Fund Budget	Percent of General Fund Balance to Budget
2008	\$ 40,000	\$ 228,624	\$ 268,624	2009	\$ 318,500	72 %
2009	24,362	211,236	235,598	2010	314,525	67
2010	30,844	227,906	258,750	2011	313,903	73
2011	39,968	248,805	288,773	2012	330,460	75
2012	41,218	264,015	305,233	2013	335,653	79

**General Fund Balances as a Percent of Next Year's Budget**





The purposes and benefits of a General fund balance are as follows:

- Disbursements are incurred somewhat evenly throughout the year. However, property tax and state aid revenues are not received until the second half of the year. An adequate fund balance will provide the cash flow required to finance the General fund disbursements.
- The City is vulnerable to legislative actions at the State and Federal level. The State continually adjusts the local government aid and property tax credit formulas. We also have seen the State mandate levy limits for cities over 2,500 in population. An adequate fund balance will provide a temporary buffer against those aid adjustments or levy limits.
- Disbursements not anticipated at the time the annual budget was adopted may need immediate City Council action. These would include capital outlay replacement, lawsuits and other items. An adequate fund balance will provide the financing needed for such disbursements.
- A strong fund balance will assist the City in maintaining, improving or obtaining a bond rating. The result will be better interest rates in future bond sales.

The 2012 operations are summarized as follows:

	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget
Receipts	\$ 330,460	\$ 337,467	\$ 7,007
Disbursements	<u>297,799</u>	<u>258,509</u>	<u>39,290</u>
Excess of receipts over disbursements	32,661	78,958	46,297
Transfers out	<u>(32,661)</u>	<u>(63,748)</u>	<u>(31,087)</u>
Net change in fund balances	-	15,210	15,210
Fund balances, January 1	<u>248,805</u>	<u>248,805</u>	<u>-</u>
Fund balances, December 31	<u>\$ 248,805</u>	<u>\$ 264,015</u>	<u>\$ 15,210</u>

Some of the line items with significant variances are highlighted below:

- The largest receipt variances were in fines and forfeitures, which was over budget by \$4,717, and licenses and permits, which was under budget by \$3,603.
- Significant expenditure variances included legal fees and snow and ice removal, which were under budget by \$6,943 and \$17,993, respectively.

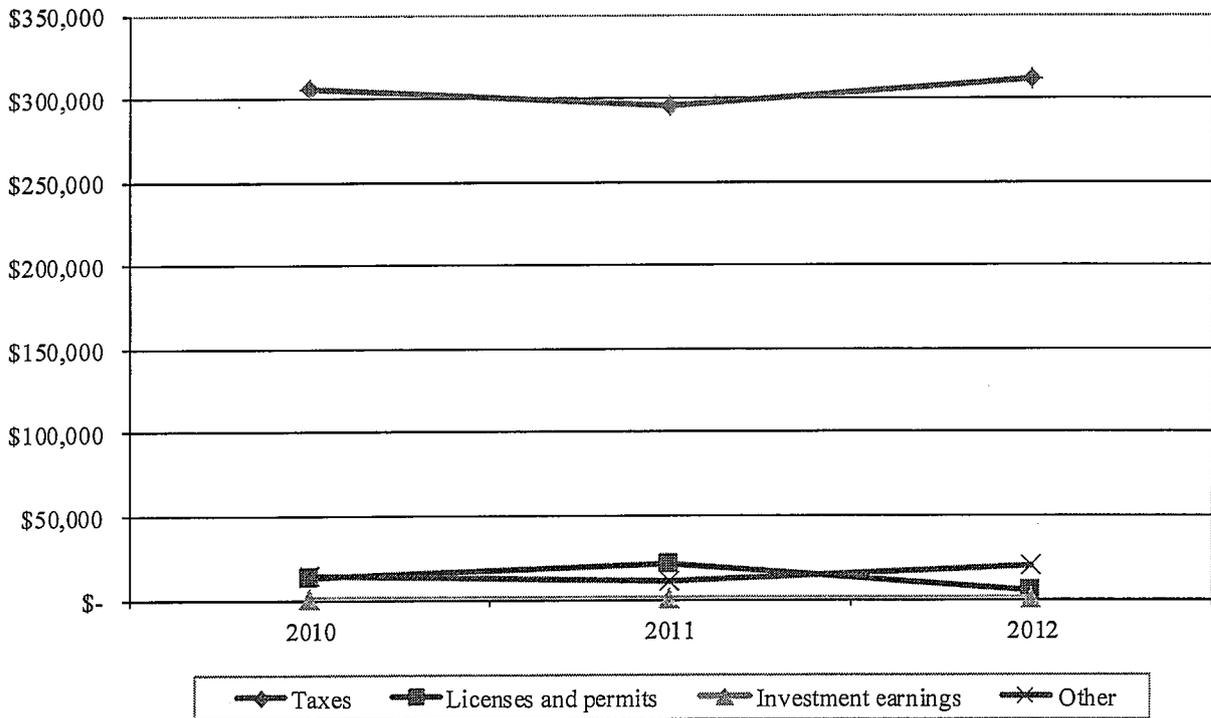


A comparison of 2012, 2011 and 2010 receipts is presented below:

Source	2010	2011	2012	Percent of Total	Per Capita
Taxes	\$ 306,216	\$ 295,572	\$ 311,770	92.4 %	\$ 713
Licenses and permits	13,661	20,989	5,472	1.6	13
Intergovernmental	1,618	1,602	5,328	1.6	12
Charges for services	2,750	1,700	3,775	1.1	9
Fines and forfeitures	8,026	3,113	7,717	2.3	18
Investment earnings	252	187	218	0.1	-
Miscellaneous	2,031	4,158	3,187	0.9	7
<b>Total receipts</b>	<b>\$ 334,554</b>	<b>\$ 327,321</b>	<b>\$ 337,467</b>	<b>100.0 %</b>	<b>\$ 772</b>

A graphical presentation of the last three years receipts follows:

### Receipts



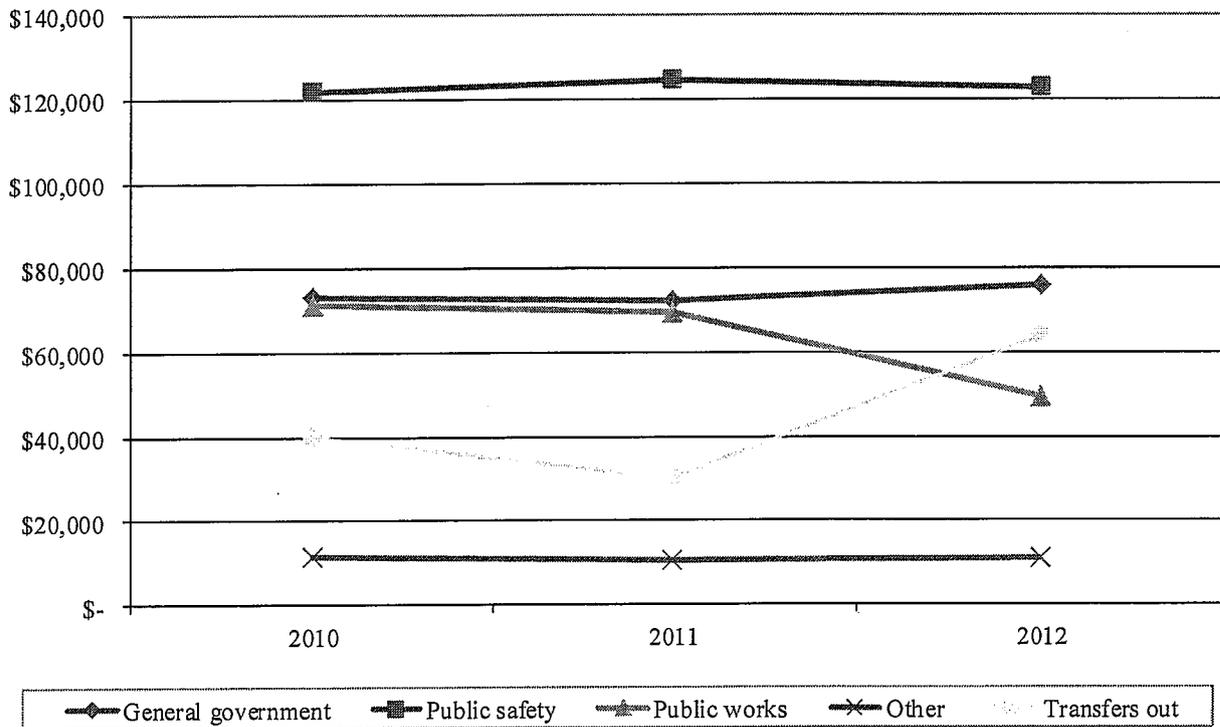


A comparison of 2012, 2011 and 2010 disbursements is presented below:

Program	2010	2011	2012	Percent of Total	Per Capita
General government	\$ 73,283	\$ 71,981	\$ 75,617	23.4 %	\$ 173
Public safety	121,878	124,487	122,619	38.1	281
Public works	71,047	69,399	49,329	15.3	113
Miscellaneous	11,676	10,555	10,944	3.4	25
Transfers out	40,000	30,000	63,748	19.8	146
<b>Total disbursements</b>	<b>\$ 317,884</b>	<b>\$ 306,422</b>	<b>\$ 322,257</b>	<b>100.0 %</b>	<b>\$ 738</b>

A graphical presentation of the last three years disbursements follows:

**Disbursements**





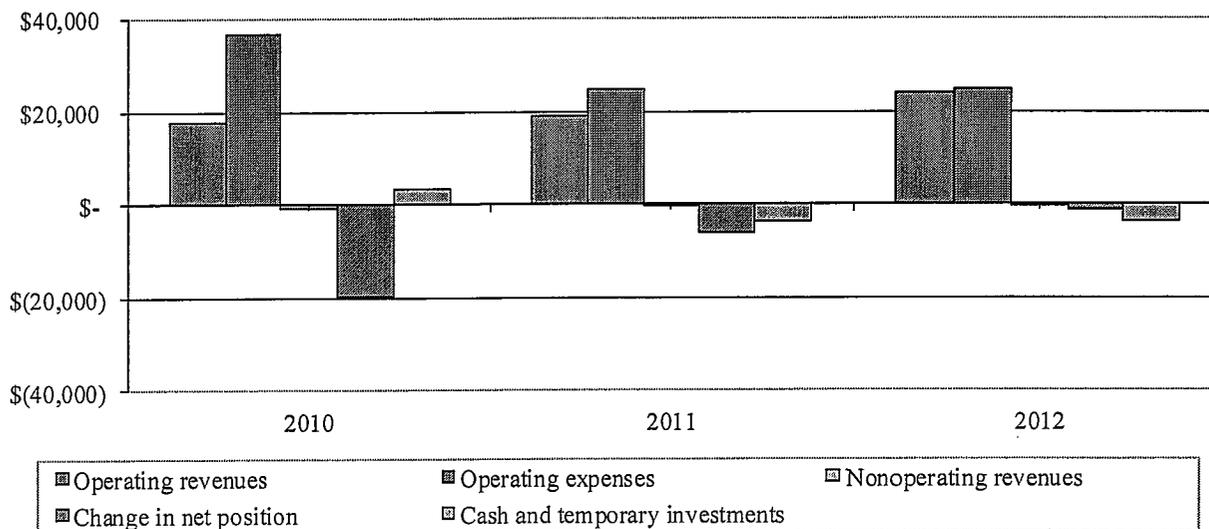
### Enterprise Funds

The City operates two enterprise funds. Enterprise funds are used to account for those operations that are financed and operated in a manner similar to private business or where the City Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability. A summary of their operations and cash position follows:

#### Water Fund

	2010		2011		2012	
	Total	Percent	Total	Percent	Total	Percent
Operating revenues	\$ 17,671	100.0 %	\$ 18,967	100.0 %	\$ 23,845	100.0 %
Operating expenses	36,625	207.3	24,938	131.5	24,589	103.1
Operating loss	(18,954)	(107.3)	(5,971)	(31.5)	(744)	(3.1)
Nonoperating revenues (expenses)	(902)	(5.1)	(330)	(1.7)	(574)	(2.4)
Loss before transfers	(19,856)	(112.4)	(6,301)	(33.2)	(1,318)	(5.5)
Transfers in	54,230	306.9	-	-	-	-
Change in net position	<u>\$ 34,374</u>	<u>194.5 %</u>	<u>\$ (6,301)</u>	<u>(33.2) %</u>	<u>\$ (1,318)</u>	<u>(5.5) %</u>
Cash and temporary investments	<u>\$ 3,476</u>		<u>\$ (3,610)</u>		<u>\$ (3,870)</u>	
Bonds payable	<u>\$ 100,000</u>		<u>\$ 87,500</u>		<u>\$ 75,000</u>	

#### Water Fund Operations Summary



The Water fund improved from prior year but did not generated sufficient cash flows to cover operations and debt service. We recommend the City review rates annually and evaluate future cash flows to maintain appropriate resources.





### **Future Accounting Standard Changes**

The following Governmental Accounting Standards Board (GASB) Statements have been issued and may have an impact on future City financial statements:

#### **GASB Statement No. 66 - *Technical Corrections- an Amendment of GASB Statements No. 10 and No. 62***

##### **Summary**

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012. Earlier application is encouraged.

##### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement resolve conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports.

#### **GASB Statement No. 67 - *The Financial Reporting for Pension Plans- an Amendment to GASB Statement No. 25***

##### **Summary**

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria.

The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.

This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Earlier application is encouraged.

##### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. The new information will enhance the decision-usefulness of the financial reports of these pension plans, their value for assessing accountability, and their transparency by providing information about measures of net pension liabilities and explanations of how and why those liabilities changed from year to year. The net pension liability information, including ratios, will offer an up-to-date indication of the extent to which the total pension liability is covered by the fiduciary net position of the pension plan.



### Future Accounting Standard Changes - Continued

The comparability of the reported information for similar types of pension plans will be improved by the changes related to the attribution method used to determine the total pension liability. The contribution schedule will provide measures to evaluate decisions related to the assessment of contribution rates in comparison to actuarially determined rates, when such rates are determined. In that circumstance, it also will provide information about whether employers and nonemployer contributing entities, if applicable, are keeping pace with actuarially determined contribution measures. In addition, new information about rates of return on pension plan investments will inform financial report users about the effects of market conditions on the pension plan's assets over time and provide information for users to assess the relative success of the pension plan's investment strategy and the relative contribution that investment earnings provide to the pension plan's ability to pay benefits to plan members when they come due.

#### **GASB Statement No. 68 - *The Accounting and Financial Reporting of Pensions- an Amendment of GASB Statement No. 27***

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.

This Statement replaces the requirements of Statement No. 27, Accounting for Pensions by State and Local Governmental Employers, as well as the requirements of Statement No. 50, Pension Disclosures, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement is effective for fiscal years beginning after June 15, 2014. Earlier application is encouraged.

#### **How the Changes in This Statement Will Improve Financial Reporting**

The requirements of this Statement will improve the decision-usefulness of information in employer and governmental nonemployer contributing entity financial reports and will enhance its value for assessing accountability and interperiod equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense. Decision-usefulness and accountability also will be enhanced through new note disclosures and required supplementary information.

\* \* \* \* \*

This information is intended solely for the information and use of management, City Council and the Minnesota Office of the State Auditor and is not intended to be and should not be used by anyone other than these specified parties.

Our audit does not necessarily disclose all weaknesses in the system because it was based on selected tests of the accounting records and related data. The comments and recommendations in the report are purely constructive in nature, and should be read in this context.

If you have any questions or wish to discuss any of the items contained in this letter, please feel free to contact us at your convenience. We wish to thank you for the opportunity to be of service and for the courtesy and cooperation extended to us by your staff.

*Abdo, Eick & Meyers, LLP*

ABDO, EICK & MEYERS, LLP  
Certified Public Accountants

February 20, 2013  
Minneapolis, Minnesota

CITY OF WOODLAND  
WOODLAND, MINNESOTA

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED  
DECEMBER 31, 2012

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CITY OF WOODLAND, MINNESOTA  
 ANNUAL FINANCIAL REPORT  
 TABLE OF CONTENTS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Page No.
<b>INTRODUCTORY SECTION</b>	
Elected and Appointed Officials	5
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	9
<b>Financial Statements - Regulatory Basis</b>	
Governmental Funds	
Statement of Balances Arising from Cash Transactions	14
Statement of Cash Receipts, Disbursements and Changes in Cash Fund Balances	15
Proprietary Funds	
Statements of Net Position	16
Statements of Revenues, Expenses and Changes in Net Position	18
Statements of Cash Flows	20
Notes to the Financial Statements	25
<b>Combining and Individual Fund Financial Schedules</b>	
General Fund	
Budgetary Comparison Schedule - Regulatory Basis	36
Proprietary Funds	
Combining Schedule of Debt Service Cash Flows	40
Summary Financial Report	
Receipts and Disbursements for General Operations - Governmental Funds	42
<b>Supplementary Information - Unaudited</b>	
Schedule of Accounts Receivable	44
Schedule of Accounts Payable and Contingent Liabilities	44
<b>OTHER REQUIRED REPORTS</b>	
Auditor's Report on Legal Compliance	47
Report on Internal Control Over Financial Reporting	
Based on an Audit of Financial Statements	48
Schedule of Findings and Responses	51

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**INTRODUCTORY SECTION**

CITY OF WOODLAND  
WOODLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2012

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CITY OF WOODLAND, MINNESOTA  
ELECTED AND APPOINTED OFFICIALS  
FOR THE YEAR ENDED DECEMBER 31, 2012

**ELECTED**

<u>Name</u>	<u>Title</u>	<u>Term Expires December 31,</u>
James Doak	Mayor	2012
Sliv Carlson	Council Member	2012
Michael Jilek	Council Member	2012
Chris Rich	Council Member	2014
John Massie	Council Member	2014

**APPOINTED**

Shelley Souers	City Clerk
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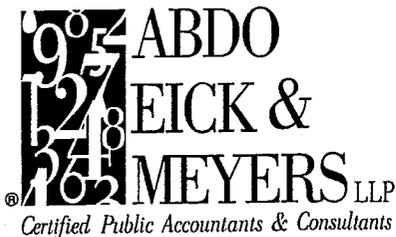
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**FINANCIAL SECTION**  
**CITY OF WOODLAND**  
**WOODLAND, MINNESOTA**

**FOR THE YEAR ENDED**  
**DECEMBER 31, 2012**

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5201 Eden Avenue  
Suite 250  
Edina, MN 55436

## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council  
City of Woodland, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund of the governmental and proprietary funds of the City of Woodland, Minnesota (the City), as of and for the year ended December 31, 2012, as listed in the table of contents, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2011 financial statements and, in our report dated February 16, 2012, we expressed unqualified opinions on the respective proprietary fund financial statements. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

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### Basis of Accounting

As described more fully in Note 1B, the City has prepared these financial statements using practices prescribed or permitted by the State of Minnesota, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### Opinions

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the governmental fund financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of each major fund of the City, as of December 31, 2012 or the respective changes in financial position for the year then ended. Further, the City has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the financial statements.

Also, in our opinion, the governmental fund financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of each major fund of the City, as of December 31, 2012, and their respective cash receipts and disbursements and budgetary comparison schedule for the year then ended, on the basis of accounting described in Note 1B. Also, in our opinion, the proprietary fund financial statements referred to above present fairly, in all material respects, the respective financial position of the proprietary fund information of the City as of December 31, 2012, and the respective changes in financial position and cash flows, where applicable, for the year then ended, on the basis of accounting described in Note 1B.

### Change in Accounting Standards

As described in the Note 5 to the basic financial statements, the City adopted the provisions of Governmental Accounting Standard Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for the year ended December 31, 2012. Adoption of the provisions of these statements results in changes to the classifications of the components of the financial statements and changes in terminology.

### Supplementary Information in Relation to the Financial Statements as a Whole

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining and individual fund financial schedules, and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and supplementary information have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

February 20, 2013  
Minneapolis, Minnesota

*Abdo, Eick & Meyers, LLP*  
ABDO, EICK & MEYERS, LLP  
Certified Public Accountants

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**FINANCIAL STATEMENTS - REGULATORY BASIS**

CITY OF WOODLAND  
WOODLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2012

CITY OF WOODLAND, MINNESOTA  
 STATEMENT OF BALANCES ARISING FROM CASH TRANSACTIONS  
 GOVERNMENTAL FUNDS  
 DECEMBER 31, 2012

	General	Street Improvement	Total
ASSETS			
Cash and temporary investments	\$ 264,015	\$ 41,218	\$ 305,233
CASH FUND BALANCES			
Assigned for street improvement	\$ -	\$ 41,218	\$ 41,218
Unassigned, reported in General fund	264,015	-	264,015
TOTAL CASH FUND BALANCES	\$ 264,015	\$ 41,218	\$ 305,233

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

CITY OF WOODLAND, MINNESOTA  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN CASH FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2012

	General	Street Improvement	Governmental Funds
<b>RECEIPTS</b>			
Taxes	\$ 311,770	\$ -	\$ 311,770
Licenses and permits	5,472	-	5,472
Intergovernmental	5,328	-	5,328
Charges for services	3,775	-	3,775
Fines and forfeitures	7,717	-	7,717
Interest on investments	218	35	253
Miscellaneous	3,187	-	3,187
<b>TOTAL RECEIPTS</b>	<u>337,467</u>	<u>35</u>	<u>337,502</u>
<b>DISBURSEMENTS</b>			
Current			
General government	75,617	-	75,617
Public safety	122,619	-	122,619
Public works	49,329	62,533	111,862
Miscellaneous	10,944	-	10,944
<b>TOTAL DISBURSEMENTS</b>	<u>258,509</u>	<u>62,533</u>	<u>321,042</u>
<b>EXCESS (DEFICIENCY) OF RECEIPTS OVER (UNDER) DISBURSEMENTS</b>	<u>78,958</u>	<u>(62,498)</u>	<u>16,460</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	-	63,748	63,748
Transfers out	(63,748)	-	(63,748)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(63,748)</u>	<u>63,748</u>	<u>-</u>
<b>NET CHANGE IN CASH FUND BALANCES</b>	15,210	1,250	16,460
<b>CASH FUND BALANCES, JANUARY 1</b>	<u>248,805</u>	<u>39,968</u>	<u>288,773</u>
<b>CASH FUND BALANCES, DECEMBER 31</b>	<u>\$ 264,015</u>	<u>\$ 41,218</u>	<u>\$ 305,233</u>

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

CITY OF WOODLAND, MINNESOTA  
 STATEMENTS OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	601 Water	
	2012	2011
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and temporary investments	\$ (3,870)	\$ (3,610)
Receivables		
Accounts	6,871	5,539
Special assessments		
Delinquent	2,634	1,781
Current	9,000	9,000
	14,635	12,710
<b>TOTAL CURRENT ASSETS</b>		
<b>NONCURRENT ASSETS</b>		
Special assessments receivable	40,950	52,650
Capital assets		
Infrastructure	194,539	194,539
Less accumulated depreciation	(73,000)	(68,100)
	121,539	126,439
Total capital assets (net of accumulated depreciation)		
	162,489	179,089
<b>TOTAL NONCURRENT ASSETS</b>		
	177,124	191,799
<b>TOTAL ASSETS</b>		
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	2,087	2,651
Accrued interest payable	1,758	2,051
Current portion of bonds payable	12,500	12,500
	16,345	17,202
<b>TOTAL CURRENT LIABILITIES</b>		
<b>LONG-TERM LIABILITIES</b>		
Bonds payable	62,500	75,000
	78,845	92,202
<b>TOTAL LIABILITIES</b>		
<b>NET POSITION</b>		
Net investment in capital assets	46,539	38,939
Restricted for debt service	30,798	29,013
Unrestricted	20,942	31,645
	\$ 98,279	\$ 99,597
<b>TOTAL NET POSITION</b>		

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

Business-type Activities -  
Enterprise Funds

602			
Sewer		Totals	
2012	2011	2012	2011
\$ 142,384	\$ 161,702	\$ 138,514	\$ 158,092
8,302	7,967	15,173	13,506
2,065	1,550	4,699	3,331
3,000	3,000	12,000	12,000
<u>155,751</u>	<u>174,219</u>	<u>170,386</u>	<u>186,929</u>
13,650	17,550	54,600	70,200
697,666	697,666	892,205	892,205
(212,300)	(198,300)	(285,300)	(266,400)
<u>485,366</u>	<u>499,366</u>	<u>606,905</u>	<u>625,805</u>
<u>499,016</u>	<u>516,916</u>	<u>661,505</u>	<u>696,005</u>
<u>654,767</u>	<u>691,135</u>	<u>831,891</u>	<u>882,934</u>
3,212	3,697	5,299	6,348
1,989	2,293	3,747	4,344
<u>33,502</u>	<u>32,654</u>	<u>46,002</u>	<u>45,154</u>
38,703	38,644	55,048	55,846
<u>179,408</u>	<u>213,660</u>	<u>241,908</u>	<u>288,660</u>
<u>218,111</u>	<u>252,304</u>	<u>296,956</u>	<u>344,506</u>
272,456	253,052	318,995	291,991
69,348	92,754	100,146	121,767
<u>94,852</u>	<u>93,025</u>	<u>115,794</u>	<u>124,670</u>
<u>\$ 436,656</u>	<u>\$ 438,831</u>	<u>\$ 534,935</u>	<u>\$ 538,428</u>

CITY OF WOODLAND, MINNESOTA  
 STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
 PROPRIETARY FUNDS  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities - Enterprise Funds	
	601	
	Water	
	2012	2011
OPERATING REVENUES		
Charges for services	\$ 23,845	\$ 18,967
OPERATING EXPENSES		
Professional services	10,446	10,499
Utilities	9,243	9,539
Depreciation	4,900	4,900
TOTAL OPERATING EXPENSES	24,589	24,938
OPERATING INCOME (LOSS)	(744)	(5,971)
NONOPERATING REVENUES (EXPENSES)		
Special assessments	3,703	4,650
Interest income	-	-
Interest expense	(4,277)	(4,980)
TOTAL NONOPERATING REVENUES (EXPENSES)	(574)	(330)
CHANGE IN NET POSITION	(1,318)	(6,301)
NET POSITION, JANUARY 1	99,597	105,898
NET POSITION, DECEMBER 31	\$ 98,279	\$ 99,597

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

Business-type Activities -  
Enterprise Funds

602		Totals	
Sewer			
2012	2011	2012	2011
\$ 32,467	\$ 31,061	\$ 56,312	\$ 50,028
3,052	1,218	13,498	11,717
13,114	13,089	22,357	22,628
14,000	14,000	18,900	18,900
30,166	28,307	54,755	53,245
2,301	2,754	1,557	(3,217)
1,235	1,541	4,938	6,191
131	132	131	132
(5,842)	(6,676)	(10,119)	(11,656)
(4,476)	(5,003)	(5,050)	(5,333)
(2,175)	(2,249)	(3,493)	(8,550)
438,831	441,080	538,428	546,978
<u>\$ 436,656</u>	<u>\$ 438,831</u>	<u>\$ 534,935</u>	<u>\$ 538,428</u>

CITY OF WOODLAND, MINNESOTA  
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES  
PROPRIETARY FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities Enterprise Funds	
	601 Water	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users		
City of Minnetonka usage charges	\$ 9,200	\$ 8,587
User fee revenue	3,943	3,860
Maintenance fee revenue	8,080	4,000
Delinquent utility revenue	928	1,026
Payments to suppliers		
Remittance to City of Minnetonka	(9,455)	(9,103)
Maintenance and other expenses	(10,798)	(11,783)
	<u>1,898</u>	<u>(3,413)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Collection of special assessments	14,912	14,100
Interest paid on bonds	(4,570)	(5,273)
Principal paid on bonds	(12,500)	(12,500)
	<u>(2,158)</u>	<u>(3,673)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received on investments	-	-
	<u>-</u>	<u>-</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(260)	(7,086)
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<u>(3,610)</u>	<u>3,476</u>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<u>\$ (3,870)</u>	<u>\$ (3,610)</u>

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

Business-type Activities -  
Enterprise Funds

602			
Sewer		Totals	
2012	2011	2012	2011
\$ 12,524	\$ 12,250	\$ 21,724	\$ 20,837
11,042	10,514	14,985	14,374
6,817	6,342	14,897	10,342
1,398	2,061	2,326	3,087
(13,174)	(12,854)	(22,629)	(21,957)
(3,477)	(793)	(14,275)	(12,576)
<u>15,130</u>	<u>17,520</u>	<u>17,028</u>	<u>14,107</u>
4,971	4,691	19,883	18,791
(6,146)	(6,972)	(10,716)	(12,245)
(33,404)	(31,828)	(45,904)	(44,328)
<u>(34,579)</u>	<u>(34,109)</u>	<u>(36,737)</u>	<u>(37,782)</u>
<u>131</u>	<u>132</u>	<u>131</u>	<u>132</u>
(19,318)	(16,457)	(19,578)	(23,543)
<u>161,702</u>	<u>178,159</u>	<u>158,092</u>	<u>221,029</u>
<u>\$ 142,384</u>	<u>\$ 161,702</u>	<u>\$ 138,514</u>	<u>\$ 158,092</u>

CITY OF WOODLAND, MINNESOTA  
 STATEMENTS OF CASH FLOWS - CONTINUED  
 PROPRIETARY FUNDS  
 FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Business-type Activities Enterprise Funds	
	601 Water	
	2012	2011
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income (loss)	\$ (744)	\$ (5,971)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation	4,900	4,900
(Increase) decrease in assets		
Receivables		
Accounts	(1,332)	(1,629)
Delinquent special assessments	(362)	135
Increase (decrease) in liabilities		
Accounts payable	(564)	(848)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 1,898	\$ (3,413)

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

Business-type Activities -  
Enterprise Funds

602 Sewer		Totals	
2012	2011	2012	2011
\$ 2,301	\$ 2,754	\$ 1,557	\$ (3,217)
14,000	14,000	18,900	18,900
(335)	(536)	(1,667)	(2,165)
(351)	642	(713)	777
<u>(485)</u>	<u>660</u>	<u>(1,049)</u>	<u>(188)</u>
<u>\$ 15,130</u>	<u>\$ 17,520</u>	<u>\$ 17,028</u>	<u>\$ 14,107</u>

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CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting entity**

The City of Woodland, Minnesota (the City) operates under "Optional Plan A" form of government as defined in the State of Minnesota statutes. The City is governed by an elected Mayor and four-member City Council. The City Council exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all affairs relating to the City. The City has considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. The City has no component units that meet the GASB criteria.

**B. Measurement focus, basis of accounting and basis of presentation**

The accompanying financial statements have been prepared on the regulatory basis of accounting as described in the Minnesota Office of the State Auditor's Reporting and Publishing Requirements for Cities under 2,500 in population published on December 17, 2004. Under that basis, governmental fund receipts are recognized when received rather than when measurable and available, and disbursements are recognized when paid rather than when the obligation is incurred. That basis differs from generally accepted accounting principles in the United States of America (GAAP) primarily because the City has not provided a management discussion and analysis letter, government-wide statement of net position and government-wide statement of activities and the City does not recognize governmental fund receipts and disbursements in accordance with the modified accrual basis of accounting.

The accounts of the City are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum numbers of funds are maintained consistent with legal and managerial requirements.

Preparation of the financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The City has the following fund types:

*Governmental funds* are used to account for the City's general government activities and are accounted for using the regulatory basis of accounting. Their revenue is recognized when received in cash and expenditures are recognized when paid in cash. The regulatory basis of accounting is a comprehensive basis of accounting other than GAAP. Under GAAP, governmental funds use the modified accrual method of accounting. The difference between the regulatory basis and modified accrual basis of accounting is that under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period.

CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

The City reports the following major governmental funds:

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

The *Street Improvement fund* accounts for future street improvement projects.

The City reports the following major proprietary funds:

The *Water fund* accounts for costs associated with the City's water system and ensure that user charges are sufficient to pay for those costs.

The *Sewer fund* accounts for the costs associated with the City's sewer system and ensure that user charges are sufficient to pay for those costs.

*Proprietary funds* are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

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

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlement and donations. On the regulatory basis, receipts from property taxes are recognized in the year the tax is collected. Receipts from grants, entitlements and donations are recognized in the year in which they are collected. For proprietary funds, revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**C. Assets, liabilities and net position/fund balance**

*Deposits and investments*

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are pooled and invested, to the extent available, in certificates of deposit and other authorized investments. Earnings from such investments are allocated on the basis of applicable participation by each of the funds. Investments for the City are reported at fair value.

The City may also invest idle funds as authorized by Minnesota statutes, as follows:

1. Direct obligations or obligations guaranteed by the United States or its agencies.
2. Shares of investment companies registered under the Federal Investment Company Act of 1940 and received the highest credit rating, rated in one of the two highest rating categories by a statistical rating agency, and have a final maturity of thirteen months or less.
3. General obligations of a state or local government with taxing powers rated "A" or better; revenue obligations rated "AA" or better.
4. General obligations of the Minnesota Housing Finance Agency rated "A" or better.
5. Bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System.
6. Commercial paper issued by United States banks corporations or their Canadian subsidiaries, of highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less.
7. Repurchase or reverse repurchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000, a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York, or certain Minnesota securities broker-dealers.
8. Guaranteed investment contracts (GIC's) issued or guaranteed by a United States commercial bank, a domestic branch of a foreign bank, a United States insurance company, or its Canadian subsidiary, whose similar debt obligations were rated in one of the top two rating categories by a nationally recognized rating agency.

*Property taxes*

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

CITY OF WOODLAND, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

*Account receivable*

Accounts receivable in the enterprise funds include amounts billed for services provided before year end. The City annually certifies delinquent water and sewer accounts to the County for collection. As a result there is no allowance for uncollectible accounts.

*Special assessments*

Special assessments represent the financing for public improvements paid for by benefiting property owners. In the proprietary funds, these assessments are recorded as receivables upon certification to the County. Special assessments are recognized as revenue upon receipt in the governmental funds.

*Capital assets*

Under the regulatory basis, the City does not account for capital assets used in governmental fund types.

Property, plant and equipment in the proprietary funds of the City are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvements are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Property, plant and equipment of the proprietary funds are depreciated using the straight-line method over the following estimated useful lives:

Assets	Useful Lives in Years
Buildings and structures	40
Improvements other than buildings	10 to 50
Furniture and equipment	3 to 10

*Long-term obligations*

In the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. The recognition of bond premiums and discounts are delayed and amortized over the life of the bonds using the straight-line method. Bond issuance costs are reported as an expense in the period incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service disbursements.

CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

***Fund balance***

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

*Nonspendable* - Amounts that cannot be spent because they are not in spendable form, such as prepaid items.

*Restricted* - Amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by state statutory provisions.

*Committed* - Amounts constrained for specific purposes that are internally imposed by formal action (resolution) of the City Council, which is the City's highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the City Council modifies or rescinds the commitment by resolution.

*Assigned* - Amounts constrained for specific purposes that are internally imposed. In governmental funds other than the General fund, assigned fund balance represents all remaining amounts that are not classified as nonspendable and are neither restricted nor committed. In the General fund, assigned amounts represent intended uses established by the City Council itself or by an official to which the governing body delegates the authority. The City Council has adopted a fund balance policy which delegates the authority to assign amounts for specific purposes to the City Clerk and Treasurer.

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

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

The City has formally adopted a fund balance policy for the General fund. The City's policy is to maintain a minimum unassigned fund balance of 50 percent of budgeted operating expenditures for cash-flow timing needs.

***Net position***

In the proprietary fund financial statements, net position represents the difference between assets and liabilities. Net position is displayed in three components:

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

***Comparative data/reclassifications***

Comparative total data for the prior year have been presented only for the individual enterprise funds in order to provide an understanding of the changes in the financial position and operations of these funds. Also, certain amounts presented in the prior year have been reclassified in order to be consistent with the current year's presentation.

CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary information**

Annual budgets are adopted on the cash basis, which is a comprehensive basis other than GAAP for the General fund. All annual appropriations lapse at fiscal year end. The City does not use encumbrance accounting.

In August of each year, all departments of the City submit requests for appropriations to the City Clerk so that a budget may be prepared. Before September 15, the proposed budget is presented to the City Council for review. The City Council holds public hearings and a final budget is prepared and adopted in early December.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. There were no budget amendments in 2012.

**Note 3: DETAILED NOTES ON ALL FUNDS**

**A. Deposits and investments**

*Deposits*

Custodial credit risk for deposits and investments is the risk that in the event of a bank failure, the City's deposits and investments may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. In accordance with Minnesota statutes and as authorized by the City Council, the City maintains deposits at those depository banks, all of which are members of the Federal Reserve System.

Minnesota statutes require that all City deposits be protected by insurance, surety bond or collateral. The market value of collateral pledged must equal 110 percent of the deposits not covered by insurance or bonds.

Authorized collateral in lieu of a corporate surety bond includes:

- United States government Treasury bills, Treasury notes, Treasury bonds;
- Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government entity;
- General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- General obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government entity;
- Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- Time deposits that are fully insured by any federal agency.

Minnesota statutes require that all collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. The selection should be approved by the City.

At year end, the City's carrying amount of deposits was \$9,102 and the bank balance was \$10,000. The bank balance was covered by federal depository insurance.

CITY OF WOODLAND, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

***Investments***

At December 31, 2012, the City's investment balances were as follows:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Government Securities			
Repurchase Investment Sweep	N/A	< 6 months	\$ 434,595

1. Ratings are provided by various credit rating agencies where applicable to indicate associated credit risk.
  2. Interest rate risk is disclosed using the segmented time distribution method.
- N/A Indicates not applicable or available.

A reconciliation of cash and temporary investments as shown on the statements for the City follows:

Deposits	\$ 9,102
Petty cash	50
Investments	<u>434,595</u>
 Total cash and temporary investments	 <u>\$ 443,747</u>
 Governmental funds	 \$ 305,233
Proprietary funds	<u>138,514</u>
 Total cash and temporary investments	 <u>\$ 443,747</u>

The investments of the City are subject to the following risks:

- *Credit Risk.* Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Ratings are provided by various credit rating agencies and where applicable, indicate associated credit risk. Minnesota statutes limit the City's investments to the list on page 27 of the notes.
- *Custodial Credit Risk.* The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party.
- *Concentration of Credit Risk.* The concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with the City's investment policy, the City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements.
- *Interest Rate Risk.* The interest rate risk for investments is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with the City's investment policy, extended maturities may be utilized to take advantage of higher yields; however, no more than 30 percent of the total investments should extend beyond five years and in no circumstance should any extend beyond twenty years.

CITY OF WOODLAND, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**B. Capital assets**

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets being depreciated				
Infrastructure	\$ 892,205	\$ -	\$ -	\$ 892,205
Less accumulated depreciation for				
Infrastructure	<u>(266,400)</u>	<u>(18,900)</u>	<u>-</u>	<u>(285,300)</u>
Business-type activities				
capital assets, net	<u>\$ 625,805</u>	<u>\$ (18,900)</u>	<u>\$ -</u>	<u>\$ 606,905</u>

Depreciation expense was charged to functions/programs of the City as follows:

**C. Interfund transfers**

The General fund transferred \$63,748 to the Street Improvement fund. The transfer was completed for the following reasons: \$60,000 for future street repair projects and \$3,748 was to transfer county road aid that had been received in the General fund.

CITY OF WOODLAND, MINNESOTA  
 NOTES TO THE FINANCIAL STATEMENTS  
 DECEMBER 31, 2012

**Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED**

**D. Long-term debt**

General obligation bonds

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for proprietary activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues.

General obligation bonds are direct obligations of the City and pledge the full faith and credit of the City.

General obligation revenue bonds

The following bond issues will be repaid primarily from special assessments and utility revenue:

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
General Obligation Improvement Bonds, Series 1997B	\$ 250,000	5.625 %	08/01/97	02/01/18	\$ 75,000
General Obligation Revenue Bonds, Series 1997A	698,775	2.580	04/15/97	08/20/18	<u>212,910</u>
Total G.O. Revenue Bonds					<u>\$ 287,910</u>

The annual requirement to amortize all bonds outstanding as of December 31, 2012 through maturity follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2013	\$ 46,002	\$ 9,165	\$ 55,167
2014	46,872	7,591	54,463
2015	47,765	5,996	53,761
2016	48,680	4,377	53,057
2017	49,620	2,735	52,355
2018	<u>48,971</u>	<u>1,068</u>	<u>50,039</u>
Total	<u>\$ 287,910</u>	<u>\$ 30,932</u>	<u>\$ 318,842</u>

Changes in long-term liabilities

During the year ended December 31, 2012, the following changes occurred in long-term liabilities.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
General obligation improvement and revenue bonds	<u>\$ 333,814</u>	<u>\$ -</u>	<u>\$ (45,904)</u>	<u>\$ 287,910</u>	<u>\$ 46,002</u>

CITY OF WOODLAND, MINNESOTA  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012

**Note 4: OTHER INFORMATION**

**A. Legal debt margin**

In accordance with Minnesota statutes, the City may not incur or be subject to net debt in excess of 3 percent of the market value of taxable property within the City. Net debt is payable solely from ad valorem taxes and therefore, excludes debt financed partially or entirely by special assessments, enterprise fund revenues or tax increments. The City has no debt subject to the limit.

**B. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT), which is a risk sharing pool with approximately 800 other governmental units. The City pays an annual premium to LMCIT for its workers compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities, if any, include an amount for claims that have been incurred but not reported (IBNRs). The City's management is not aware of any incurred but not reported claims.

**Note 5: CHANGE IN ACCOUNTING PRINCIPLE**

During fiscal year 2012, the City implemented several new accounting pronouncements issued by the Government Accounting Standards Board (GASB), including Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*" and Statement No. 65, "*Items Previously Reported as Assets and Liabilities*". Changes related to these standards are reflected in the financial statements and schedules and related disclosures in Note 1.

**COMBINING AND INDIVIDUAL FUND  
FINANCIAL SCHEDULES**

CITY OF WOODLAND  
WOODLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2012

CITY OF WOODLAND, MINNESOTA

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - CONTINUED ON THE FOLLOWING PAGES

FOR THE YEAR ENDED DECEMBER 31, 2012

(With comparative actual amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget	2011
	Budgeted Amounts		Actual Amounts		Actual Amounts
	Original	Final			
BUDGETARY FUND BALANCES, JANUARY 1	\$ 248,805	\$ 248,805	\$ 248,805	\$ -	\$ 227,906
RECEIPTS					
Taxes					
Property taxes	310,224	310,224	311,770	1,546	295,572
Licenses and permits	9,075	9,075	5,472	(3,603)	20,989
Intergovernmental					
County					
County grants	1,500	1,500	1,580	80	1,602
Road aid	2,661	2,661	3,748	1,087	-
Total intergovernmental	4,161	4,161	5,328	1,167	1,602
Charges for services					
Zoning and other	2,000	2,000	3,775	1,775	1,700
Fines and forfeitures	3,000	3,000	7,717	4,717	3,113
Interest on investments	1,000	1,000	218	(782)	187
Miscellaneous					
Other	1,000	1,000	3,187	2,187	4,158
TOTAL RECEIPTS	330,460	330,460	337,467	7,007	327,321
AMOUNTS AVAILABLE FOR APPROPRIATION	579,265	579,265	586,272	7,007	555,227

CITY OF WOODLAND, MINNESOTA  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget	2011
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
<b>DISBURSEMENTS</b>					
Current					
General government					
Mayor and Council					
Personal services	\$ 260	\$ 260	\$ 258	\$ 2	\$ 258
Other services and charges	400	400	249	151	372
Total Mayor and Council	<u>660</u>	<u>660</u>	<u>507</u>	<u>153</u>	<u>630</u>
City Clerk					
Personal services	46,955	46,955	47,129	(174)	45,280
Supplies	1,375	1,375	1,583	(208)	925
Other services and charges	5,875	5,875	3,714	2,161	3,557
Total City Clerk	<u>54,205</u>	<u>54,205</u>	<u>52,426</u>	<u>1,779</u>	<u>49,762</u>
Assessor					
Other services and charges	8,850	8,850	8,904	(54)	8,725
Legal					
Other services and charges	10,000	10,000	3,057	6,943	2,454
Audit and accounting					
Other services and charges	10,723	10,723	10,723	-	10,410
Total general government	<u>84,438</u>	<u>84,438</u>	<u>75,617</u>	<u>8,821</u>	<u>71,981</u>
Public safety					
Police					
Other services and charges	102,233	102,233	102,230	3	101,321
Fire					
Personal services	24,063	24,063	20,389	3,674	23,166
Total public safety	<u>126,296</u>	<u>126,296</u>	<u>122,619</u>	<u>3,677</u>	<u>124,487</u>

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GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE - REGULATORY BASIS - CONTINUED  
FOR THE YEAR ENDED DECEMBER 31, 2012  
(With comparative actual amounts for the year ended December 31, 2011)

	2012			Variance with Final Budget	2011
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
DISBURSEMENTS - CONTINUED					
Current - continued					
Public works					
Streets and highways					
Supplies	\$ 1,700	\$ 1,700	\$ 1,670	\$ 30	\$ 2,006
Other services and charges	14,000	14,000	11,782	2,218	12,225
Total streets and highways	<u>15,700</u>	<u>15,700</u>	<u>13,452</u>	<u>2,248</u>	<u>14,231</u>
Snow and ice removal					
Other services and charges	<u>35,000</u>	<u>35,000</u>	<u>17,007</u>	<u>17,993</u>	<u>34,666</u>
Sanitation and recycling					
Other services and charges	<u>15,360</u>	<u>15,360</u>	<u>14,965</u>	<u>395</u>	<u>13,474</u>
Engineering					
Other services and charges	<u>10,000</u>	<u>10,000</u>	<u>3,905</u>	<u>6,095</u>	<u>7,028</u>
Total public works	<u>76,060</u>	<u>76,060</u>	<u>49,329</u>	<u>26,731</u>	<u>69,399</u>
Miscellaneous					
Unallocated					
Other services and charges	<u>11,005</u>	<u>11,005</u>	<u>10,944</u>	<u>61</u>	<u>10,555</u>
TOTAL DISBURSEMENTS	297,799	297,799	258,509	39,290	276,422
OTHER FINANCING USES					
Transfers out	<u>32,661</u>	<u>32,661</u>	<u>63,748</u>	<u>(31,087)</u>	<u>30,000</u>
TOTAL DISBURSEMENTS AND OTHER FINANCING USES	<u>330,460</u>	<u>330,460</u>	<u>322,257</u>	<u>8,203</u>	<u>306,422</u>
BUDGETARY FUND BALANCES, DECEMBER 31					
	<u>\$ 248,805</u>	<u>\$ 248,805</u>	<u>\$ 264,015</u>	<u>\$ 15,210</u>	<u>\$ 248,805</u>

CITY OF WOODLAND, MINNESOTA  
 PROPRIETARY FUND  
 COMBINING SCHEDULE OF DEBT SERVICE CASH FLOWS  
 FOR THE YEAR ENDED DECEMBER 31, 2012

	Business-type Activities - Enterprise Funds		
	601		
	Water		
	Prior Years	2012	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
User fees	\$ 50,974	\$ 3,943	\$ 54,917
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>			
Proceeds of bonds issued	250,000	-	250,000
Principal paid on bonds	(162,500)	(12,500)	(175,000)
Interest paid on bonds	(137,227)	(4,570)	(141,797)
Collections of special assessments	185,867	14,912	200,779
Contributed capital from General fund	-	-	-
Purchase of and payment on property and equipment	(187,986)	-	(187,986)
<b>NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES</b>	<b>(51,846)</b>	<b>(2,158)</b>	<b>(54,004)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received on investments	29,885	-	29,885
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>29,013</b>	<b>1,785</b>	<b>30,798</b>
<b>CASH AND CASH EQUIVALENTS, JANUARY 1</b>	<b>-</b>	<b>29,013</b>	<b>-</b>
<b>CASH AND CASH EQUIVALENTS, DECEMBER 31</b>	<b>\$ 29,013</b>	<b>\$ 30,798</b>	<b>\$ 30,798</b>

Business-type Activities - Enterprise Funds

602			Totals		
Sewer					
Prior Years	2012	Total	Prior Years	2012	Total
\$ 144,327	\$ 11,042	\$ 155,369	\$ 195,301	\$ 14,985	\$ 210,286
698,775	-	698,775	948,775	-	948,775
(452,500)	(33,404)	(485,904)	(615,000)	(45,904)	(660,904)
(166,087)	(6,146)	(172,233)	(303,314)	(10,716)	(314,030)
470,408	4,971	475,379	656,275	19,883	676,158
18,000	-	18,000	18,000	-	18,000
(697,666)	-	(697,666)	(885,652)	-	(885,652)
(129,070)	(34,579)	(163,649)	(180,916)	(36,737)	(217,653)
77,497	131	77,628	107,382	131	107,513
92,754	(23,406)	69,348	121,767	(21,621)	100,146
-	92,754	-	-	121,767	-
<u>\$ 92,754</u>	<u>\$ 69,348</u>	<u>\$ 69,348</u>	<u>\$ 121,767</u>	<u>\$ 100,146</u>	<u>\$ 100,146</u>

CITY OF WOODLAND, MINNESOTA  
SUMMARY FINANCIAL REPORT  
RECEIPTS AND DISBURSEMENTS FOR GENERAL OPERATIONS -  
GOVERNMENTAL FUNDS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	Total		Percent Increase (Decrease)
	2012	2011	
<b>RECEIPTS</b>			
Taxes	\$ 311,770	\$ 295,572	5.48 %
Licenses and permits	5,472	20,989	(73.93)
Intergovernmental	5,328	1,602	232.58
Charges for services	3,775	1,700	122.06
Fines and forfeits	7,717	3,113	147.90
Investment earnings	253	215	17.67
Miscellaneous	3,187	4,158	(23.35)
<b>TOTAL RECEIPTS</b>	<b>\$ 337,502</b>	<b>\$ 327,349</b>	<b>3.10 %</b>
Per Capita	\$ 772	\$ 749	3.10 %
<b>DISBURSEMENTS</b>			
Current			
General government	\$ 75,617	\$ 71,981	5.05 %
Public safety	122,619	124,487	(1.50)
Public works	111,862	90,303	23.87
Miscellaneous	10,944	10,555	3.69
<b>TOTAL DISBURSEMENTS</b>	<b>\$ 321,042</b>	<b>\$ 297,326</b>	<b>7.98 %</b>
Per Capita	\$ 735	\$ 680	7.98 %
General Fund Balance - December 31	\$ 264,015	\$ 248,805	6.11 %
Per Capita	604	569	6.11

The purpose of this report is to provide a summary of financial information concerning the City of Woodland to interested citizens. The complete financial statements may be examined at City Hall, 20225 Cottagewood Road, Deephaven, MN 55331. Questions about this report should be directed to Shelley Souers, City Clerk at (952) 474-4755.

**SUPPLEMENTARY INFORMATION - UNAUDITED**

CITY OF WOODLAND  
WOODLAND, MINNESOTA

FOR THE YEAR ENDED  
DECEMBER 31, 2012

CITY OF WOODLAND, MINNESOTA  
 SUPPLEMENTARY INFORMATION - UNAUDITED  
 DECEMBER 31, 2012

**SCHEDULE OF ACCOUNTS RECEIVABLE**

FUND	SOURCE OF REVENUE	PURPOSE	AMOUNT
General	City of Deephaven	Building Permit (4th Quarter)	\$ 9,138
General	Hennepin County	Final Tax Settlement Payment	<u>7,912</u>
	TOTAL		<u><u>\$ 17,050</u></u>

**SCHEDULE OF ACCOUNTS PAYABLE AND CONTINGENT LIABILITIES**

FUND	VENDOR NAME	ITEM AND PURPOSE	AMOUNT
General	Bolton & Menk	Engineer - General Fund	\$ 60
General	City of Deephaven	Zoning	60
General	Cornerstone	Snow Plowing (December 2012)	5,525
General	Tallen & Baertschi	Prosecution Charges (4th Quarter)	<u>383</u>
	TOTAL		<u><u>\$ 6,028</u></u>