

CITY OF FARIBAULT
FARIBAULT, MINNESOTA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
DECEMBER 31, 2010

PREPARED BY:

FINANCE DEPARTMENT

Terry J. Berg
Finance Director

Member GFOA of U.S. and Canada
Published June 22, 2011



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INTRODUCTORY SECTION

CITY OF FARIBAULT
FARIBAULT, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010





June 22, 2011

To the Honorable Mayor, Council Members, and Citizens of the City of Faribault:

The Comprehensive Annual Financial Report (CAFR) for the City of Faribault for the fiscal year ended December 31, 2010, is hereby submitted. Minnesota State Statutes requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standard by a firm of licensed certified public accountants.

The report consists of management's representations concerning the finances of the City of Faribault. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Faribault has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Faribault's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Faribault's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Faribault's financial statements have been audited by Abdo, Eick & Meyers, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Faribault for the fiscal year ended December 31, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Faribault's financial statements for the fiscal year ended December 31, 2010, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.



The independent audit of the financial statements of the City of Faribault was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City of Faribault’s separately issued Single Audit Report.

GAAP require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City of Faribault’s MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Faribault, incorporated in 1872, is the county seat of Rice County and is located approximately 50 miles south of Minneapolis/St. Paul on Interstate 35. The City encompasses an area of approximately 15.60 square miles and has a current population of 23,352. The City of Faribault is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

The City of Faribault operates under a home rule charter adopted in 1975 and has operated under a Council/Administrator form of government. The Faribault City Council is charged with exercising legislative power and determining local policy. The governing council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the government’s administrator, attorney and heads of the various departments. The city administrator is the chief administrative officer directly accountable to the council for all matters of municipal operation. The Council is comprised of the mayor, who serves a four-year term of office, and six council members who serve staggered four-year terms. All members are elected at large.

The City of Faribault provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; airport services; culture and recreational activities; and general administrative services. This report also includes the following entities as component units of the City of Faribault due to the nature of their relationship with the City in a discrete presentation.

Faribault Housing and Redevelopment Authority (HRA)
Economic Development Authority (EDA)

The annual budget serves as the foundation for the City of Faribault’s financial planning and control. All departments of the City of Faribault are required to submit requests for appropriation to the city administrator in June each year. The City’s administrator uses these requests as the starting point for developing a proposed budget. The city administrator then presents this proposed budget to the council for review. The council is required to hold public meetings on the proposed budget and to adopt a final budget by no later than December 31, the close of the City of Faribault’s fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety), and department (e.g. police). Department heads may make transfers of appropriations within a department with city administrator approval. Transfers of appropriations between departments in excess of \$10,000, however, require the special approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented on page 49 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is presented in the government fund subsection of this report, which starts on page 99.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Faribault operates.

Local economy. The City of Faribault has a diversity of major employers, which continue to provide stability to both the City and the region. Due to the City’s population and close proximity to the Minneapolis/Saint Paul metropolitan area, it is attractive to businesses that need affordable land and labor costs to expand their operations.

Annual average unemployment rates declined in 2010 in 46 states and the District of Columbia. Faribault and Rice County have unemployment levels slightly higher than the state average as shown in the following schedule:

	<u>December 2010</u>		<u>December 2009</u>	
	Unemployment		Unemployment	
	<u>Labor Force</u>	<u>Rate</u>	<u>Labor Force</u>	<u>Rate</u>
Rice County	33,380	7.5%	33,315	8.3%
Minnesota	2,939,883	6.8%	2,945,525	7.4%
United States	153,156,000	9.1%	152,693,000	9.7%

Source: Minnesota Department of Employment and Economic Development

In summary, we believe the continued efforts of the community to develop new and expanding industry have contributed to sustaining retail and housing in the City. Overall, the City of Faribault continues to work to encourage positive growth and economic development in the community.

Long-term financial planning. Annually, the City of Faribault completes a Debt Management Report analyzing overall debt limits, per capita impact and individual bond issues for cash flow and opportunities to prepay or refinance bonds. The report projects debt needs for five years, in relation to the Capital Improvement Plan.

The City of Faribault develops a five-year Capital Improvement Plan (CIP) as part of the budget process and long-range planning. The CIP is used as a means of identifying needs, managing equipment, facilities and infrastructure, available resources and the significance of the impact of decisions.

The Council has been diligent in maintaining a level tax rate. Revising the Community Management Plan is planned for 2011; this document contains policies for fiscal management, policies and priorities.

Several studies have been completed during the past years to assist with planning, they include: Comprehensive Land Use Plan, Surface Water Management Plan, Natural Resources Inventory and Urban Growth Study.

Relevant Financial Policies. The City Council has adopted several financial management policies. The financial management policies include investment, debt policies, purchasing, revenues and fund balance. The Community Management Plan states that fund balance for the general fund is at least 40% of the subsequent years operating expenses and designated for working capital. The percentage of fund balance as calculated to 2011 budgeted general fund expenditures as of December 31, 2010 is 76.4%. Since property tax payments are received by the City in two installments in July and December, the City needs adequate cash reserves for cash flow in order to avoid short-term borrowing to finance operations.

Changes in state law over the past several years have resulted in funding changes for both schools and local governments. Reductions in both Market Value Homestead Credits (MVHC) and Local Government Aid (LGA) programs have resulted in revenue losses to the City. The City does not expect in the short-term to see LGA and MVHC amounts restored to previous year's levels. In addition, the State Legislature did reinstate levy limits starting in 2009 for three consecutive years, which will have an impact on future budgeting parameters through the 2011 budget.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Faribault, Minnesota for its Comprehensive Annual Financial Report for fiscal year ended December 31, 2009. This was the nineteenth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The Finance Department wishes to acknowledge the cooperation of all of the City Departments for their efforts in the accomplishments of this report.

I wish to acknowledge the professional contributions and hard work put forth by the entire staff of the Finance Department throughout the year and during the preparation of this report, especially Ann Remold, Ann Dwyer, Donna Braun and Gena Brake.

Finally, I wish to acknowledge the Mayor and City Council's interest and support in planning the City's financial operations in a responsible and progressive manner. The City's excellent financial status is a tribute to that involvement.

Respectfully submitted,

Terry J. Berg
Deputy City Administrator/Finance Director

CITY OF FARIBAULT, MINNESOTA
CITY DIRECTORY
DECEMBER 31, 2010

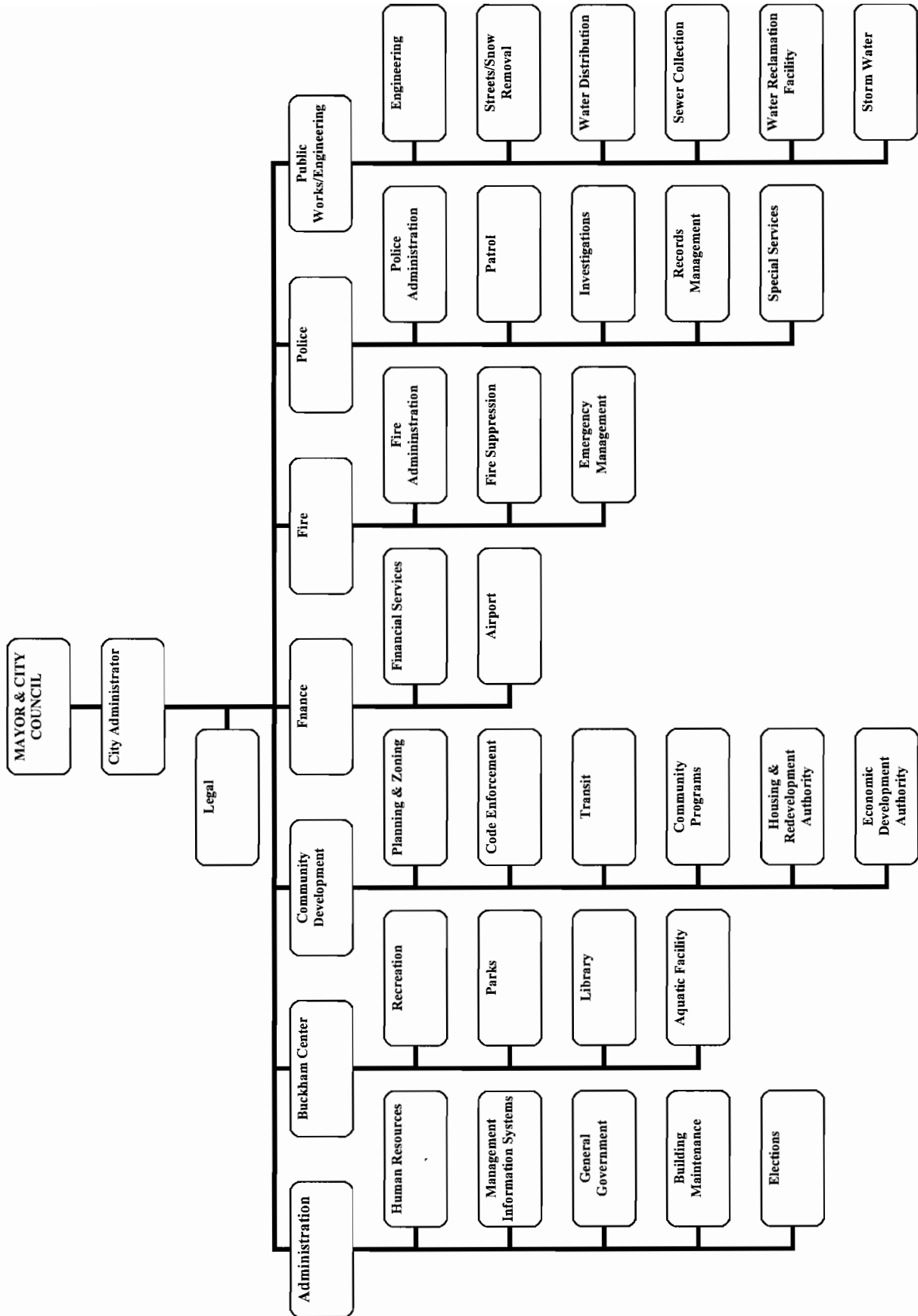
CITY COUNCIL

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
John Jasinski	Mayor	12/31/12
Roger Johnson	Councilmember	12/31/14
Kay Duchene	Councilmember	12/31/14
Carol King	Councilmember	12/31/12
David Miller	Councilmember	12/31/12
Steve Underdahl	Councilmember	12/31/12
Kevin Voracek	Councilmember	12/31/14

CITY OFFICIALS

<u>Name</u>	<u>Title</u>
Terry J. Berg	Interim City Administrator
Terry J. Berg	Director of Finance
Peter Waldock	Director of Community Development
Daniel Collins	Chief of Police
Joseph Berg	Director of Fire and Emergency Management
Paul Peanasky	Director of Parks and Recreation
Timothy Murray	Director of Public Works/City Engineer

City of Faribault Organization Chart - 2010



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Faribault
Minnesota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2009

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



President

Executive Director



FINANCIAL SECTION
CITY OF FARIBAULT
FARIBAULT, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2010





5201 Eden Avenue
Suite 250
Edina, MN 55436

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Faribault
Faribault, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City of Faribault, Minnesota (the City), as of and for the year ended December 31, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit. The prior year comparative information has been derived from the City's 2009 financial statements and, in our report dated May 28, 2010, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund and the aggregate remaining fund information of the City as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison schedule for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 22, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide and opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.





Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 23 through 33 and the Schedule of Funding Progress on page 95 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 statements and schedules, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 basic financial statements taken as a whole. The supplementary information and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

ABDO, EICK & MEYERS, LLP
Certified Public Accountants

June 22, 2011
Minneapolis, Minnesota

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of combining and individual fund financial statements and schedules that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and relate to one another. In addition to these required elements, we have included a section with combining and individual fund financial statements and schedules that provide details about nonmajor governmental funds, which are added together and presented in single columns in the basic financial statements.

**Figure 1
Required Components of the
City's Annual Financial Report**

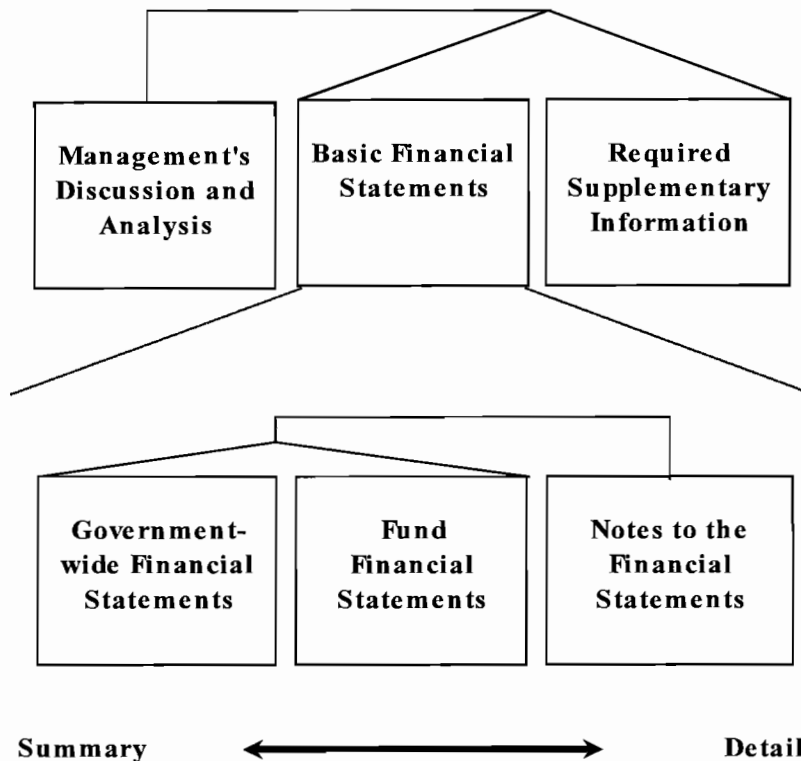


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the statements.

Figure 2
Major features of the Government-wide and Fund Financial Statements

	Fund Financial Statements		
	Government-wide Statements	Governmental Funds	Proprietary Funds
Scope	Entire City government (except fiduciary funds) and the City’s component units	The activities of the City that are not proprietary or fiduciary, such as police, fire and parks	Activities the City operates similar to private businesses, such as the water and sewer system
Required financial statements	Statement of Net Assets Statement of Activities	Balance Sheet Statement of Revenues, Expenditures, and Changes in Fund Balances	Statements of Net Assets Statements of Revenues, Expenses and Changes in Fund Net Assets Statements of Cash Flows
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
Type of in flow/out flow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City’s finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City’s assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City’s net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, community development, and mass transportation and airport. The business-type activities of the City include water, sewer and storm water operations.

The government-wide financial statements start on page 37 of this report.

Fund Financial Statements

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact by the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains thirty-nine individual governmental funds, fifteen of which are Debt Service funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Debt Service, and Current Construction Projects funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements and schedules* elsewhere in this report.

The City adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with this budget.

The basic governmental fund financial statements start on page 42 of this report.

Proprietary funds. The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer and storm water operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for the funding of engineering, workers' compensation, property/liability insurance and management information services to other functions of the City.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sewer, and storm water, which are considered to be major funds of the City.

The basic proprietary fund financial statements start on page 50 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 60 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start on page 61 of this report.

Other Information

The combining statements and schedules referred to earlier in connection with nonmajor governmental funds and debt service funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules start on page 100 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$128,693,526 at the close of the most recent fiscal year.

A portion of the City's net assets (\$96,076,975 or 74.7 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Summary of Net Assets

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Assets						
Current and other assets	\$ 26,459,022	\$ 29,013,186	\$ (2,554,164)	\$ 11,096,573	\$ 12,482,756	\$ (1,386,183)
Capital assets	72,719,753	71,666,641	1,053,112	60,150,995	44,473,745	15,677,250
Total assets	99,178,775	100,679,827	(1,501,052)	71,247,568	56,956,501	14,291,067
Liabilities						
Long-term liabilities outstanding	22,129,423	24,764,837	(2,635,414)	16,134,820	5,949,463	10,185,357
Other liabilities	1,573,250	1,667,056	(93,806)	1,895,324	1,618,637	276,687
Total liabilities	23,702,673	26,431,893	(2,729,220)	18,030,144	7,568,100	10,462,044
Net assets						
Invested in capital assets, net of related debt	51,927,115	48,383,530	3,543,585	44,149,860	38,619,175	5,530,685
Restricted	7,156,549	8,080,889	(924,340)	-	-	-
Unrestricted	16,392,438	17,783,515	(1,391,077)	9,067,564	10,769,226	(1,701,662)
Total net assets	\$ 75,476,102	\$ 74,247,934	\$ 1,228,168	\$ 53,217,424	\$ 49,388,401	\$ 3,829,023

An additional portion of the City's net assets (\$7,156,549 or 5.6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets*, (\$25,460,002 or 19.9 percent), may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net assets, both for the City as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net assets increased by \$5,057,191 during the current fiscal year.

Governmental activities. Governmental activities increased the City’s net assets by \$1,228,168, thereby accounting for 24 percent of change in net assets of the City. Key elements of this increase are as follows:

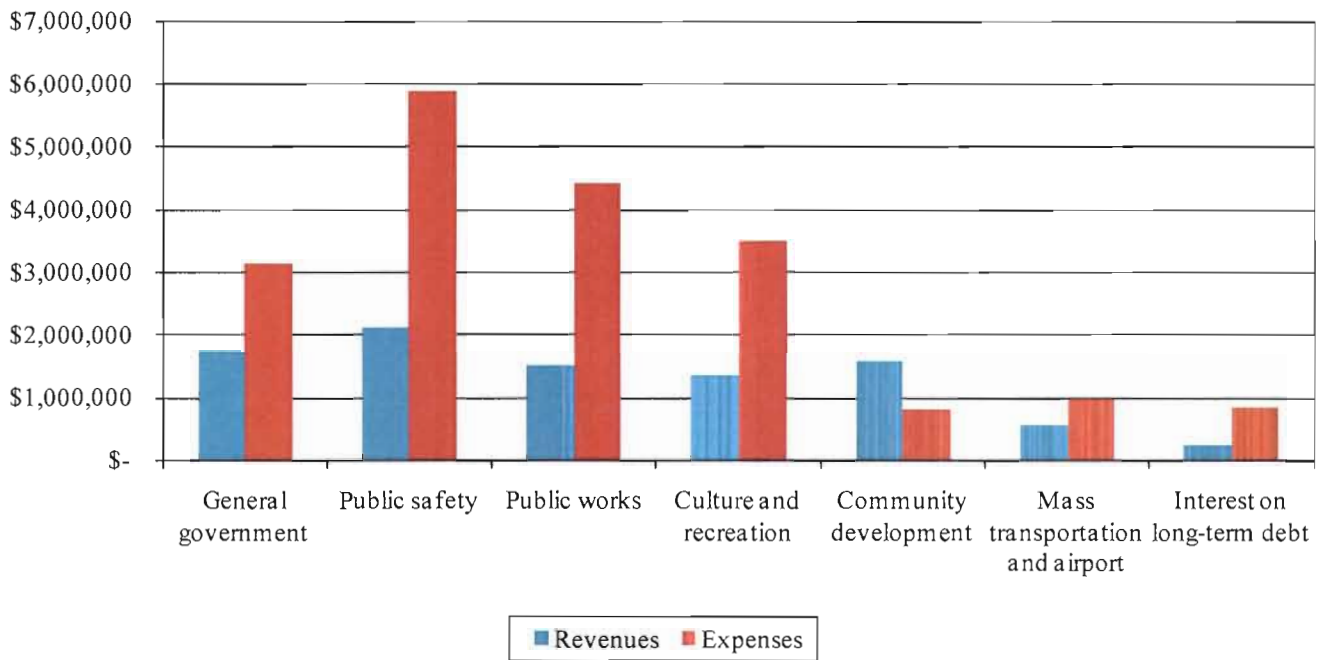
- Charges for services and property taxes/tax increments increased \$430,076 and \$195,782, respectively, over the prior year.
- Expenses related to Culture and Recreation and Community Development decreased during the year, while all other expenses increased over the prior year.

Changes in Net Assets

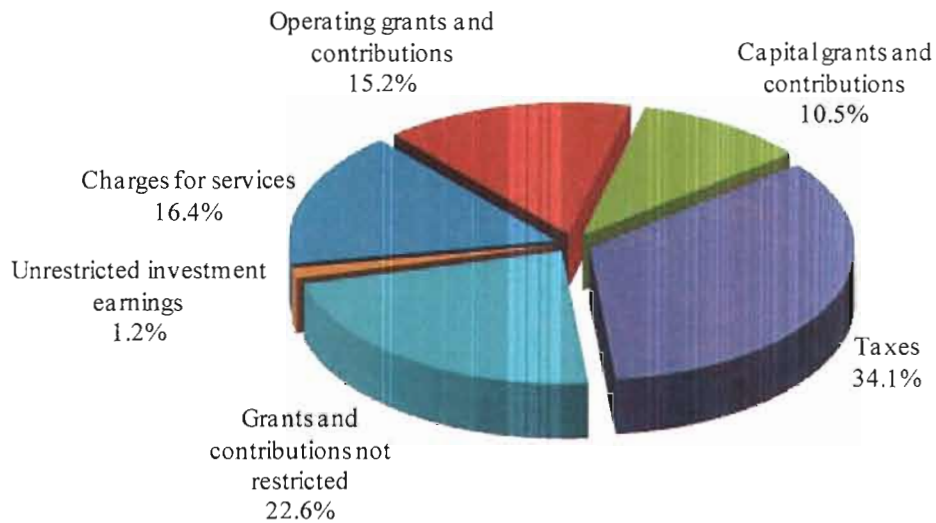
	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Revenues						
Program revenues						
Charges for services	\$ 3,537,247	\$ 3,107,171	\$ 430,076	\$ 7,769,503	\$ 7,625,441	\$ 144,062
Operating grants and contributions	3,281,333	3,665,891	(384,558)	9,041	5,752	3,289
Capital grants and contributions	2,265,337	1,482,422	782,915	542,577	2,132,048	(1,589,471)
General revenues:						
Property taxes/tax increments	6,153,861	5,958,079	195,782	-	-	-
Other taxes	1,214,348	1,152,714	61,634	-	-	-
Grants and contributions not restricted to specific programs	4,874,724	5,944,662	(1,069,938)	-	-	-
Unrestricted investment earnings	263,656	291,334	(27,678)	144,757	164,051	(19,294)
Gain on sale of capital assets	19,049	10,020	9,029	3,915	-	3,915
Total revenues	21,609,555	21,612,293	(2,738)	8,469,793	9,927,292	(1,457,499)
Expenses						
General government	3,131,931	2,755,574	376,357	-	-	-
Public safety	5,889,441	5,642,403	247,038	-	-	-
Public works	4,409,717	4,006,915	402,802	-	-	-
Culture and recreation	3,499,531	3,787,564	(288,033)	-	-	-
Community development	818,367	1,052,924	(234,557)	-	-	-
Mass transportation and airport	973,746	576,353	397,393	-	-	-
Interest on long-term debt	835,215	826,789	8,426	-	-	-
Water	-	-	-	1,861,962	1,816,263	45,699
Sewer	-	-	-	3,114,476	3,061,863	52,613
Storm water	-	-	-	487,771	490,527	(2,756)
Total expenses	19,557,948	18,648,522	909,426	5,464,209	5,368,653	95,556
Increase (decrease) in net assets before contributions	2,051,607	2,963,771	(912,164)	3,005,584	4,558,639	(1,553,055)
Capital contributions	(823,439)	-	(823,439)	823,439	-	823,439
Change in net assets	1,228,168	2,963,771	(1,735,603)	3,829,023	4,558,639	(729,616)
Net assets, January 1	74,247,934	71,034,653	3,213,281	49,388,401	44,182,553	5,205,848
Prior period adjustments	-	249,510	(249,510)	-	647,209	(647,209)
Net assets, December 31	\$ 75,476,102	\$ 74,247,934	\$ 1,228,168	\$ 53,217,424	\$ 49,388,401	\$ 3,829,023

The following graphs depict various governmental activities and show the revenue and expenses directly related to those activities.

Expenses and Program Revenues - Governmental Activities



Revenues by Source - Governmental Activities

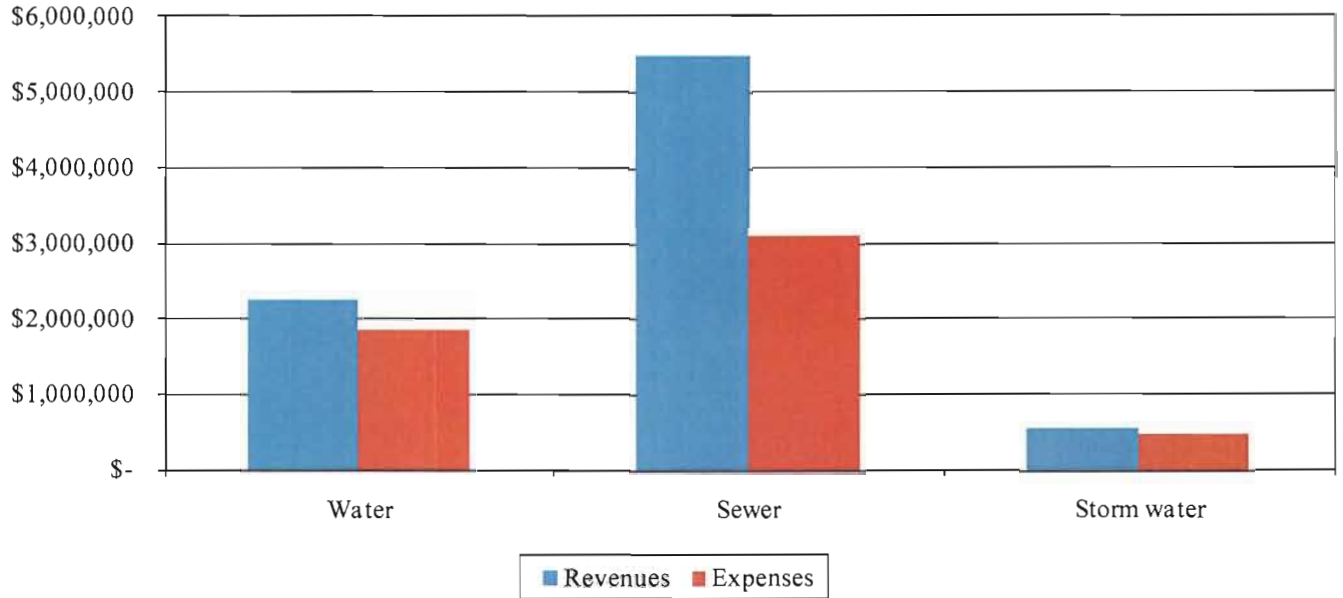


For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

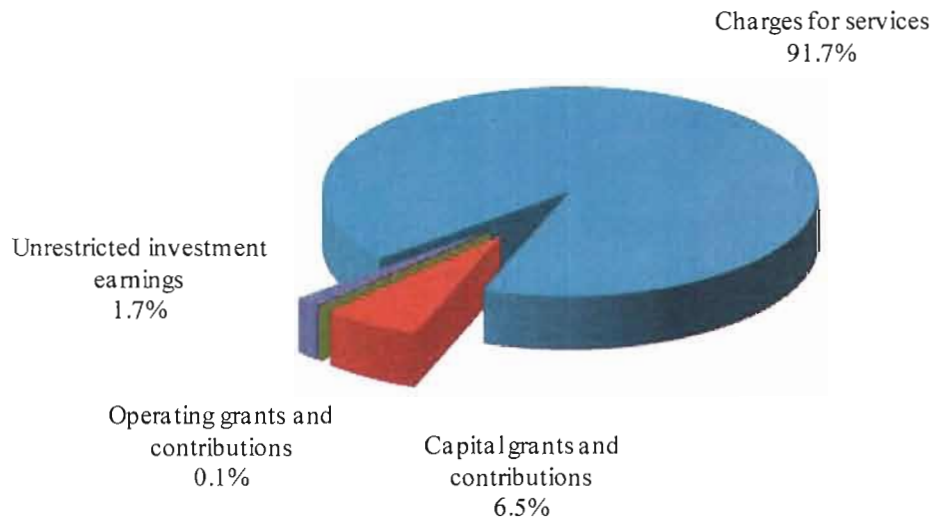
Business-type activities. Business-type activities increased the City’s net assets by \$3,829,023 or 76 percent for 2010. Key elements of this increase are as follows:

- Operating margins in all three business-type funds were favorable, providing for \$2,597,768 of the increase.

Expenses and Program Revenues - Business - type Activities



Revenues by Source - Business - type Activities



Financial Analysis of the City's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$16,223,360, a decrease of \$3,008,129 in comparison with the prior year. Approximately 72.7 percent of this total amount (\$11,790,082) constitutes *unreserved fund balance*, which is available for spending at the City's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed to: 1) pay debt service (\$4,330,731), 2), prepaid items (\$67,085) and 3), other purposes-Peter Smith Fund (\$35,462).

Major funds	Fund Balance December 31,		Increase (Decrease)
	2010	2009	
General	\$ 9,385,505	\$ 9,297,807	\$ 87,698
The increase in the General fund balance can be attributed to expenditures under budget by \$471,660 due to the City completing reorganization by reducing staff in areas related planning, economic development, and construction.			
Debt Service	\$ 4,330,731	\$ 5,029,453	\$ (698,722)
The decrease in fund balance of the debt service funds was due to debt service payments in excess of revenues. The City prepaid the 1999C G.O. Tax Increment Bond in December 2010 and final payment of the 1999B G.O. Building Bond was paid from the fund balance as designated per the bond schedule.			
Current Construction Projects	\$ -	\$ (9,360)	\$ 9,360
The increase in fund balance can be attributed to transfers in from other funds.			

Nonmajor Government Funds have a total fund balance of \$2,507,124. The net decrease in fund balance during the current year was \$2,406,465. The City experienced a flood in September 2010 experiencing large losses anticipating reimbursement from FEMA and construction projects for the police department and municipal airport.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the business-type activities at the end of the year amounted to \$9,067,564. The total increase in net assets for business-type activities was \$3,829,023. Factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

Budget amendments were made during the year and the budget called for a decrease in fund balance of \$713,444. Actual revenues were under budget by \$286,009, and expenditures were under budget by \$1,102,200.

- Intergovernmental revenue and taxes were under budget by \$142,473 and \$78,484, respectively. The State unallocated state aids mid-year.
- All expenditure functions were under budget for 2010. The City completed reorganization by reducing staff in areas related to planning, economic development, and construction. The largest positive expenditure variances were public safety and culture and recreation, which were under budget by \$360,416 and \$529,882, respectively.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2010, amounts to \$132,870,748 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. The total increase in the City's investment in capital assets for the current fiscal year was \$16,730,362, which represents a 14.4 percent overall increase.

Major capital asset events during the current fiscal year included:

- The City is in process of completing an upgrade to the Water Reclamation Facility with project costs of approximately \$27,000,000.
- The Municipal Airport is improving its runway with a mill and overlay project, constructing a new parallel taxiway to meet safety standards, and storm water improvements.
- The City completed several infrastructure construction projects.

Additional information on the City's capital assets can be found in Note 3D starting on page 75 of this report.

Capital Assets Net of Depreciation

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
Land	\$ 4,770,090	\$ 4,770,090	\$ -	\$ 360,404	\$ 360,404	\$ -
Buildings and structures	13,412,175	13,606,081	(193,906)	10,354,242	10,217,484	136,758
Improvements other than buildings	2,541,491	2,388,568	152,923	27,298,067	25,319,655	1,978,412
Machinery and equipment	2,924,794	3,202,462	(277,668)	2,353,915	518,550	1,835,365
Infrastructure and airport	42,422,423	40,548,583	1,873,840	-	-	-
Construction in progress	6,648,780	7,150,857	(502,077)	19,784,367	8,057,652	11,726,715
Total	\$ 72,719,753	\$ 71,666,641	\$ 1,053,112	\$ 60,150,995	\$ 44,473,745	\$ 15,677,250

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$36,886,143. The following table outlines the major components of the bonded indebtedness and other long-term debt.

Outstanding Debt

	Governmental Activities			Business-type Activities		
	2010	2009	Increase (Decrease)	2010	2009	Increase (Decrease)
General obligation bonds	\$ 16,045,000	\$ 17,715,000	\$ (1,670,000)	\$ -	\$ -	\$ -
General obligation certificates of indebtedness	545,000	885,000	(340,000)	-	-	-
General obligation tax increment bonds	-	215,000	(215,000)	-	-	-
General obligation special assessment improvement bonds	4,325,000	4,765,000	(440,000)	-	-	-
General obligation Revenue bonds revenue bonds	-	-	-	15,971,143	5,806,501	10,164,642
Other post employment benefits	155,640	92,328	63,312	20,625	12,687	7,938
Compensated absences	1,058,783	1,092,509	(33,726)	143,052	130,275	12,777
Total	<u>\$ 22,129,423</u>	<u>\$ 24,764,837</u>	<u>\$ (2,635,414)</u>	<u>\$ 16,134,820</u>	<u>\$ 5,949,463</u>	<u>\$ 10,185,357</u>

The City's total debt increased by \$7,549,943 (25.7 percent) during the current fiscal year. The City received proceeds on the 2009 PFA bond of \$12,266,642 for the upgrade to the Water Reclamation Facility.

The City maintains an "A1" rating from Standard and Poor's for general obligation debt.

Minnesota statutes limit the amount of net general obligation debt a City may issue to three percent of the market value of taxable property within the City. Net debt is debt payable solely from ad valorem taxes. The current debt limitation for the City is \$43,213,704, which is significantly in excess of the City's outstanding general obligation debt of \$16,590,000.

Additional information on the City's long-term debt can be found in Note 3F starting on page 80 of this report.

Economic Factors and Next Year's Budgets and Rates

The 2011 budget and revenues will be heavily influenced by uncertainty in Local Government Aid (LGA) due to the State's financial condition and levy limits that were reinstated beginning with 2009. Levy limits currently end with the 2011 budget. The City will manage these reductions through use of franchise fees, the property tax levy, monitoring expenditures and restructuring with reduction in City service levels. The City completed a reorganization of staffing levels in 2010 in areas affected by the economy with discussion of core services to continue in 2011.

The City continues to experience slowing of development and construction of commercial and industrial property, which will impact property taxes as the City strives to adjust service levels. The current economy has impacted market valuation throughout the City.

Inflationary trends in the region compare favorably to national trends.

All of these factors were considered in preparing the City of Faribault's budget for the 2011 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Deputy City Administrator/Finance Director, City of Faribault, 208 NW First Avenue, Faribault, MN 55021-5105.



**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

**CITY OF FARIBAULT
FARIBAULT, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**



CITY OF FARIBAULT, MINNESOTA
STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Statement 1

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	Economic Development Authority	Housing & Redevelopment Authority
ASSETS					
Cash and investments	\$ 19,450,360	\$ 8,012,634	\$ 27,462,994	\$ 1,734,058	\$ 1,898,505
Cash and investments held in escrow	10,000	786,789	796,789	-	66,907
Accrued interest	33,085	16,814	49,899	2,008	3,473
Accounts receivable - net	248,357	1,511,867	1,760,224	15,760	12,757
Taxes receivable	287,702	-	287,702	12,868	10,420
Special assessments receivable	3,449,800	575,521	4,025,321	-	-
Loans receivable	583,772	-	583,772	1,018,991	1,050,059
Due from other governments	1,367,421	63,071	1,430,492	6	-
Inventory - at cost	-	65,696	65,696	-	-
Land held for resale	618,447	-	618,447	-	-
Prepaid items	67,435	5,436	72,871	-	-
Deferred debt issuance costs and discounts	342,643	58,745	401,388	-	-
Capital assets					
Land and construction in progress	11,418,870	20,144,771	31,563,641	-	570,396
Depreciable assets (net of accumulated depreciation)	61,300,883	40,006,224	101,307,107	-	2,031,221
TOTAL ASSETS	99,178,775	71,247,568	170,426,343	2,783,691	5,643,738
LIABILITIES					
Accounts payable	481,816	125,273	607,089	18,668	5,337
Accrued salaries and withholdings payable	12,738	-	12,738	-	-
Contracts payable	129,284	747,674	876,958	-	-
Due to other governments	627,935	22,493	650,428	519,745	7,408
Accrued interest payable	204,973	155,101	360,074	-	-
Deposits payable	17,291	786,789	804,080	-	21,908
Estimated payable for outstanding claims	61,814	-	61,814	-	-
Unearned revenue	30	-	30	-	1,470
Unamortized premium on bonds	37,369	57,994	95,363	-	-
Noncurrent liabilities					
Due within one year					
Compensated absences payable	63,110	48,229	111,339	-	-
Bonds payable	2,835,000	2,177,000	5,012,000	-	-
Due in more than one year					
Compensated absences payable	995,673	94,823	1,090,496	-	-
Other postemployment benefits payable	155,640	20,625	176,265	-	-
Bonds payable	18,080,000	13,794,143	31,874,143	-	-
TOTAL LIABILITIES	23,702,673	18,030,144	41,732,817	538,413	36,123
NET ASSETS					
Invested in capital assets, net of related debt	51,927,115	44,149,860	96,076,975	-	2,601,617
Restricted for					
Debt service	7,156,549	-	7,156,549	-	66,907
Tax increment financing	-	-	-	248,509	-
Unrestricted	16,392,438	9,067,564	25,460,002	1,996,769	2,939,091
TOTAL NET ASSETS	\$ 75,476,102	\$ 53,217,424	\$ 128,693,526	\$ 2,245,278	\$ 5,607,615

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

CITY OF FARIBAULT, MINNESOTA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities				
General government	\$ 3,131,931	\$ 989,202	\$ 759,930	\$ -
Public safety	5,889,441	1,034,591	1,070,050	-
Public works	4,409,717	34,260	413,783	1,076,737
Culture and recreation	3,499,531	684,621	675,960	-
Community development	818,367	713,236	111,783	736,489
Mass transportation and airport	973,746	81,337	24,663	452,111
Interest on long-term debt	835,215	-	225,164	-
Total governmental activities	19,557,948	3,537,247	3,281,333	2,265,337
Business-type activities				
Water	1,861,962	2,220,346	4,974	20,992
Sewer	3,114,476	4,993,249	4,067	511,308
Storm water	487,771	555,908	-	10,277
Total business-type activities	5,464,209	7,769,503	9,041	542,577
Total primary government	\$ 25,022,157	\$ 11,306,750	\$ 3,290,374	\$ 2,807,914
Component units				
Economic development authority	\$ 1,440,380	\$ 12,985	\$ 53,252	\$ -
Housing and redevelopment authority	817,526	184,248	40,634	190,107
Total component units	\$ 2,257,906	\$ 197,233	\$ 93,886	\$ 190,107

General revenues:

Taxes

Property taxes, levied for general purposes

Property taxes, levied for debt service

Tax increments

Franchise taxes

Other taxes

Grants and contributions not restricted to specific programs

Unrestricted investment earnings

Gain on sale of capital assets

Contributions of capital assets

Total general revenues

Change in net assets

Net assets - January 1

Net assets - December 31

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

Statement 2

Net (Expenses) Revenues and Changes in Net Assets				
Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Economic Development Authority	Housing & Redevelopment Authority
\$ (1,382,799)	\$ -	\$ (1,382,799)	\$ -	\$ -
(3,784,800)	-	(3,784,800)	-	-
(2,884,937)	-	(2,884,937)	-	-
(2,138,950)	-	(2,138,950)	-	-
743,141	-	743,141	-	-
(415,635)	-	(415,635)	-	-
(610,051)	-	(610,051)	-	-
(10,474,031)	-	(10,474,031)	-	-
-	384,350	384,350	-	-
-	2,394,148	2,394,148	-	-
-	78,414	78,414	-	-
-	2,856,912	2,856,912	-	-
(10,474,031)	2,856,912	(7,617,119)	-	-
			(1,374,143)	-
			-	(402,537)
			(1,374,143)	(402,537)
4,545,432	-	4,545,432	218,379	215,980
1,608,429	-	1,608,429	-	-
-	-	-	387,529	-
1,192,650	-	1,192,650	-	-
21,698	-	21,698	-	-
4,874,724	-	4,874,724	-	-
263,656	144,757	408,413	34,025	29,667
19,049	3,915	22,964	-	-
(823,439)	823,439	-	-	-
11,702,199	972,111	12,674,310	639,933	245,647
1,228,168	3,829,023	5,057,191	(734,210)	(156,890)
74,247,934	49,388,401	123,636,335	2,979,488	5,764,505
<u>\$ 75,476,102</u>	<u>\$ 53,217,424</u>	<u>\$ 128,693,526</u>	<u>\$ 2,245,278</u>	<u>\$ 5,607,615</u>



**FUND
FINANCIAL STATEMENTS**

**CITY OF FARIBAULT
FARIBAULT, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

CITY OF FARIBAULT, MINNESOTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General	Debt Service	Current Construction Projects
ASSETS			
Cash and investments	\$ 9,210,726	\$ 3,795,055	\$ 61,050
Receivables			
Accrued interest	15,251	4,986	-
Accounts - net	161,308	41,895	-
Taxes	222,147	62,255	-
Special assessments	110,987	2,995,562	-
Loans	-	-	-
Due from other governments	96,092	56,260	-
Due from other funds	734,025	408,165	-
Prepaid items	67,085	-	-
	<u>67,085</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>\$ 10,617,621</u>	<u>\$ 7,364,178</u>	<u>\$ 61,050</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 288,050	\$ 2,975	\$ -
Accrued salaries and withholdings payable	12,738	-	-
Contracts payable	-	-	61,050
Due to other governments	621,770	-	-
Due to other funds	-	-	-
Accrued interest payable	-	-	-
Deferred revenue	295,698	3,030,472	-
Deposits payable	13,860	-	-
	<u>13,860</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,232,116</u>	<u>3,033,447</u>	<u>61,050</u>
FUND BALANCES			
Reserved for			
Prepaid items	67,085	-	-
Debt service	-	4,330,731	-
Peter Smith fund	35,462	-	-
Unreserved			
Designated reported in:			
General fund	5,844,853	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
Undesignated reported in:			
General fund	3,438,105	-	-
Special revenue funds	-	-	-
Capital projects funds	-	-	-
	<u>9,385,505</u>	<u>4,330,731</u>	<u>-</u>
TOTAL FUND BALANCES	<u>9,385,505</u>	<u>4,330,731</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 10,617,621</u>	<u>\$ 7,364,178</u>	<u>\$ 61,050</u>

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

Statement 3

Other Governmental Funds	Total
\$ 3,200,885	\$ 16,267,716
7,402	27,639
45,154	248,357
3,300	287,702
343,251	3,449,800
583,772	583,772
1,215,069	1,367,421
160,063	1,302,253
-	67,085
<u>\$ 5,558,896</u>	<u>\$ 23,601,745</u>
\$ 175,037	\$ 466,062
-	12,738
68,234	129,284
6,165	627,935
1,302,253	1,302,253
319	319
1,496,333	4,822,503
3,431	17,291
<u>3,051,772</u>	<u>7,378,385</u>
-	67,085
-	4,330,731
-	35,462
-	5,844,853
866,136	866,136
414,509	414,509
-	3,438,105
(227,983)	(227,983)
<u>1,454,462</u>	<u>1,454,462</u>
<u>2,507,124</u>	<u>16,223,360</u>
<u>\$ 5,558,896</u>	<u>\$ 23,601,745</u>



CITY OF FARIBAULT, MINNESOTA
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
GOVERNMENTAL FUNDS
AS OF DECEMBER 31, 2010

Statement 4

Total fund balances - governmental \$ 16,223,360

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Cost of capital assets	100,119,662
Less: accumulated depreciation	(27,437,500)
Land held for resale	618,447

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Bonds payable	(20,915,000)
Unamortized debt issuance costs and discounts	342,643
Unamortized premium on bonds	(37,369)
Accrued interest payable	(204,654)
Compensated absences payable	(1,003,206)
Other postemployment benefits payable	(147,335)

Some receivables are not available to pay for current period expenditures and, therefore, are deferred in the funds:

Delinquent property taxes	237,190
Special assessments	3,430,210
Loans	583,772
Intergovernmental	571,301

Internal service funds are used by management to charge the cost of services to individual funds. The assets and liabilities are included in the governmental statement of net assets.

3,094,581

Total net assets - governmental activities \$ 75,476,102

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

CITY OF FARIBAULT, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2010

	General	Debt Service	Current Construction Projects
REVENUES			
Taxes	\$ 4,544,478	\$ 1,858,808	\$ -
Licenses and permits	301,259	-	-
Intergovernmental	5,930,232	23,279	-
Charges for services	1,487,373	-	-
Fines and forfeits	153,198	-	-
Special assessments	536	1,128,121	172,994
Investment income	115,138	38,433	-
Miscellaneous	85,665	225,164	-
TOTAL REVENUES	12,617,879	3,273,805	172,994
EXPENDITURES			
Current			
General government	2,015,820	26,291	-
Public safety	5,116,826	-	-
Public works	1,893,926	-	-
Culture and recreation	2,855,818	-	-
Community development	-	-	-
Mass transportation and airport	218,999	-	-
Capital outlay	584,283	-	2,028,786
Debt service			
Principal retirement	-	2,665,000	-
Interest and fiscal charges	-	844,822	-
TOTAL EXPENDITURES	12,685,672	3,536,113	2,028,786
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(67,793)	(262,308)	(1,855,792)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	20,545	-	-
Transfers in	594,946	-	1,865,152
Transfers out	(460,000)	(436,414)	-
TOTAL OTHER FINANCING SOURCES (USES)	155,491	(436,414)	1,865,152
NET CHANGES IN FUND BALANCES	87,698	(698,722)	9,360
FUND BALANCES (DEFICITS), JANUARY 1	9,297,807	5,029,453	(9,360)
FUND BALANCES, DECEMBER 31	\$ 9,385,505	\$ 4,330,731	\$ -

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

Statement 5

Other Governmental Funds	Total
\$ 890,356	\$ 7,293,642
-	301,259
1,814,337	7,767,848
1,109,339	2,596,712
17,901	171,099
69,875	1,371,526
80,958	234,529
336,382	647,211
<u>4,319,148</u>	<u>20,383,826</u>
109,861	2,151,972
476,655	5,593,481
312,073	2,205,999
285,306	3,141,124
916,132	916,132
364,869	583,868
2,700,533	5,313,602
-	2,665,000
-	844,822
<u>5,165,429</u>	<u>23,416,000</u>
<u>(846,281)</u>	<u>(3,032,174)</u>
3,500	24,045
487,708	2,947,806
<u>(2,051,392)</u>	<u>(2,947,806)</u>
<u>(1,560,184)</u>	<u>24,045</u>
(2,406,465)	(3,008,129)
<u>4,913,589</u>	<u>19,231,489</u>
<u>\$ 2,507,124</u>	<u>\$ 16,223,360</u>

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

Statement 6

Net changes in fund balances - total governmental funds	\$ (3,008,129)
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Depreciation	(2,557,452)
Capital outlay	5,089,700
Loss on disposal of capital assets	(43,178)
Transfer out of governmental capital assets contributed to Enterprise Funds	(823,439)
<p>Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds are reported with governmental activities:</p>	
Investment income	45,234
Consolidation of internal service fund activities with governmental activities	(55,487)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:</p>	
Taxes	74,567
Special assessments	(463,864)
Intergovernmental revenue	374,847
<p>Governmental funds report loan disbursements as expenditures and the related loan repayments as revenues. However, in the statement of activities these transactions have no effect on net assets. The amounts of the differences are:</p>	
Receipts on loans receivable	(56,095)
<p>The issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The amounts below are the effects of these differences.</p>	
Principal repayments	2,665,000
Amortization of debt issuance costs and discounts	(37,444)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
Compensated absences	37,190
Other post employment benefits	(60,333)
Change in accrued interest payable	47,051
Change in net assets - governmental activities (Statement 2)	\$ 1,228,168

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

CITY OF FARIBAULT, MINNESOTA
 STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 7

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Taxes	\$ 4,938,787	\$ 4,622,962	\$ 4,544,478	\$ (78,484)
Licenses and permits	328,700	328,700	301,259	(27,441)
Intergovernmental	5,717,039	6,072,705	5,930,232	(142,473)
Charges for services	1,526,521	1,526,521	1,487,373	(39,148)
Fines and forfeits	149,000	149,000	153,198	4,198
Special assessments	-	-	536	536
Investment income	180,000	180,000	115,138	(64,862)
Miscellaneous	22,000	24,000	85,665	61,665
TOTAL REVENUES	12,862,047	12,903,888	12,617,879	(286,009)
EXPENDITURES				
Current				
General government	1,896,382	2,082,561	2,015,820	66,741
Public safety	5,415,476	5,477,242	5,116,826	360,416
Public works	1,968,478	1,983,735	1,893,926	89,809
Culture and recreation	3,419,685	3,385,700	2,855,818	529,882
Mass transportation and airport	343,999	220,094	218,999	1,095
Capital outlay	8,000	638,540	584,283	54,257
TOTAL EXPENDITURES	13,052,020	13,787,872	12,685,672	1,102,200
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(189,973)	(883,984)	(67,793)	816,191
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	20,545	20,545
Transfers in	-	630,540	594,946	(35,594)
Transfers out	(460,000)	(460,000)	(460,000)	-
TOTAL FINANCING SOURCES (USES)	(460,000)	170,540	155,491	(15,049)
NET CHANGE IN FUND BALANCES	(649,973)	(713,444)	87,698	801,142
FUND BALANCES, JANUARY 1	9,297,807	9,297,807	9,297,807	-
FUND BALANCES, DECEMBER 31	\$ 8,647,834	\$ 8,584,363	\$ 9,385,505	\$ 801,142

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

CITY OF FARIBAULT, MINNESOTA
 STATEMENTS OF NET ASSETS - CONTINUED ON THE FOLLOWING PAGES
 PROPRIETARY FUNDS
 DECEMBER 31, 2010 AND 2009

	Business-Type Activities - Enterprise Funds			
	Water		Sewer	
	2010	2009	2010	2009
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 4,226,340	\$ 4,563,259	\$ 2,783,391	\$ 3,807,682
Cash and investments held in escrow	-	-	786,789	-
Receivables				
Accrued interest	8,364	18,750	6,348	16,544
Accounts	306,333	373,263	1,052,738	975,554
Special assessments - delinquent	23,733	17,462	-	-
Due from other governments	-	1,065	63,071	1,069,988
Inventory - at cost	33,364	24,240	32,332	31,970
Prepaid items	1,612	1,550	2,212	1,600
TOTAL CURRENT ASSETS	4,599,746	4,999,589	4,726,881	5,903,338
NONCURRENT ASSETS				
Special assessments receivable - deferred	383,570	340,083	168,218	38,398
Deferred debt issuance costs	20,943	27,295	9,800	14,700
Capital assets:				
Land	12,100	12,100	199,893	199,893
Buildings and structures	5,036,194	5,027,112	11,964,234	11,335,127
Machinery and equipment	2,210,189	216,175	817,759	914,274
Improvements other than buildings	15,491,943	14,657,254	14,226,579	12,700,418
Construction in progress	250,174	2,051,969	19,424,065	5,781,861
Total capital assets	23,000,600	21,964,610	46,632,530	30,931,573
Less: allowance for depreciation	(6,406,096)	(5,866,816)	(10,063,844)	(9,482,441)
Net capital assets	16,594,504	16,097,794	36,568,686	21,449,132
TOTAL NONCURRENT ASSETS	16,999,017	16,465,172	36,746,704	21,502,230
TOTAL ASSETS	21,598,763	21,464,761	41,473,585	27,405,568

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

Statement 8

Business-Type Activities - Enterprise Funds - Continued				Governmental Activities - Internal Service Funds
Storm Water		Totals		
2010	2009	2010	2009	
\$ 1,002,903	\$ 969,837	\$ 8,012,634	\$ 9,340,778	\$ 3,182,644
-	-	786,789	-	10,000
2,102	3,987	16,814	39,281	5,446
152,796	146,641	1,511,867	1,495,458	-
-	-	23,733	17,462	-
-	-	63,071	1,071,053	-
-	-	65,696	56,210	-
1,612	1,550	5,436	4,700	350
<u>1,159,413</u>	<u>1,122,015</u>	<u>10,486,040</u>	<u>12,024,942</u>	<u>3,198,440</u>
-	-	551,788	378,481	-
-	-	30,743	41,995	-
148,411	148,411	360,404	360,404	-
-	-	17,000,428	16,362,239	-
59,222	51,796	3,087,170	1,182,245	219,155
9,346,206	9,009,729	39,064,728	36,367,401	-
110,128	223,822	19,784,367	8,057,652	-
9,663,967	9,433,758	79,297,097	62,329,941	219,155
(2,676,162)	(2,506,939)	(19,146,102)	(17,856,196)	(181,564)
<u>6,987,805</u>	<u>6,926,819</u>	<u>60,150,995</u>	<u>44,473,745</u>	<u>37,591</u>
<u>6,987,805</u>	<u>6,926,819</u>	<u>60,733,526</u>	<u>44,894,221</u>	<u>37,591</u>
<u>8,147,218</u>	<u>8,048,834</u>	<u>71,219,566</u>	<u>56,919,163</u>	<u>3,236,031</u>

CITY OF FARIBAULT, MINNESOTA
STATEMENTS OF NET ASSETS - CONTINUED
PROPRIETARY FUNDS
DECEMBER 31, 2010 AND 2009

	Business-Type Activities - Enterprise Funds			
	Water		Sewer	
	2010	2009	2010	2009
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	\$ 17,916	\$ 14,229	\$ 104,152	\$ 116,216
Accrued salaries and withholdings payable	-	8,623	-	31,406
Contracts payable	-	-	746,898	1,235,850
Due to other governments	22,493	25,105	-	30
Accrued interest payable	27,336	34,772	127,765	58,291
Estimated payable for outstanding claims	-	-	-	-
Deposits payable	-	-	786,789	-
Bonds payable - current portion	460,000	455,000	1,717,000	1,191,501
Compensated absences payable - current portion	28,404	27,775	19,825	-
TOTAL CURRENT LIABILITIES	556,149	565,504	3,502,429	2,633,294
NONCURRENT LIABILITIES				
Bonds payable - noncurrent portion	1,740,000	2,200,000	12,054,143	1,960,000
Add: unamortized bond premium	7,398	9,512	50,596	75,895
Less: unamortized bond discount	(6,027)	(8,038)	(21,975)	(29,300)
Bonds payable noncurrent portion - net	1,741,371	2,201,474	12,082,764	2,006,595
Compensated absences payable - noncurrent portion	7,757	5,987	80,016	91,827
Other postemployment benefits payable	4,146	2,703	14,563	8,822
TOTAL NONCURRENT LIABILITIES	1,753,274	2,210,164	12,177,343	2,107,244
TOTAL LIABILITIES	2,309,423	2,775,668	15,679,772	4,740,538
NET ASSETS				
Invested in capital assets, net of related debt	14,393,133	13,441,320	22,768,922	18,251,036
Unrestricted	4,896,207	5,247,773	3,024,891	4,413,994
TOTAL NET ASSETS	\$ 19,289,340	\$ 18,689,093	\$ 25,793,813	\$ 22,665,030

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

Statement 8

Business-Type Activities - Enterprise Funds - Continued				Governmental
Storm Water		Totals		Activities -
2010	2009	2010	2009	Internal
				Service Funds
\$ 3,205	\$ 529	\$ 125,273	\$ 130,974	\$ 15,754
-	5,531	-	45,560	-
776	2,648	747,674	1,238,498	-
-	-	22,493	25,135	-
-	-	155,101	93,063	-
-	-	-	-	61,814
-	-	786,789	-	-
-	-	2,177,000	1,646,501	-
-	-	48,229	27,775	-
<u>3,981</u>	<u>8,708</u>	<u>4,062,559</u>	<u>3,207,506</u>	<u>77,568</u>
-	-	13,794,143	4,160,000	-
-	-	57,994	85,407	-
-	-	(28,002)	(37,338)	-
-	-	13,824,135	4,208,069	-
7,050	4,686	94,823	102,500	55,577
<u>1,916</u>	<u>1,162</u>	<u>20,625</u>	<u>12,687</u>	<u>8,305</u>
<u>8,966</u>	<u>5,848</u>	<u>13,939,583</u>	<u>4,323,256</u>	<u>63,882</u>
<u>12,947</u>	<u>14,556</u>	<u>18,002,142</u>	<u>7,530,762</u>	<u>141,450</u>
6,987,805	6,926,819	44,149,860	38,619,175	37,591
<u>1,146,466</u>	<u>1,107,459</u>	<u>9,067,564</u>	<u>10,769,226</u>	<u>3,056,990</u>
<u>\$ 8,134,271</u>	<u>\$ 8,034,278</u>	<u>\$ 53,217,424</u>	<u>\$ 49,388,401</u>	<u>\$ 3,094,581</u>

CITY OF FARIBAULT, MINNESOTA
 STATEMENTS OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET ASSETS
 PROPRIETARY FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-Type Activities - Enterprise Funds			
	Water		Sewer	
	2010	2009	2010	2009
OPERATING REVENUES				
Charges for services	\$ 273,890	\$ 273,969	\$ 4,993,249	\$ 4,773,525
Charges for sales	1,946,456	2,026,677	-	-
TOTAL OPERATING REVENUES	2,220,346	2,300,646	4,993,249	4,773,525
OPERATING EXPENSES				
Personal services	266,986	264,770	915,769	932,562
Supplies	271,608	253,002	186,910	222,030
Other services and charges	687,898	802,618	1,110,234	1,116,419
Claims	-	-	6,931	4,851
Depreciation	552,005	422,186	685,623	662,006
TOTAL OPERATING EXPENSES	1,778,497	1,742,576	2,905,467	2,937,868
OPERATING INCOME (LOSS)	441,849	558,070	2,087,782	1,835,657
NONOPERATING REVENUES (EXPENSES)				
Connection charges	450	450	-	-
Intergovernmental	-	-	500,000	2,000,000
Investment income	71,476	78,771	55,814	68,616
Interest and fiscal charges expense	(73,502)	(70,601)	(209,009)	(123,995)
Gain (loss) on disposal of capital assets	(9,267)	(3,086)	3,219	-
Miscellaneous revenue	4,974	5,752	4,067	-
TOTAL NONOPERATING REVENUES (EXPENSES)	(5,869)	11,286	354,091	1,944,621
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	435,980	569,356	2,441,873	3,780,278
CAPITAL CONTRIBUTIONS - FROM DEVELOPERS	20,542	-	11,308	-
CAPITAL CONTRIBUTIONS - FROM GOVERNMENTAL FUNDS	-	-	823,439	-
TRANSFERS IN	143,725	270,000	-	-
TRANSFERS OUT	-	-	(147,837)	(305,823)
CHANGE IN NET ASSETS	600,247	839,356	3,128,783	3,474,455
NET ASSETS, JANUARY 1	18,689,093	17,849,737	22,665,030	19,190,575
NET ASSETS, DECEMBER 31	\$ 19,289,340	\$ 18,689,093	\$ 25,793,813	\$ 22,665,030

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

Statement 9

Business-Type Activities - Enterprise Funds - Continued				Governmental
Storm Water		Totals		Activities -
2010	2009	2010	2009	Internal
				Service Funds
\$ -	\$ -	\$ 5,267,139	\$ 5,047,494	\$ 1,156,703
555,908	551,270	2,502,364	2,577,947	6,226
555,908	551,270	7,769,503	7,625,441	1,162,929
129,114	129,158	1,311,869	1,326,490	517,696
33,611	24,166	492,129	499,198	19,876
155,823	163,905	1,953,955	2,082,942	590,411
-	-	6,931	4,851	121,241
169,223	173,298	1,406,851	1,257,490	12,685
487,771	490,527	5,171,735	5,170,971	1,261,909
68,137	60,743	2,597,768	2,454,470	(98,980)
-	-	450	450	-
-	-	500,000	2,000,000	-
17,467	16,664	144,757	164,051	45,234
-	-	(282,511)	(194,596)	-
-	-	(6,048)	(3,086)	(16,832)
-	-	9,041	5,752	60,325
17,467	16,664	365,689	1,972,571	88,727
85,604	77,407	2,963,457	4,427,041	(10,253)
10,277	131,598	42,127	131,598	-
-	-	823,439	-	-
4,112	35,823	147,837	305,823	-
-	-	(147,837)	(305,823)	-
99,993	244,828	3,829,023	4,558,639	(10,253)
8,034,278	7,789,450	49,388,401	44,829,762	3,104,834
\$ 8,134,271	\$ 8,034,278	\$ 53,217,424	\$ 49,388,401	\$ 3,094,581

CITY OF FARIBAULT, MINNESOTA
STATEMENTS OF CASH FLOWS - CONTINUED ON THE FOLLOWING PAGES
PROPRIETARY FUNDS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-Type Activities - Enterprise Funds			
	Water		Sewer	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	\$ 2,238,583	\$ 2,139,124	\$ 4,491,555	\$ 4,723,235
Receipts from interfund services provided	-	-	-	-
Payment to suppliers	(967,617)	(1,059,240)	(1,806,095)	(1,312,647)
Payment to employees	(271,767)	(286,166)	(933,420)	(942,791)
Miscellaneous revenues	4,974	5,752	504,067	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,004,173</u>	<u>799,470</u>	<u>2,256,107</u>	<u>2,467,797</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	143,725	270,000	-	-
Transfers out	-	-	(147,837)	(305,823)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	<u>143,725</u>	<u>270,000</u>	<u>(147,837)</u>	<u>(305,823)</u>
CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(1,038,136)	(2,348,554)	(13,668,822)	(4,012,809)
Proceeds from sale of capital assets	696	-	3,219	-
ARRA grants received	-	-	-	979,389
Connection charges receipts	450	450	-	-
Proceeds from bonds issued	-	1,320,000	12,266,642	481,501
Premium received on bonds issued	-	10,569	-	-
Bond issuance costs paid	-	(18,850)	-	-
Principal paid on debt	(455,000)	(335,000)	(1,647,000)	(675,000)
Interest paid on debt	(74,689)	(50,791)	(152,610)	(150,808)
NET CASH FLOWS USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,566,679)</u>	<u>(1,422,176)</u>	<u>(3,198,571)</u>	<u>(3,377,727)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Interest received from investments	81,862	99,096	66,010	87,740
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(336,919)	(253,610)	(1,024,291)	(1,128,013)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>4,563,259</u>	<u>4,816,869</u>	<u>3,807,682</u>	<u>4,935,695</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 4,226,340</u>	<u>\$ 4,563,259</u>	<u>\$ 2,783,391</u>	<u>\$ 3,807,682</u>

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

Statement 10

Business-Type Activities - Enterprise Funds - Continued				Governmental
Storm Water		Totals		Activities -
2010	2009	2010	2009	Internal
				Service Funds
\$ 549,753	\$ 542,002	\$ 7,279,891	\$ 7,404,361	\$ -
-	-	-	-	1,162,929
(188,692)	(189,794)	(2,962,404)	(2,561,681)	(684,438)
(131,527)	(124,664)	(1,336,714)	(1,353,621)	(533,608)
-	-	509,041	5,752	60,325
<u>229,534</u>	<u>227,544</u>	<u>3,489,814</u>	<u>3,494,811</u>	<u>5,208</u>
4,112	35,823	147,837	305,823	-
-	-	(147,837)	(305,823)	-
<u>4,112</u>	<u>35,823</u>	<u>-</u>	<u>-</u>	<u>-</u>
(219,932)	(221,337)	(14,926,890)	(6,582,700)	(36,924)
-	-	3,915	-	1,479
-	-	-	979,389	-
-	-	450	450	-
-	-	12,266,642	1,801,501	-
-	-	-	10,569	-
-	-	-	(18,850)	-
-	-	(2,102,000)	(1,010,000)	-
-	-	(227,299)	(201,599)	-
<u>(219,932)</u>	<u>(221,337)</u>	<u>(4,985,182)</u>	<u>(5,021,240)</u>	<u>(35,445)</u>
<u>19,352</u>	<u>21,102</u>	<u>167,224</u>	<u>207,938</u>	<u>50,060</u>
33,066	63,132	(1,328,144)	(1,318,491)	19,823
<u>969,837</u>	<u>906,705</u>	<u>9,340,778</u>	<u>10,659,269</u>	<u>3,162,821</u>
<u>\$ 1,002,903</u>	<u>\$ 969,837</u>	<u>\$ 8,012,634</u>	<u>\$ 9,340,778</u>	<u>\$ 3,182,644</u>

CITY OF FARIBAULT, MINNESOTA
 STATEMENTS OF CASH FLOWS - CONTINUED
 PROPRIETARY FUNDS
 FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Business-Type Activities - Enterprise Funds			
	Water		Sewer	
	2010	2009	2010	2009
RECONCILIATION OF OPERATING INCOME (LOSS)				
TO NET CASH PROVIDED BY				
OPERATING ACTIVITIES				
Operating income (loss)	\$ 441,849	\$ 558,070	\$ 2,087,782	\$ 1,835,657
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Miscellaneous revenues	4,974	5,752	4,067	-
Intergovernmental revenues	-	-	500,000	-
Depreciation	552,005	422,186	685,623	662,006
(Increase) decrease in assets:				
Accounts receivable	66,930	11,509	(77,184)	(37,887)
Due from other governments	1,065	(1,065)	(294,690)	(8,076)
Special assessments receivable	(49,758)	(171,966)	(129,820)	(4,327)
Prepaid items	(62)	(59)	(612)	(84)
Inventory - at cost	(9,124)	2,650	(362)	4,536
Increase (decrease) in liabilities:				
Accounts payable	3,687	(15,882)	(12,064)	26,196
Accrued salaries and withholdings payable	(8,623)	(383)	(31,406)	1,729
Compensated absences payable	2,399	(23,150)	8,014	(18,916)
Other postemployment benefits payable	1,443	2,137	5,741	6,958
Contracts payable	-	(2,939)	(488,952)	-
Estimated payable for outstanding claims	-	-	-	-
Due to other governments	(2,612)	12,610	(30)	5
NET CASH PROVIDED BY				
OPERATING ACTIVITIES	<u>\$ 1,004,173</u>	<u>\$ 799,470</u>	<u>\$ 2,256,107</u>	<u>\$ 2,467,797</u>
SUPPLEMENTAL SCHEDULE OF NONCASH				
CAPITAL AND RELATED FINANCING ACTIVITIES				
Amortization of bond discount	<u>\$ 2,011</u>	<u>\$ 3,010</u>	<u>\$ 7,325</u>	<u>\$ 4,983</u>
Amortization of bond issuance cost	<u>\$ 6,352</u>	<u>\$ 4,468</u>	<u>\$ 4,899</u>	<u>\$ 4,899</u>
Amortization of bond premiums	<u>\$ 2,114</u>	<u>\$ 1,057</u>	<u>\$ 25,299</u>	<u>\$ 25,298</u>
Capital assets purchased on account	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301,607</u>
Disposal of capital assets	<u>\$ 22,688</u>	<u>\$ 6,070</u>	<u>\$ 104,223</u>	<u>\$ -</u>
Capital contributions from other funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,439</u>	<u>\$ -</u>
Capital contributions from developers	<u>\$ 20,542</u>	<u>\$ -</u>	<u>\$ 11,308</u>	<u>\$ -</u>

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

Statement 10

Business-Type Activities - Enterprise Funds - Continued				Governmental Activities - Internal Service Funds
Storm Water		Totals		
2010	2009	2010	2009	
\$ 68,137	\$ 60,743	\$ 2,597,768	\$ 2,454,470	\$ (98,980)
-	-	9,041	5,752	60,325
-	-	500,000	-	-
169,223	173,298	1,406,851	1,257,490	12,685
(6,155)	(9,268)	(16,409)	(35,646)	-
-	-	(293,625)	(9,141)	-
-	-	(179,578)	(176,293)	-
(62)	(59)	(736)	(202)	350
-	-	(9,486)	7,186	-
2,676	(4,312)	(5,701)	6,002	14,018
(5,531)	1,917	(45,560)	3,263	(22,355)
2,364	1,642	12,777	(40,424)	3,464
754	935	7,938	10,030	2,979
(1,872)	2,648	(490,824)	(291)	-
-	-	-	-	35,170
-	-	(2,642)	12,615	(2,448)
<u>\$ 229,534</u>	<u>\$ 227,544</u>	<u>\$ 3,489,814</u>	<u>\$ 3,494,811</u>	<u>\$ 5,208</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,336</u>	<u>\$ 7,993</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,251</u>	<u>\$ 9,367</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,413</u>	<u>\$ 26,355</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,301,607</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ 9,687</u>	<u>\$ 126,911</u>	<u>\$ 15,757</u>	<u>\$ 18,311</u>
<u>\$ 10,277</u>	<u>\$ 131,598</u>	<u>\$ 833,716</u>	<u>\$ 131,598</u>	<u>\$ -</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,850</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FARIBAULT, MINNESOTA
 STATEMENT OF FIDUCIARY NET ASSETS
 FIDUCIARY FUND
 DECEMBER 31, 2010

Statement 11

	Agency
ASSETS	
Cash and investments	\$ 845,103
Restricted cash	291,192
Receivables	
Accounts - net	595
Accrued interest	1,409
TOTAL ASSETS	\$ 1,138,299
LIABILITIES	
Accounts payable	\$ 7,847
Due to other governmental units	11,780
Due to other agencies	1,118,672
TOTAL LIABILITIES	\$ 1,138,299

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

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting entity

The City of Faribault (the City) is a municipal corporation of the State of Minnesota (the State) with the boundaries established by Section 1.01, Chapter 1, of its Home Rule Charter. The City was organized as a municipality in 1872 in Rice County.

The City provides the full range of municipal services including public safety (police and fire protection), highways and streets, public improvements, planning and zoning, culture, recreations and parks, water and sewer service and general administrative services.

The form of government established by the chapter is the "Council-Administrator Plan". The Council is composed of a mayor and six council members who are qualified electors and elected at large. The council exercises the legislative power to the City and determines all matter of policy. The City Administrator is the head of the administrative branch of the City government and is responsible to the Council for the proper administration of all affairs relating to the City.

The powers of the City include all powers, which a municipal corporation in this State may exercise in harmony with the constitutions of the State and of the United States. It is the intention of the City charter that every power, which the people of the City might lawfully confer upon themselves as a municipal corporation, by specific enumeration in the charter, shall be deemed to have been so conferred by the provisions of Section 1.02, Chapter 1 of the City Charter. The charter is to be construed liberally in favor of the City, and the specific mention of particular powers in the charter shall not be construed as limiting in any way the generality of the power conferred.

The Mayor serves for a term of four years and until a successor is elected and qualifies. The Mayor presides at meetings of the Council and votes as a member.

The City Administrator is appointed for an indefinite term by the Council. The City administrator is the chief administrative officer of the City, whose powers and duties are provided for in the Faribault Home Rule Charter, Chapter 6.

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. As required by accounting principles generally accepted in the United States of America, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Component units for which the City has been determined to be financially accountable can be blended with the primary government or be included as a discrete presentation. Included in the City's reporting entity, based upon the application of these criteria, are the following discretely presented component units. Each discretely presented component unit is reported in a separate column in the government-wide financial statements.

Faribault Housing and Redevelopment Authority (HRA)

The HRA was created by the City to carry out certain redevelopment and low rent assistance programs pursuant to State law. The HRA is primarily responsible for residential development and redevelopment. The governing board is appointed by the City Council. The Council reviews and approves the HRA tax levy. The HRA is presented as a governmental fund type.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Faribault Economic Development Authority (EDA)

The EDA was created pursuant to Minnesota statutes 469.090 through 469.108 to carry out economic and industrial development and redevelopment within the City in accordance with policies established by the Council. The Council appoints the EDA governing board and approves tax levies, if needed. The EDA is presented as a governmental fund type.

Separate financial statements for the HRA and EDA are not prepared.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property taxes, special assessments, franchise taxes, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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 *Debt Service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

The *Current Construction Projects fund* accounts for the costs associated with the current construction projects within the City.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City reports the following major proprietary funds:

The *Water fund* accounts for the operating, maintenance, and capital improvement of the City's water distribution system.

The *Sewer fund* accounts for the operating, maintenance, and capital improvement of the City's Sewer collection operations.

The *Storm Water fund* accounts for the operation, maintenance, and capital improvements of the City's storm water system.

Additionally, the City reports the following fund types:

Internal service funds account for the funding of payroll and insurance services provided by one department of the City, to other departments on a cost reimbursement basis. The City's Internal Service funds account for engineering, workers compensation, property/liability insurance and management information services.

Agency funds are used to account for assets held by the City as an agent for others. Agency funds are custodial in nature and do not include measurement of results of operations. The City's Agency fund accounts for activities of Robinwood Manor.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Cities also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payment in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

Proprietary funds distinguish *operating* revenues and expenses from *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 City's enterprise funds and of the City's internal service 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. 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 City's policy to use restricted resources first, then unrestricted resources as they are needed.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Assets, liabilities and net assets or equity

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.

The City may 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.

Investments for the City are reported at fair value. Broker money market funds operate in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the shares.

The Minnesota Municipal Money Market (4M) fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. The 4M fund is an external investment pool not registered with the Securities and Exchange Commission (SEC), however, it follows the same regulatory rules of the SEC under rule 2a7. Financial statements of the 4M fund can be obtained by contacting Voyager Asset Management at 100 South Fifth Street, Suite 2300, Minneapolis, MN 55402-1240.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investment policy

The City's investment policy incorporates Minnesota Statutes as described above which reduces the City's exposure to credit, custodial credit and interest rate risks. Specific risk information for the City is as follows:

- *Credit Risk.* Credit risk 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 and the City's investment policy limit the City's investments to the list above.
- *Custodial Credit Risk.* 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. The City's investment policy does not address custodial credit risk but typically limits its exposure by purchasing insured or registered investments.
- *Concentration of Credit Risk.* Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City limits investments in any one institution, other than the U.S. Government or its agencies, to not more than \$2,000,000 or 30 percent of the total portfolio. The City has no concentrations greater than their own requirements in any one issuer.
- *Interest rate risk.* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the City requires at least 5 percent of the City's investment portfolio to be available on a daily basis without loss of principal. Also, no more than 30 percent of the portfolio should have maturities exceeding 3 years.

Property taxes

The Council annually adopts a tax levy and certifies it to the County in December 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 Treasurer and tax settlements are made to the City during January, June and November each year.

Taxes payable on homestead property, as defined by Minnesota statutes, are partially reduced by a market value credit aid. The credit is paid to the City by the State of Minnesota, (the State) in lieu of taxes levied against the homestead property. The State remits this credit in two equal installments in October and December each year.

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

Accounts receivable

Accounts receivable include amounts billed for services provided before year end. Rent receivable of the primary government has been reported net of uncollectible amounts estimated to be \$900. Delinquent utility charges are annually certified to the county for collection. As a result, there is no allowance for uncollectible amounts in the other enterprise funds.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Special assessments

Special assessments are certified to the County for collection annually. Noncertified assessments represent assessments to be certified annually in the future. Special assessments are recognized as revenue when they are received in cash or within 60 days after year end. All governmental special assessments receivable are offset by a deferred revenue liability in the fund financial statements.

Interfund receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventories and prepaid items

Inventories of materials and supplies are recorded at cost, which approximates market, using the first-in, first out (FIFO) method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 except for infrastructure which ranges from \$25,000 to \$100,000 and an estimated useful life in excess of one year. Such purchased assets are recorded at historical cost or estimated historical cost if historical cost is not available. Assets acquired prior to 1986 are recorded at estimated historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The City reports infrastructure assets on a network and subsystem basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements.

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.

Major outlays for capital assets and improvement are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For the year ended December 31, 2010, no interest was capitalized in connection with construction in progress.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and structures	15 to 75
Furniture and equipment	3 to 15
Licensed motor vehicle equipment	3 to 12
Machinery and equipment	3 to 15
Other improvements	15 to 30
Infrastructure	20 to 60

Compensated absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick leave benefits.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that are estimated to be taken upon separation from the City. Compensated absences liability at year end totaled \$1,058,783 and \$143,052 for governmental and business-type activities, respectively. The General fund is typically used to liquidate governmental compensated absences.

Postemployment benefits other than pensions

Under Minnesota statute 471.61, subdivision 2b., public employers must allow retirees and their dependents to continue coverage indefinitely in an employer-sponsored health care plan, under the following conditions: 1) Retirees must be receiving (or eligible to receive) an annuity from a Minnesota public pension plan, 2) Coverage must continue in a group plan until age 65, and retirees must pay no more than the group premium, and 3) Retirees may obtain dependent coverage immediately before retirement. All premiums are funded on a pay-as-you-go basis. The liability was actuarially determined, in accordance with GASB 45, at January 1, 2009.

Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight line method. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognized 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 expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Net assets

Net assets represent the difference between assets and liabilities. Net assets are displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets, net of accumulated depreciation reduced by any outstanding debt attributable to acquire capital assets.
- b. Restricted net assets - Consist of net assets 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 assets - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Comparative data/reclassifications

Comparative total data for the prior year have been presented only for individual enterprise funds in the fund financial statements 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.

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary information

The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing on January 1 of the following year. At least one special Council meeting is conducted to obtain public comments as required by the State Truth in Taxation Law.

The City Council annually adopts budgets prior to January 1 for the General and Special revenue funds; however, the City did not budget for the Public Safety Grants fund, the 2009 SCDP Revolving Loan fund, and the Disaster fund in 2010. The budgets are prepared by fund, function and activities. The budgets are adopted on a basis consistent with general accepted accounting principles and all appropriations lapse at the end of the budget year to the extent that they have not been expended. The expenditures appropriated in the budget resolution may not legally exceed estimated revenues available from various sources. Formal budgetary integration is not employed for Debt Service funds because effective budgetary control is alternatively achieved through general obligation bond indenture provisions. Budgetary control for Capital Projects funds is accomplished through the use of project controls.

Formal budgetary integration is employed as a management control device during the year. Budget revisions between functions or activities may be made by the City Administrator. Budget revisions at the fund level are authorized by the Council in accordance with the City Charter at the request of the City Administrator. The legal level of budgetary control is therefore at the fund level. Budget amendments were made during 2010.

The City does not use encumbrance accounting.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - CONTINUED

B. Excess of expenditures over appropriations

For the year ended December 31, 2010, expenditures exceeded appropriations in the following funds:

Fund	Final Budget	Actual	Excess of Expenditures Over Appropriations
Primary government			
Nonmajor funds			
Mass Transportation	\$ 162,669	\$ 165,040	\$ 2,371
1999 SCDP Revolving Loan	-	92	92
Discretely Presented Component Units			
Housing and Redevelopment Authority			
HRA Administration	455,770	456,273	503
Economic Development Authority			
Tax Increment Financing Capital Projects	200,956	871,305	670,349

These excess expenditures were funded by excess fund balance and greater than anticipated revenues.

C. Deficit fund equity

The following funds had fund equity deficits at December 31, 2010:

Fund	Amount
Primary government	
Nonmajor funds	
Disaster Fund	\$ 773,718
MSA Construction	303,322

The deficits will be funded by future grants and refunds and reimbursements.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

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 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 \$9,494,979 and the bank balance was \$11,452,679. Of the bank balance, \$1,250,000 was covered by Federal depository insurance, \$9,850,790 in collateral held by the pledging financial institution's trust department in the City's name, and \$351,889 was uncollateralized at year end.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Investments

As of December 31, 2010, the City had the following investments that are insured or registered, or securities held by the City's agent in the City's name:

Types of Investments	Credit Quality/ Ratings (1)	Segmented Time Distribution (2)	Fair Value and Carrying Amount
Pooled investments			
4M Fund	P1	Less than 6 months	\$ 6,393,144
Broker Money Market Funds	N/A	Less than 6 months	<u>4,108,239</u>
Total pooled investments			<u>10,501,383</u>
Non-pooled investments			
Government Agency Securities	AAA	More than 3 years	<u>8,888,516</u>
Negotiable Certificates of Deposits	N/A	Less than 6 months	396,200
	N/A	6 months to 1 year	1,243,650
	N/A	1 to 3 years	<u>1,315,800</u>
Total Negotiable Certificates of Deposits			<u>2,955,650</u>
School District Bond	AAA	More than 3 years	<u>99,547</u>
Total non-pooled investments			<u>11,943,713</u>
Total investments			<u>\$ 22,445,096</u>

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.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

A reconciliation of cash and investments as shown on the Statement of Net Assets for the City follows:

Carrying amount of deposits	\$ 9,494,979
Investments	22,445,096
Cash and investments held in escrow	1,154,888
Cash on hand	<u>585</u>
Total	<u>\$ 33,095,548</u>
Primary government	
Governmental activities	\$ 19,450,360
Governmental activities - cash and investments held in escrow	10,000
Business-type activities	8,012,634
Business-type activities - cash and investments held in escrow	786,789
Fiduciary	845,103
Fiduciary - restricted	291,192
Component units	
Economic Development Authority	1,734,058
Housing and Redevelopment Authority	1,898,505
HRA - cash and investments held in escrow	<u>66,907</u>
Total	<u>\$ 33,095,548</u>

B. Receivables

Loans receivable

Nonmajor funds

The City has made loans to local businesses and individuals that qualify for the Minnesota small cities development program or the rental housing redevelopment program. The businesses and individuals pay varying installments on the loans. The loans balances at year end totaled \$583,772.

Discretely Presented Component Units:

HRA

The Housing and Redevelopment Authority has loans receivable from homeowners who qualified for the Minnesota Housing Finance Agency's MURL and CRV programs. Homeowners are paying varying monthly installments. The balance at year end totals \$1,050,059.

EDA

The Economic Development Authority has loans receivable from businesses that made improvements that qualified for the industrial development loan program, Minnesota Investment Fund and EDA Revolving Fund. Businesses and individuals also qualified for loans through the TIF revolving loan program. The businesses and individuals make monthly payments. The balance at year end on the programs total \$1,018,991.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

C. Deferred revenue

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

<u>Fund</u>	<u>Unavailable</u>	<u>Unearned</u>
General		
Taxes receivable	\$ 184,711	\$ -
Special assessments receivable	110,987	-
Debt Service		
Taxes receivable	52,479	-
Special assessments receivable	2,977,993	-
Nonmajor funds		
Special assessments receivable	341,230	-
Loans receivable	583,772	-
Other	-	30
Intergovernmental grant	571,301	-
	<u>571,301</u>	<u>-</u>
Total	<u>\$ 4,822,473</u>	<u>\$ 30</u>

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

D. Capital assets

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

Primary government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated				
Land	\$ 4,770,090	\$ -	\$ -	\$ 4,770,090
Construction in progress	<u>7,150,857</u>	<u>1,544,754</u>	<u>(2,046,831)</u>	<u>6,648,780</u>
Total capital assets not being depreciated	<u>11,920,947</u>	<u>1,544,754</u>	<u>(2,046,831)</u>	<u>11,418,870</u>
Capital assets, being depreciated				
Buildings and structures	19,176,137	277,602	-	19,453,739
Improvements other than buildings	3,225,509	299,070	-	3,524,579
Machinery and equipment	7,461,260	349,343	(581,828)	7,228,775
Infrastructure and airport	<u>55,446,025</u>	<u>3,266,829</u>	<u>-</u>	<u>58,712,854</u>
Total capital assets being depreciated	<u>85,308,931</u>	<u>4,192,844</u>	<u>(581,828)</u>	<u>88,919,947</u>
Less accumulated depreciation for				
Buildings and structures	(5,570,057)	(471,507)	-	(6,041,564)
Improvements other than buildings	(836,942)	(146,146)	-	(983,088)
Machinery and equipment	(4,258,796)	(559,495)	514,310	(4,303,981)
Infrastructure and airport	<u>(14,897,442)</u>	<u>(1,392,989)</u>	<u>-</u>	<u>(16,290,431)</u>
Total accumulated depreciation	<u>(25,563,237)</u>	<u>(2,570,137)</u>	<u>514,310</u>	<u>(27,619,064)</u>
Total capital assets being depreciated, net	<u>59,745,694</u>	<u>1,622,707</u>	<u>(67,518)</u>	<u>61,300,883</u>
Governmental activities capital assets, net	<u>\$ 71,666,641</u>	<u>\$ 3,167,461</u>	<u>\$ (2,114,349)</u>	<u>\$ 72,719,753</u>

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 360,404	\$ -	\$ -	\$ 360,404
Construction in progress	<u>8,057,652</u>	<u>15,411,757</u>	<u>(3,685,042)</u>	<u>19,784,367</u>
Total capital assets not being depreciated	<u>8,418,056</u>	<u>15,411,757</u>	<u>(3,685,042)</u>	<u>20,144,771</u>
Capital assets being depreciated				
Buildings and structures	16,362,239	638,189	-	17,000,428
Machinery and equipment	1,182,245	2,021,870	(116,945)	3,087,170
Improvements other than buildings	<u>36,367,401</u>	<u>2,697,327</u>	<u>-</u>	<u>39,064,728</u>
Total capital assets being depreciated	<u>53,911,885</u>	<u>5,357,386</u>	<u>(116,945)</u>	<u>59,152,326</u>
Less accumulated depreciation for				
Buildings and structures	(6,144,755)	(501,431)	-	(6,646,186)
Machinery and equipment	(663,694)	(186,506)	116,945	(733,255)
Improvements other than buildings	<u>(11,047,747)</u>	<u>(718,914)</u>	<u>-</u>	<u>(11,766,661)</u>
Total accumulated depreciation	<u>(17,856,196)</u>	<u>(1,406,851)</u>	<u>116,945</u>	<u>(19,146,102)</u>
Total capital assets being depreciated, net	<u>36,055,689</u>	<u>3,950,535</u>	<u>-</u>	<u>40,006,224</u>
Business-type activities capital assets, net	<u>\$ 44,473,745</u>	<u>\$ 19,362,292</u>	<u>\$ (3,685,042)</u>	<u>\$ 60,150,995</u>

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

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

Governmental activities		
General government		\$ 79,373
Public safety		198,281
Public works		1,957,589
Culture and recreation		309,933
Community development		3,355
Other		<u>21,606</u>
Total depreciation expense - governmental activities		<u>\$ 2,570,137</u>
Business-type activities		
Water		\$ 552,005
Sewer		685,623
Storm water		<u>169,223</u>
Total depreciation expense - business-type activities		<u>\$ 1,406,851</u>

Discretely presented component units

Activity for the Housing and Redevelopment Authority for the year ended December 31, 2010 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 570,396	\$ -	\$ -	\$ 570,396
Capital assets being depreciated:				
Buildings and structures	3,238,004	-	-	3,238,004
Machinery and equipment	41,439	-	-	41,439
Total capital assets being depreciated	<u>3,279,443</u>	<u>-</u>	<u>-</u>	<u>3,279,443</u>
Less accumulated depreciation for:				
Buildings and structures	(1,152,238)	(71,192)	-	(1,223,430)
Machinery and equipment	(19,852)	(4,940)	-	(24,792)
Total accumulated depreciation	<u>(1,172,090)</u>	<u>(76,132)</u>	<u>-</u>	<u>(1,248,222)</u>
Total capital assets being depreciated, net	<u>2,107,353</u>	<u>(76,132)</u>	<u>-</u>	<u>2,031,221</u>
HRA capital assets, net	<u>\$ 2,677,749</u>	<u>\$ (76,132)</u>	<u>\$ -</u>	<u>\$ 2,601,617</u>

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

Discretely presented component units:		
Housing and redevelopment authority		<u>\$ 76,132</u>

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Construction commitments

The City has active construction projects as of December 31, 2010. The projects include various street and road improvements, downtown improvements, and public facilities projects. At year end the City's commitments with contractors are as follows:

Project	Spent to date	Remaining Commitment
2010 Street Reconstruction	\$ 826,464	\$ 85,358
Northern Sewer Interceptor	244,691	555,309
Waste Water Treatment Plant Upgrade	17,249,183	5,439,949
Total	\$ 18,320,338	\$ 6,080,616

E. Interfund receivables, payables and transfers

Due to/from funds represent reclassifications of temporary cash deficits in individual fund and other short term loans expected to be repaid within one year. The amount owing between funds represents reclassification of temporary cash deficits between. At year end, the balances were as follows:

Receivable Fund	Payable Fund	Amount
Primary government		
General	Nonmajor governmental	\$ 734,025
Debt Service	Nonmajor governmental	408,165
Nonmajor governmental	Nonmajor governmental	160,063

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

Interfund transfers

Fund	Transfer in		
	General Fund	Current Construction Projects	Nonmajor Governmental Funds
Transfer out			
General	\$ -	\$ -	\$ 460,000
Debt Service	-	436,414	-
Nonmajor governmental	594,946	1,428,738	27,708
Sewer	-	-	-
Total	<u>\$ 594,946</u>	<u>\$ 1,865,152</u>	<u>\$ 487,708</u>
	Transfer in		
Fund	Water	Storm Water	Total
Transfer out			
General	\$ -	\$ -	\$ 460,000
Debt Service	-	-	436,414
Nonmajor governmental	-	-	2,051,392
Sewer	143,725	4,112	147,837
Total	<u>\$ 143,725</u>	<u>\$ 4,112</u>	<u>\$ 3,095,643</u>

During the year ended December 31, 2010 the City transferred funds for the following purposes:

- From the General Fund to nonmajor governmental funds to support operations and to share grant proceeds.
- From the Debt Service fund to the Current Construction Projects to finance project costs.
- From the nonmajor governmental funds to the General fund to reimburse project costs.
- From the nonmajor governmental funds to the Current Construction Projects to finance project costs.
- Between nonmajor governmental funds to transfer grant proceeds.
- From the Sewer fund to the Water fund for capital project costs.
- From the Sewer fund to the Storm Water fund for its share of debt service.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

F. General long-term debt

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

General obligation bonds are direct obligations and pledge the full faith and credit of the government. General obligation bonds currently outstanding are as follows:

Primary government

General obligation bonds and equipment certificates

The following bonds will be repaid from future tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2006B G.O. Public Works Building Bonds	\$ 7,850,000	3.50 - 4.05 %	10/10/06	02/01/27	\$ 7,070,000
2006C G.O. City Charter Bonds	1,075,000	3.60 - 4.05	12/12/06	02/01/22	915,000
2007A G.O. City Charter Bonds	2,590,000	3.50 - 4.05	12/06/07	02/01/28	2,435,000
2008A G.O. City Charter Bonds	4,585,000	4.25 - 4.75	11/25/08	02/01/29	4,585,000
2006D G.O. Equipment Certificates	525,000	3.55	12/12/06	08/01/11	130,000
2009A G.O. Equipment Certificates	520,000	2.00 - 3.00	06/29/09	02/01/14	415,000
2009C G.O. Refunding Swimming Pool Bonds	1,040,000	2.00 - 2.50	12/29/09	02/01/16	<u>1,040,000</u>
Total General Obligation Bonds					<u>\$ 16,590,000</u>

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

The annual service requirements to maturity for the general obligation bonds and equipment certificates are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 860,000	\$ 639,629	\$ 1,499,629
2012	750,000	612,625	1,362,625
2013	775,000	589,164	1,364,164
2014	820,000	564,012	1,384,012
2015	735,000	538,197	1,273,197
2016-2020	4,305,000	2,232,150	6,537,150
2021-2025	4,980,000	1,269,774	6,249,774
2026-2029	<u>3,365,000</u>	<u>251,675</u>	<u>3,616,675</u>
Total	<u>\$ 16,590,000</u>	<u>\$ 6,697,226</u>	<u>\$ 23,287,226</u>

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ACCOUNTS - CONTINUED

General obligation special assessment improvement bonds

The following bonds will be repaid from assessments levied against benefiting properties and future tax levies.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
2000A G.O. Improvement Bonds	\$ 825,000	5.15 %	06/27/00	02/01/11	\$ 75,000
2004B G.O. Improvement Bonds	715,000	2.00 - 3.75	09/21/04	02/01/15	435,000
2008B G.O. Improvement Bonds	1,550,000	3.00 - 4.00	11/25/08	02/01/16	1,355,000
2008C G.O. Temporary Improvement Bonds	1,540,000	3.40	11/25/08	11/01/11	1,540,000
2009B G.O. Improvement Bonds	920,000	2.00 - 2.50	12/29/09	02/01/15	<u>920,000</u>
Total G.O. Special Assessment Improvement Bonds					<u>\$ 4,325,000</u>

The annual service requirements to maturity for the general obligation special assessment improvement bonds are as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2011	\$ 1,975,000	\$ 133,059	\$ 2,108,059
2012	450,000	67,339	517,339
2013	440,000	54,611	494,611
2014	425,000	41,755	466,755
2015	610,000	26,161	636,161
2016	425,000	8,500	433,500
Total	<u>\$ 4,325,000</u>	<u>\$ 331,425</u>	<u>\$ 4,656,425</u>

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ACCOUNTS - CONTINUED

General obligation revenue bonds

The following bonds were used to finance improvement. They will be repaid with ad valorem taxes and revenue from the City. The bonds are backed by the full faith and credit of the City.

Description	Authorized and Issued	Interest Rate	Issue Date	Maturity Date	Balance at Year End
G.O. Water Revenue Bonds 2004A	\$ 2,080,000	1.75 - 3.65 %	9/21/2004	2/1/2015	\$ 1,135,000
G.O. Sewer Revenue Refunding Bonds 2006A 2009A G.O.	4,675,000	5.00	5/18/2006	2/1/2013	1,960,000
Equipment Certificates	1,320,000	2.00 - 3.00	6/29/2009	2/1/2014	1,065,000
MPFA - Sewer Revenue Bonds, Series 2009	11,811,143 *	2.55	7/28/2009	8/20/2025	<u>11,811,143</u>
Total G.O. Revenue Bonds					<u><u>\$ 15,971,143</u></u>

*-The total authorized amount is \$24,086,798 as of January 25, 2011.

The annual service requirements to maturity for the general obligation revenue bonds are as follows:

Year Ending December 31,	Business-type Activities		
	Principal	Interest	Total
2011	\$ 2,177,000	\$ 421,743	\$ 2,598,743
2012	2,247,000	353,106	2,600,106
2013	1,927,000	290,524	2,217,524
2014	1,558,000	244,861	1,802,861
2015	1,314,000	211,108	1,525,108
2016-2020	5,742,000	676,651	6,418,651
2021-2025	<u>1,006,143</u>	<u>54,550</u>	<u>1,060,693</u>
Total	<u><u>\$ 15,971,143</u></u>	<u><u>\$ 2,252,543</u></u>	<u><u>\$ 18,223,686</u></u>

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ACCOUNTS - CONTINUED

Changes in Long-term Liabilities. During the year ended December 31, 2010, the following changes occurred in non-current liabilities reported on the government-wide statements.

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental activities					
Bonds payable					
General obligation bonds	\$ 18,600,000	\$ -	\$ (2,010,000)	\$ 16,590,000	\$ 860,000
General obligation tax increment bonds	215,000	-	(215,000)	-	-
General obligation special assessment bonds	4,765,000	-	(440,000)	4,325,000	1,975,000
Total bonds payable	23,580,000	-	(2,665,000)	20,915,000	2,835,000
Compensated absences	1,092,509	829,500	(863,226)	1,058,783	63,110
Other postemployment benefits	92,328	105,197	(41,885)	155,640	-
Governmental activity long-term liabilities	<u>\$ 24,764,837</u>	<u>\$ 934,697</u>	<u>\$ (3,570,111)</u>	<u>\$ 22,129,423</u>	<u>\$ 2,898,110</u>
Business-type activities					
Bonds payable					
General obligation revenue bonds	\$ 5,806,501	\$ 12,266,642	\$ (2,102,000)	\$ 15,971,143	\$ 2,177,000
Compensated absences	130,275	112,661	(99,884)	143,052	48,229
Other postemployment benefits	12,687	13,488	(5,550)	20,625	-
Business-type activity long-term liabilities	<u>\$ 5,949,463</u>	<u>\$ 12,392,791</u>	<u>\$ (2,207,434)</u>	<u>\$ 16,134,820</u>	<u>\$ 2,225,229</u>

Conduit debt obligations

The City of Faribault has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from private-sector entity revenues. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City of Faribault, the State of Minnesota, nor any political subdivision thereof is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements. As of December 31, 2010 there were two series of revenue bonds outstanding with an aggregate principal amount payable of \$11,046,559.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 3: DETAILED NOTES ON ALL FUNDS - CONTINUED

G. Designated unreserved fund balances

Designated for subsequent year's expenditures - unspent appropriations lapse at year end. Amounts which are reappropriated in the next year's budget are reported as fund equity designations.

Designated for working capital - this amount represents funds set aside by the City to provide positive cash flow for the next fiscal year.

Designated for compensated absences - this amount represents funds set aside to provide for termination benefits for employees.

Designated for capital improvements - this amount represents funds set aside by the City to provide for future purchases of capital equipment to replace current equipment.

Other designations represents funds set aside for specific items such as forfeited and seized assets.

Designations for unreserved fund balances at December 31, 2010 are summarized as follows:

	Fund			Total
	General	Special Revenue	Capital Projects	
Primary Government				
Designated for:				
Subsequent year's expenditures	\$ 4,033	\$ -	\$ 71,515	\$ 75,548
Working capital	4,912,809	-	-	4,912,809
Compensated absences	928,011	75,195	-	1,003,206
Capital improvements	-	759,391	342,994	1,102,385
Other	-	31,550	-	31,550
	<u>\$ 5,844,853</u>	<u>\$ 866,136</u>	<u>\$ 414,509</u>	<u>\$ 7,125,498</u>
Total				

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE

A. Plan description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota statutes, chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by State statute, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first 10 years and 1.7 percent for each remaining year. Under Method 2, the annuity accrual rate is 2.7 percent of average salary for Basic Plan members and 1.7 percent for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3.0 percent for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989 whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon death of the retiree--no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service, in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

The benefit provisions stated in the previous paragraphs of this section are current provisions and apply to active plan participants. Vested, terminated employees who are entitled to benefits but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA, 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 4: DEFINED BENEFIT PENSION PLAN - STATEWIDE - CONTINUED

B. Funding policy

Minnesota statutes, chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State legislature. The City makes annual contributions to the pension plans equal to the amount required by Minnesota statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.10 percent and 6.00 percent, respectively, of their annual covered salary in 2010. PEPFF members were required to contribute 9.40 percent of their annual covered salary in 2010. In 2010, the City was required to contribute the following percentages of annual covered payroll: 11.78 percent for Basic Plan GERF members, 7.00 percent of Coordinated Plan GERF members and 14.10 percent for PEPFF members. Employer contribution rates for the Coordinated Plan and PEPFF will increase to 7.25 percent and 14.40 percent, respectively, effective January 1, 2011. The City's contribution to the GERF for the years ending December 31, 2010, 2009 and 2008 were \$347,822, \$335,665, and \$334,711, respectively. The City's contribution to the PEPFF for the years ending December 31, 2010, 2009 and 2008 were \$394,935, \$390,081, and \$362,424, respectively. The City's contributions were equal to the contractually required contributions for each year as set by Minnesota statute.

C. Defined contribution plan

The Public Employees Defined Contribution Plan (the Plan) is a multi-employer deferred compensation plan for local government officials. The Plan is established and administered in accordance with Minnesota State Ch. 353D. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Service and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

The Plan benefits solely on amounts contributed to the Plan plus investment earnings, less administrative expenses. Minnesota Stat. § 353D.03 specifies the employee and employer contribution rated for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary, which is matched by the employer.

No vesting period is required to receive benefits in the Plan. At the time of retirement or termination, the market value of the member's account is distributed to the member or another qualified plan.

The City contributions for the year ending December 31, 2010, 2009 and 2008, were \$2,590, \$2,590, and \$2,322, respectively. These contribution amounts are equal to the contractually required contributions for each year as set by the state statute.

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

A. Plan description

The City of Faribault administers a single-employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides lifetime healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. There are 105 active participants and 17 retired participants. Benefit provisions are established through negotiations between the City and the union representing City employees and are renegotiated each three-year bargaining period. The Retiree Health Plan does not issue a publicly available financial report.

B. Funding policy

Contribution requirements also are negotiated between the City and union representatives. The City contributes none of the cost of current-year premiums for eligible retired plan members and their spouses. For fiscal year 2010, the City contributed \$47,435 to the plan. Plan members receiving benefits contribute 100 percent of their premium costs.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

C. Annual other postemployment benefit cost

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer (ARC)*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the Retiree Health Plan:

Annual required contribution	\$ 120,557
Interest on net OPEB obligation	4,201
Adjustment to annual required contribution	<u>(6,073)</u>
 Annual OPEB cost (expense)	 118,685
 Contributions made	 <u>(47,435)</u>
 Increase in net OPEB obligation	 71,250
 Net OPEB obligation - beginning of year	 <u>105,015</u>
 Net OPEB obligation - end of year	 <u><u>\$ 176,265</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2010 and the preceding two fiscal years are as follows:

Year Ending	Trend Information		
	Annual OPEB Cost	Percentage Annual OPEB Contributed	Net OPEB Obligation
12/31/10	\$ 118,685	40.0 %	\$ 176,265
12/31/09	120,153	31.4	105,015
12/31/08	54,781	58.7	22,636

D. Funded status and funding progress

As of January 1, 2009, the actuarial accrued liability for benefits was \$1,299,350, all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$6,758,138, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 19.2 percent.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 5: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - CONTINUED

E. Actuarial methods and assumptions

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

In the January 1, 2009 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.0 percent investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments. The initial healthcare trend rate was 9.5 percent, reduced by decrements to an ultimate rate of 5 percent after ten years. The unfunded actuarial accrued liability (UAAL) is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2010 was thirty years.

Note 6: OTHER INFORMATION

A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the City carries insurance. The City established a limited risk management program for workers' compensation and general liability and property damage.

The workers' compensation program activities are accounted for in the Workers' Compensation Insurance internal service fund. Premiums are paid into the fund by all other funds to pay claims and administrative cost of the program. The premiums are allocated based on the payroll costs by department. The City maintains an excess coverage insurance policy covering individual claims in excess of \$430,000.

CITY OF FARIBAULT, MINNESOTA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2010

Note 6: OTHER INFORMATION - CONTINUED

The general liability and property damage activities are accounted for in the Property/Liability Insurance internal service fund. For liability insurance, the first \$50,000 for each occurrence and an annual aggregate of \$100,000 is self-retained with the balance of \$1,000,000 coverage purchased through insurance carriers. All property is insured at replacement value with a \$50,000 deductible. These amounts are used to promote an aggressive maintenance program to help limit liability losses.

There were no significant reductions in insurance coverage from the previous year. There were no settlements in excess of insurance for any of the prior three years.

Amounts recorded in the Workers' Compensation Insurance internal service fund for 2010, 2009 and 2008 are as follows:

	2010	2009	2008
Claims liability - January 1	\$ 26,644	\$ 82,515	\$ 91,040
Claims adjustment	68,944	58,273	73,574
Claims paid	(33,774)	(114,144)	(82,099)
Claims liability - December 31	\$ 61,814	\$ 26,644	\$ 82,515

The entire claims liability is considered a current liability as the entire amount is expected to be paid within one year.

B. Contingent liabilities

The Housing and Redevelopment Authority (HRA) in the course of business has obtained various deferred loans from governmental agencies. Generally, the entire loan amounts will be forgiven unless the HRA defaults on the conditions noted in the deferred loan agreements. HRA management has indicated that their intent is to meet their conditions. The deferred loans are not recorded as a liability in the HRA's financial statements; however, if the HRA were to default, the unforgiven portion would have to be repaid to the original funding source.

C. Legal debt margin

The City's statutory debt limit is equal to three percent of the estimated taxable market value of the property located within the City. The taxable market value totals \$1,440,456,800, which calculates to a debt margin of \$43,213,704. Debt financed partially or entirely by special assessments is not applied against the City's debt limit, nor is debt financed by proprietary fund revenues. Currently the City has net general obligation debt outstanding of \$13,619,854, leaving a debt margin of \$29,593,850.

D. Tax increment districts

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

CITY OF FARIBAULT, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

Note 6: OTHER INFORMATION - CONTINUED

E. Concentrations

The City receives a significant amount of its annual General fund revenue from the State of Minnesota from the Local Government Aid (LGA) and Market Value Homestead Credit (MVHC) programs. The amounts received in 2010 were \$4,772,748 and \$78,697 in the General fund, respectively. This accounted for 38 percent of General fund revenue.

Note 7: LEASE AGREEMENTS

A. Nature interpretive center

On March 10, 1992, the City entered into an agreement with the River Bend Nature Center, Inc. for the purpose of establishing, operating, and maintaining an interpretive center with emphasis on natural history. The lease may be terminated by either party upon three months written notice. The City is to provide at no cost the Nature Center property.

B. Senior citizens center

On October 26, 1993, the City entered an agreement with Faribault Area Senior Citizens, Inc. for the purpose of providing the cooperative operation of a recreational, cultural, and educational facility and programs for senior citizens. The term of the lease is thirty (30) years and may be renewed automatically on the same term and conditions. The lease can be terminated if the Faribault Area Senior Citizens, Inc. is dissolved. The City is to: (1) rent the premises for one dollar per year, (2) reimburse fifty (50) percent of utility costs, and (3) maintain the parking lot and sidewalks.

Note 8: JOINTLY GOVERNED ORGANIZATIONS

The City participates in various jointly governed organizations that generally have separate governing boards composed of representative of each member organization. The City does not have a significant ongoing financial interest or responsibility with these organizations.

During 2010, the City did not have any related party transactions involving the jointly governed organizations. The City participated in the following jointly governed organizations in 2010:

- Rice County Drug Task Force.
- Consolidated Public Safety Answering Point.

Note 9: TRANSACTIONS BETWEEN THE PRIMARY GOVERNMENT AND ITS COMPONENT UNITS

The City conducts routine transactions with its component units for services provided. The City provides administrative and financial services for the HRA and EDA activities. Other significant transactions between the primary government and its component units are described in previous notes.



**REQUIRED SUPPLEMENTARY
INFORMATION**

**CITY OF FARIBAULT
FARIBAULT, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**



CITY OF FARIBAULT, MINNESOTA
 REQUIRED SUPPLEMENTARY INFORMATION
 FOR THE YEAR ENDED DECEMBER 31, 2010

Schedule of Funding Progress for the Postemployment Benefit Plan

Actuarial Valuation Date	Required Supplementary Information				Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)				
01/01/09	\$ -	\$ 1,299,350	\$ 1,299,350		- %	\$ 6,758,138	19.2%
01/01/08	-	677,328	677,328		-	6,383,136	10.6%



**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

**CITY OF FARIBAULT
FARIBAULT, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**

CITY OF FARIBAULT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

Statement 12

	Special Revenue	Capital Projects	Total
ASSETS			
Cash and investments	\$ 1,238,928	\$ 1,961,957	\$ 3,200,885
Receivables			
Accrued interest	3,373	4,029	7,402
Accounts - net	3,259	41,895	45,154
Taxes	-	3,300	3,300
Special assessments			
Delinquent	-	32,252	32,252
Deferred	-	310,999	310,999
Loans	583,772	-	583,772
Due from other governments	820,040	395,029	1,215,069
Due from other funds	160,063	-	160,063
	\$ 2,809,435	\$ 2,749,461	\$ 5,558,896
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 87,783	\$ 87,254	\$ 175,037
Contracts payable	24,712	43,522	68,234
Due to other governments	6,165	-	6,165
Due to other funds	894,088	408,165	1,302,253
Due to component unit	-	-	-
Accrued interest payable	-	319	319
Deferred revenue	1,155,103	341,230	1,496,333
Deposits payable	3,431	-	3,431
	2,171,282	880,490	3,051,772
FUND BALANCES			
Unreserved			
Designated reported in:			
Capital projects funds	-	414,509	414,509
Special revenue funds	866,136	-	866,136
Undesignated	(227,983)	1,454,462	1,226,479
	638,153	1,868,971	2,507,124
	\$ 2,809,435	\$ 2,749,461	\$ 5,558,896

CITY OF FARIBAULT, MINNESOTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 13

	Special Revenue	Capital Projects	Total
REVENUES			
Taxes	\$ 17,273	\$ 873,083	\$ 890,356
Intergovernmental	1,455,222	359,115	1,814,337
Charges for services	1,072,489	36,850	1,109,339
Fines and forfeits	17,901	-	17,901
Special assessments	-	69,875	69,875
Investment income	45,178	35,780	80,958
Miscellaneous revenues			
Contributions and donations	19,606	-	19,606
Refunds and reimbursements	-	23,915	23,915
Other	14,418	278,443	292,861
TOTAL REVENUES	2,642,087	1,677,061	4,319,148
EXPENDITURES			
Current			
General government	95,634	14,227	109,861
Public safety	466,096	10,559	476,655
Public works	-	312,073	312,073
Culture and recreation	285,306	-	285,306
Community development	916,132	-	916,132
Mass transportation and airport	364,869	-	364,869
Capital outlay			
General government	-	44,221	44,221
Public safety	828,489	185,376	1,013,865
Public works	-	165,365	165,365
Culture and recreation	15,061	269,435	284,496
Community development	504,566	-	504,566
Mass transportation and airport	688,020	-	688,020
TOTAL EXPENDITURES	4,164,173	1,001,256	5,165,429
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,522,086)	675,805	(846,281)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	3,500	-	3,500
Transfers in	32,708	455,000	487,708
Transfers out	(27,708)	(2,023,684)	(2,051,392)
TOTAL OTHER FINANCING SOURCES (USES)	8,500	(1,568,684)	(1,560,184)
NET CHANGE IN FUND BALANCES	(1,513,586)	(892,879)	(2,406,465)
FUND BALANCES, JANUARY 1	2,151,739	2,761,850	4,913,589
FUND BALANCES, DECEMBER 31	\$ 638,153	\$ 1,868,971	\$ 2,507,124

CITY OF FARIBAUT, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - CONTINUED ON THE FOLLOWING PAGES
DECEMBER 31, 2010

	<u>Charitable Gambling</u>	<u>General Government Buildings</u>	<u>Public Safety Programs</u>	<u>Public Safety Grants</u>
ASSETS				
Cash and investments	\$ 27,319	\$ 68,195	\$ 74,982	\$ -
Receivables				
Accrued interest	51	152	-	-
Accounts - net	1,216	1,811	-	-
Loans	-	-	-	-
Due from other governments	-	-	1,528	-
Due from other funds	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u><u>\$ 28,586</u></u>	<u><u>\$ 70,158</u></u>	<u><u>\$ 76,510</u></u>	<u><u>\$ -</u></u>
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ -	\$ 1,345	\$ -	\$ -
Contracts payable	-	-	-	-
Due to other governments	-	-	-	-
Due to other funds	-	-	-	-
Deferred revenue	-	30	-	-
Deposits payable	-	3,431	-	-
	<u>-</u>	<u>3,431</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>-</u>	<u>4,806</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Unreserved				
Designated for forfeited and seized assets	-	-	31,550	-
Designated for capital improvements	-	-	-	-
Designated for compensated absences	-	-	-	-
Undesignated	28,586	65,352	44,960	-
	<u>28,586</u>	<u>65,352</u>	<u>44,960</u>	<u>-</u>
TOTAL FUND BALANCES (DEFICITS)	<u>28,586</u>	<u>65,352</u>	<u>76,510</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u><u>\$ 28,586</u></u>	<u><u>\$ 70,158</u></u>	<u><u>\$ 76,510</u></u>	<u><u>\$ -</u></u>

Statement 14

<u>Municipal Airport</u>	<u>Mass Transportation</u>	<u>2009 NSP Grant</u>	<u>SCDP Comprehensive Grant</u>	<u>Community Development Fund</u>	<u>Rental Housing Rehabilitation</u>
\$ 214,428	\$ -	\$ -	\$ 85,857	\$ 85,974	\$ 162,698
1,278	4	-	-	416	299
(289)	-	-	-	-	-
-	-	-	-	-	2,296
571,301	36,714	185,615	24,882	-	-
-	-	-	-	21,796	-
<u>\$ 786,718</u>	<u>\$ 36,718</u>	<u>\$ 185,615</u>	<u>\$ 110,739</u>	<u>\$ 108,186</u>	<u>\$ 165,293</u>
\$ 940	\$ 151	\$ 47,348	\$ -	\$ 225	\$ -
20,832	-	-	-	-	-
1,258	4,893	-	-	-	-
-	21,796	138,267	-	-	-
571,301	-	-	-	-	2,296
-	-	-	-	-	-
<u>594,331</u>	<u>26,840</u>	<u>185,615</u>	<u>-</u>	<u>225</u>	<u>2,296</u>
-	-	-	-	-	-
759,391	-	-	-	-	-
-	9,632	-	-	65,563	-
(567,004)	246	-	110,739	42,398	162,997
<u>192,387</u>	<u>9,878</u>	<u>-</u>	<u>110,739</u>	<u>107,961</u>	<u>162,997</u>
<u>\$ 786,718</u>	<u>\$ 36,718</u>	<u>\$ 185,615</u>	<u>\$ 110,739</u>	<u>\$ 108,186</u>	<u>\$ 165,293</u>

CITY OF FARIBAULT, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET - CONTINUED
DECEMBER 31, 2010

	1999 SCDP Revolving Loan Fund	2004 SCDP Revolving Loan Fund	Buckham Center Programs	Outdoor Aquatic Center
ASSETS				
Cash and investments	\$ 275,960	\$ 138,852	\$ 19,227	\$ 81,841
Receivables				
Accrued interest	715	234	-	221
Accounts - net	-	-	-	521
Loans	207,358	324,175	-	-
Due from other governments	-	-	-	-
Due from other funds	138,267	-	-	-
	<u>\$ 622,300</u>	<u>\$ 463,261</u>	<u>\$ 19,227</u>	<u>\$ 82,583</u>
TOTAL ASSETS				
LIABILITIES AND FUND BALANCES (DEFICITS)				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ 1,961
Contracts payable	-	-	-	-
Due to other governments	-	-	-	14
Due to other funds	-	-	-	-
Deferred revenue	207,358	324,175	-	-
Deposits payable	-	-	-	-
	<u>207,358</u>	<u>324,175</u>	<u>-</u>	<u>1,975</u>
TOTAL LIABILITIES				
FUND BALANCES (DEFICITS)				
Unreserved				
Designated for forfeited and seized assets	-	-	-	-
Designated for capital improvements	-	-	-	-
Designated for compensated absences	-	-	-	-
Undesignated	414,942	139,086	19,227	80,608
	<u>414,942</u>	<u>139,086</u>	<u>19,227</u>	<u>80,608</u>
TOTAL FUND BALANCES (DEFICITS)				
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)				
	<u>\$ 622,300</u>	<u>\$ 463,261</u>	<u>\$ 19,227</u>	<u>\$ 82,583</u>

Statement 14

2009 SCDP Revolving Loan Fund	Disaster Fund	Total
\$ 3,595	\$ -	\$ 1,238,928
3	-	3,373
-	-	3,259
49,943	-	583,772
-	-	820,040
-	-	160,063
<u>\$ 53,541</u>	<u>\$ -</u>	<u>\$ 2,809,435</u>
\$ -	\$ 35,813	\$ 87,783
-	3,880	24,712
-	-	6,165
-	734,025	894,088
49,943	-	1,155,103
-	-	3,431
<u>49,943</u>	<u>773,718</u>	<u>2,171,282</u>
-	-	31,550
-	-	759,391
-	-	75,195
3,598	(773,718)	(227,983)
<u>3,598</u>	<u>(773,718)</u>	<u>638,153</u>
<u>\$ 53,541</u>	<u>\$ -</u>	<u>\$ 2,809,435</u>

CITY OF FARIBAUT, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Charitable Gambling	General Government Buildings	Public Safety Programs	Public Safety Grants
REVENUES				
Taxes	\$ 17,273	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	19,161
Charges for services				
Fees/program revenues	-	-	-	-
Rents	-	51,043	-	-
Fines and forfeits	-	-	17,901	-
Investment income	438	1,281	-	-
Miscellaneous revenues				
Contributions	-	-	-	-
Other	-	3,551	-	-
TOTAL REVENUES	17,711	55,875	17,901	19,161
EXPENDITURES				
Current				
General government	15,779	79,855	-	-
Public safety	-	-	1,706	14,111
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Mass transportation and airport	-	-	-	-
Capital outlay				
Public safety	-	-	-	5,050
Culture and recreation	-	-	-	-
Community development	-	-	-	-
Mass transportation and airport	-	-	-	-
TOTAL EXPENDITURES	15,779	79,855	1,706	19,161
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,932	(23,980)	16,195	-
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
NET CHANGE IN FUND BALANCES	1,932	(23,980)	16,195	-
FUND BALANCES, JANUARY 1	26,654	89,332	60,315	-
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 28,586	\$ 65,352	\$ 76,510	\$ -

<u>Municipal Airport</u>	<u>Mass Transportation</u>	<u>2009 NSP Grant</u>	<u>SCDP Comprehensive Grant</u>	<u>Community Development Fund</u>	<u>Rental Housing Rehabilitation</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
101,927	138,807	544,209	150,388	730	-
1,000	17,272	-	-	675,312	2,183
80,337	-	-	-	-	-
-	-	-	-	-	-
11,562	(47)	-	-	3,297	2,685
-	2,699	-	-	-	-
-	1,619	-	2,667	6,581	-
<u>194,826</u>	<u>160,350</u>	<u>544,209</u>	<u>153,055</u>	<u>685,920</u>	<u>4,868</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	39,643	194,905	681,492	-
199,829	165,040	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	504,566	-	-	-
688,020	-	-	-	-	-
<u>887,849</u>	<u>165,040</u>	<u>544,209</u>	<u>194,905</u>	<u>681,492</u>	<u>-</u>
(693,023)	(4,690)	-	(41,850)	4,428	4,868
-	3,500	-	-	-	-
-	-	-	-	5,000	-
-	-	-	(27,708)	-	-
-	3,500	-	(27,708)	5,000	-
(693,023)	(1,190)	-	(69,558)	9,428	4,868
<u>885,410</u>	<u>11,068</u>	<u>-</u>	<u>180,297</u>	<u>98,533</u>	<u>158,129</u>
<u>\$ 192,387</u>	<u>\$ 9,878</u>	<u>\$ -</u>	<u>\$ 110,739</u>	<u>\$ 107,961</u>	<u>\$ 162,997</u>

CITY OF FARIBAULT, MINNESOTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES (DEFICITS) - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	1999 SCDP Revolving Loan Fund	2004 SCDP Revolving Loan Fund	Buckham Center Programs	Outdoor Aquatic Center
REVENUES				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-
Charges for services				
Fees/program revenues	29,301	18,065	4,760	190,290
Rents	-	-	-	-
Fines and forfeits	-	-	-	-
Investment income	11,997	11,312	-	1,981
Miscellaneous revenues				
Contributions	-	-	16,127	780
Other	-	-	-	-
TOTAL REVENUES	41,298	29,377	20,887	193,051
EXPENDITURES				
Current				
General government	-	-	-	-
Public safety	-	-	-	-
Culture and recreation	-	-	35,754	249,552
Community development	92	-	-	-
Mass transportation and airport	-	-	-	-
Capital outlay				
Public safety	-	-	-	-
Culture and recreation	-	-	-	15,061
Community development	-	-	-	-
Mass transportation and airport	-	-	-	-
TOTAL EXPENDITURES	92	-	35,754	264,613
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	41,206	29,377	(14,867)	(71,562)
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	-	-	-
Transfers in	27,708	-	-	-
Transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	27,708	-	-	-
NET CHANGE IN FUND BALANCES	68,914	29,377	(14,867)	(71,562)
FUND BALANCES, JANUARY 1	346,028	109,709	34,094	152,170
FUND BALANCES (DEFICITS), DECEMBER 31	\$ 414,942	\$ 139,086	\$ 19,227	\$ 80,608

Statement 15

2009 SCDP Revolving Loan Fund	Disaster Fund	Total
\$ -	\$ -	\$ 17,273
-	500,000	1,455,222
2,926	-	941,109
-	-	131,380
-	-	17,901
672	-	45,178
-	-	19,606
-	-	14,418
<u>3,598</u>	<u>500,000</u>	<u>2,642,087</u>
-	-	95,634
-	450,279	466,096
-	-	285,306
-	-	916,132
-	-	364,869
-	823,439	828,489
-	-	15,061
-	-	504,566
-	-	688,020
<u>-</u>	<u>1,273,718</u>	<u>4,164,173</u>
<u>3,598</u>	<u>(773,718)</u>	<u>(1,522,086)</u>
-	-	3,500
-	-	32,708
-	-	(27,708)
<u>-</u>	<u>-</u>	<u>8,500</u>
3,598	(773,718)	(1,513,586)
<u>-</u>	<u>-</u>	<u>2,151,739</u>
<u>\$ 3,598</u>	<u>\$ (773,718)</u>	<u>\$ 638,153</u>

CITY OF FARIBAULT, MINNESOTA
 CHARITABLE GAMBLING FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 16

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 24,000	\$ 24,000	\$ 17,273	\$ (6,727)	\$ 17,507
Investment income	1,000	1,000	438	(562)	492
TOTAL REVENUES	25,000	25,000	17,711	(7,289)	17,999
EXPENDITURES					
General government					
Current					
Other services and charges	24,850	24,850	15,779	9,071	22,973
NET CHANGE IN FUND BALANCES	150	150	1,932	1,782	(4,974)
FUND BALANCES, JANUARY 1	26,654	26,654	26,654	-	31,628
FUND BALANCES, DECEMBER 31	\$ 26,804	\$ 26,804	\$ 28,586	\$ 1,782	\$ 26,654

CITY OF FARIBAULT, MINNESOTA
GENERAL GOVERNMENT BUILDINGS FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 17

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Rents	\$ 56,293	\$ 56,293	\$ 51,043	\$ (5,250)	\$ 57,764
Investment income	-	-	1,281	1,281	1,389
Miscellaneous revenues					
Other	-	-	3,551	3,551	7,029
TOTAL REVENUES	<u>56,293</u>	<u>56,293</u>	<u>55,875</u>	<u>(418)</u>	<u>66,182</u>
EXPENDITURES					
General government					
Current					
Supplies	2,500	8,500	8,053	447	3,341
Other services and charges	48,879	75,629	71,802	3,827	49,587
TOTAL EXPENDITURES	<u>51,379</u>	<u>84,129</u>	<u>79,855</u>	<u>4,274</u>	<u>52,928</u>
NET CHANGE IN FUND BALANCES	4,914	(27,836)	(23,980)	3,856	13,254
FUND BALANCES, JANUARY 1	<u>89,332</u>	<u>89,332</u>	<u>89,332</u>	<u>-</u>	<u>76,078</u>
FUND BALANCES, DECEMBER 31	<u>\$ 94,246</u>	<u>\$ 61,496</u>	<u>\$ 65,352</u>	<u>\$ 3,856</u>	<u>\$ 89,332</u>

CITY OF FARIBAULT, MINNESOTA
PUBLIC SAFETY PROGRAMS FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Fines and forfeits	\$ 20,000	\$ 20,000	\$ 17,901	\$ (2,099)	\$ 9,625
EXPENDITURES					
Public safety					
Current					
Other services and charges	5,250	5,250	1,706	3,544	3,529
NET CHANGE IN FUND BALANCES	14,750	14,750	16,195	1,445	6,096
FUND BALANCES, JANUARY 1	60,315	60,315	60,315	-	54,219
FUND BALANCES, DECEMBER 31	<u>\$ 75,065</u>	<u>\$ 75,065</u>	<u>\$ 76,510</u>	<u>\$ 1,445</u>	<u>\$ 60,315</u>

CITY OF FARIBAULT, MINNESOTA
MUNICIPAL AIRPORT FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 19

	2010			Variance with Final Budget	2009
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Intergovernmental					
Federal	\$ 1,348,413	\$ 1,348,413	\$ 77,264	\$ (1,271,149)	\$ 366,157
State of Minnesota	25,000	25,000	24,663	(337)	24,663
Charges for services					
Fees/program revenues	10,000	10,000	1,000	(9,000)	42,000
Rents	65,000	65,000	80,337	15,337	75,511
Investment income	30,000	30,000	11,562	(18,438)	17,181
TOTAL REVENUES	1,478,413	1,478,413	194,826	(1,283,587)	525,512
EXPENDITURES					
Other					
Current					
Supplies	13,800	13,800	10,212	3,588	14,205
Other services and charges	160,818	160,818	189,617	(28,799)	338,476
Capital outlay	1,419,382	1,419,382	688,020	731,362	340,424
TOTAL EXPENDITURES	1,594,000	1,594,000	887,849	706,151	693,105
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(115,587)	(115,587)	(693,023)	(577,436)	(167,593)
OTHER FINANCING SOURCES					
Sale of capital asset	-	-	-	-	7,500
NET CHANGES IN FUND BALANCES	(115,587)	(115,587)	(693,023)	(577,436)	(160,093)
FUND BALANCES, JANUARY 1	885,410	885,410	885,410	-	1,045,503
FUND BALANCES, DECEMBER 31	\$ 769,823	\$ 769,823	\$ 192,387	\$ (577,436)	\$ 885,410

CITY OF FARIBAULT, MINNESOTA
 MASS TRANSPORTATION FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 20

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ 61,593	\$ 61,593	\$ 62,202	\$ 609	\$ 127,635
State of Minnesota	77,089	77,089	76,605	(484)	72,798
Charges for services	16,875	16,875	17,272	397	15,320
Investment income	-	-	(47)	(47)	(705)
Miscellaneous revenues					
Contributions	3,750	3,750	2,699	(1,051)	2,209
Other	-	-	1,619	1,619	-
TOTAL REVENUES	159,307	159,307	160,350	1,043	217,257
EXPENDITURES					
Mass transportation and airport					
Current					
Personal services	97,256	104,746	111,794	(7,048)	107,482
Supplies	21,350	19,350	17,962	1,388	16,422
Other services and charges	40,563	38,573	35,284	3,289	36,651
Capital outlay	-	-	-	-	63,115
TOTAL EXPENDITURES	159,169	162,669	165,040	(2,371)	223,670
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	138	(3,362)	(4,690)	(1,328)	(6,413)
OTHER FINANCING SOURCES					
Sale of capital assets	-	3,500	3,500	-	-
NET CHANGE IN FUND BALANCES	138	138	(1,190)	(1,328)	(6,413)
FUND BALANCES, JANUARY 1	11,068	11,068	11,068	-	17,481
FUND BALANCES, DECEMBER 31	\$ 11,206	\$ 11,206	\$ 9,878	\$ (1,328)	\$ 11,068

CITY OF FARIBAULT, MINNESOTA
 2009 NSP GRANT FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 21

	2010			Variance with Final Budget	2009
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Intergovernmental					
Federal	\$ 236,800	\$ 647,000	\$ 544,209	\$ (102,791)	\$ 115,501
EXPENDITURES					
Community development					
Current					
Other services and charges	35,200	70,881	39,643	31,238	28,754
Capital outlay	201,600	613,600	504,566	109,034	86,747
TOTAL EXPENDITURES	236,800	684,481	544,209	140,272	115,501
NET CHANGE IN FUND BALANCES	-	(37,481)	-	37,481	-
FUND BALANCES, JANUARY 1	-	-	-	-	-
FUND BALANCES, DECEMBER 31	\$ -	\$ (37,481)	\$ -	\$ 37,481	\$ -

CITY OF FARIBAULT, MINNESOTA
 SCDP COMPREHENSIVE GRANT FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 22

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
Federal	\$ 500,023	\$ 500,023	\$ 150,388	\$ (349,635)	\$ 87,160
Miscellaneous revenues					
Other	-	-	2,667	2,667	22,413
TOTAL REVENUES	500,023	500,023	153,055	(346,968)	109,573
EXPENDITURES					
Community development					
Current					
Other services and charges	28,747	28,747	20,310	8,437	14,314
Loans and grants	614,333	614,333	174,595	439,738	130,496
TOTAL EXPENDITURES	643,080	643,080	194,905	448,175	144,810
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(143,057)	(143,057)	(41,850)	101,207	(35,237)
OTHER FINANCING SOURCES (USES)					
Transfers in	142,297	142,297	-	(142,297)	215,534
Transfers out	-	-	(27,708)	(27,708)	-
TOTAL OTHER FINANCING SOURCES (USES)	142,297	142,297	(27,708)	(170,005)	215,534
NET CHANGE IN FUND BALANCES	(760)	(760)	(69,558)	(68,798)	180,297
FUND BALANCES, JANUARY 1	180,297	180,297	180,297	-	-
FUND BALANCES, DECEMBER 31	\$ 179,537	\$ 179,537	\$ 110,739	\$ (68,798)	\$ 180,297

CITY OF FARIBAULT, MINNESOTA
COMMUNITY DEVELOPMENT FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 23

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental					
State	\$ -	\$ -	\$ 730	\$ 730	\$ -
Charges for services					
Fees/program revenues	662,597	662,597	675,312	12,715	687,959
Investment income	2,000	2,000	3,297	1,297	402
Miscellaneous revenues					
Other	-	-	6,581	6,581	12,808
TOTAL REVENUES	664,597	664,597	685,920	21,323	701,169
EXPENDITURES					
Community development					
Current					
Personal services	480,077	492,937	466,245	26,692	485,941
Supplies	12,700	11,500	9,929	1,571	9,508
Other services and charges	228,540	216,880	205,318	11,562	241,262
TOTAL EXPENDITURES	721,317	721,317	681,492	39,825	736,711
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(56,720)	(56,720)	4,428	61,148	(35,542)
OTHER FINANCING SOURCES					
Transfers in	5,000	5,000	5,000	-	23,265
NET CHANGE IN FUND BALANCES	(51,720)	(51,720)	9,428	61,148	(12,277)
FUND BALANCES, JANUARY 1	98,533	98,533	98,533	-	110,810
FUND BALANCES, DECEMBER 31	\$ 46,813	\$ 46,813	\$ 107,961	\$ 61,148	\$ 98,533

CITY OF FARIBAULT, MINNESOTA
 RENTAL HOUSING REHABILITATION FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 24

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 2,183	\$ 2,183	\$ 2,183	\$ -	\$ 4,664
Investment income	210	210	2,685	2,475	2,854
TOTAL REVENUES	2,393	2,393	4,868	2,475	7,518
FUND BALANCES, JANUARY 1	158,129	158,129	158,129	-	150,611
FUND BALANCES, DECEMBER 31	<u>\$ 160,522</u>	<u>\$ 160,522</u>	<u>\$ 162,997</u>	<u>\$ 2,475</u>	<u>\$ 158,129</u>

CITY OF FARIBAULT, MINNESOTA
1999 SCDP REVOLVING LOAN FUND
BUDGETED SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010
With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 25

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 25,393	\$ 25,393	\$ 29,301	\$ 3,908	\$ 30,826
Investment income	6,477	6,477	11,997	5,520	14,627
TOTAL REVENUES	31,870	31,870	41,298	9,428	45,453
EXPENDITURES					
Community development					
Current					
Other services and charges	-	-	92	(92)	37,470
EXCESS OF REVENUES OVER EXPENDITURES	31,870	31,870	41,206	9,336	7,983
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	27,708	27,708	-
Transfers out	-	-	-	-	(215,534)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	27,708	27,708	(215,534)
NET CHANGES IN FUND BALANCES	31,870	31,870	68,914	37,044	(207,551)
FUND BALANCES, JANUARY 1	346,028	346,028	346,028	-	553,579
FUND BALANCES, DECEMBER 31	\$ 377,898	\$ 377,898	\$ 414,942	\$ 37,044	\$ 346,028

CITY OF FARIBAULT, MINNESOTA
 2004 SCDP REVOLVING LOAN FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010			Variance with Final Budget	2009
	Budgeted Amounts		Actual		Actual
	Original	Final	Amounts		Amounts
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 20,009	\$ 20,009	\$ 18,065	\$ (1,944)	\$ 21,273
Investment income	10,610	10,610	11,312	702	11,902
TOTAL REVENUES	30,619	30,619	29,377	(1,242)	33,175
FUND BALANCES, JANUARY 1	109,709	109,709	109,709	-	76,534
FUND BALANCES, DECEMBER 31	<u>\$ 140,328</u>	<u>\$ 140,328</u>	<u>\$ 139,086</u>	<u>\$ (1,242)</u>	<u>\$ 109,709</u>

CITY OF FARIBAULT, MINNESOTA
 BUCKHAM CENTER PROGRAMS FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 27

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental	\$ 56,000	\$ 56,000	\$ -	\$ (56,000)	\$ -
Charges for services	7,000	7,000	4,760	(2,240)	3,015
Miscellaneous revenues					
Contributions	3,000	3,000	16,127	13,127	41,357
TOTAL REVENUES	66,000	66,000	20,887	(45,113)	44,372
EXPENDITURES					
Culture and recreation					
Current					
Personal services	41,772	41,772	19,647	22,125	19,664
Supplies	10,200	10,200	6,839	3,361	7,146
Other services and charges	13,800	13,800	9,268	4,532	10,344
TOTAL EXPENDITURES	65,772	65,772	35,754	30,018	37,154
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	228	228	(14,867)	(15,095)	7,218
OTHER FINANCING USES					
Transfers out	-	-	-	-	(1,067)
NET CHANGE IN FUND BALANCES	228	228	(14,867)	(15,095)	6,151
FUND BALANCES, JANUARY 1	34,094	34,094	34,094	-	27,943
FUND BALANCES, DECEMBER 31	\$ 34,322	\$ 34,322	\$ 19,227	\$ (15,095)	\$ 34,094



CITY OF FARIBAULT, MINNESOTA
 OUTDOOR AQUATIC CENTER FUND
 BUDGETED SPECIAL REVENUE FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010
 With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 28

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services	\$ 281,000	\$ 281,000	\$ 190,290	\$ (90,710)	\$ 147,458
Investment income	5,000	5,000	1,981	(3,019)	2,524
Miscellaneous revenues					
Contributions	-	-	780	780	5,365
TOTAL REVENUES	286,000	286,000	193,051	(92,949)	155,347
EXPENDITURES					
Culture and recreation					
Current					
Personal services	168,313	168,313	135,510	32,803	121,591
Supplies	64,080	64,080	53,686	10,394	42,504
Other services and charges	61,867	61,867	60,356	1,511	39,100
Capital outlay	18,500	18,500	15,061	3,439	-
TOTAL EXPENDITURES	312,760	312,760	264,613	48,147	203,195
DEFICIENCY OF REVENUES UNDER EXPENDITURES	(26,760)	(26,760)	(71,562)	(44,802)	(47,848)
OTHER FINANCING SOURCES					
Transfers in	-	-	-	-	1,067
NET CHANGE IN FUND BALANCES	(26,760)	(26,760)	(71,562)	(44,802)	(46,781)
FUND BALANCES, JANUARY 1	152,170	152,170	152,170	-	198,951
FUND BALANCES, DECEMBER 31	\$ 125,410	\$ 125,410	\$ 80,608	\$ (44,802)	\$ 152,170

CITY OF FARIBAULT, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	Street Improvement Projects	Parkland Dedication	Capital Replacement General
ASSETS			
Cash and investments	\$ 62,002	\$ 369,904	\$ 1,159,095
Receivables			
Accrued interest	-	638	1,566
Accounts	41,895	-	-
Taxes	3,300	-	-
Special assessments			
Delinquent	3,803	28,449	-
Deferred	310,999	-	-
Due from other governments	230,628	-	-
TOTAL ASSETS	\$ 652,627	\$ 398,991	\$ 1,160,661
LIABILITIES AND FUND BALANCES (DEFICITS)			
LIABILITIES			
Accounts payable	\$ -	\$ -	\$ 41,431
Contracts payable	-	-	-
Due to other funds	-	-	-
Accrued interest payable	319	-	-
Deferred revenue	312,781	28,449	-
TOTAL LIABILITIES	313,100	28,449	41,431
FUND BALANCES (DEFICITS)			
Unreserved			
Designated for subsequent year's expenditures	-	-	71,515
Designated for capital improvements	-	-	-
Undesignated	339,527	370,542	1,047,715
TOTAL FUND BALANCES (DEFICITS)	339,527	370,542	1,119,230
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 652,627	\$ 398,991	\$ 1,160,661

Statement 29

Soccer Complex	MSA Construction	Public Facility Projects	Total
\$ 8,962	\$ -	\$ 361,994	\$ 1,961,957
39	-	1,786	4,029
-	-	-	41,895
-	-	-	3,300
-	-	-	32,252
-	-	-	310,999
-	164,401	-	395,029
<u>\$ 9,001</u>	<u>\$ 164,401</u>	<u>\$ 363,780</u>	<u>\$ 2,749,461</u>
\$ -	\$ 36,054	\$ 9,769	\$ 87,254
-	23,504	20,018	43,522
-	408,165	-	408,165
-	-	-	319
-	-	-	341,230
-	467,723	29,787	880,490
-	-	-	71,515
9,001	-	333,993	342,994
-	(303,322)	-	1,454,462
<u>9,001</u>	<u>(303,322)</u>	<u>333,993</u>	<u>1,868,971</u>
<u>\$ 9,001</u>	<u>\$ 164,401</u>	<u>\$ 363,780</u>	<u>\$ 2,749,461</u>

CITY OF FARIBAULT, MINNESOTA
NONMAJOR CAPITAL PROJECTS FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES (DEFICITS)
FOR THE YEAR ENDED DECEMBER 31, 2010

	Street Improvement Projects	Parkland Dedication	Capital Replacement General
REVENUES			
Taxes			
General property taxes	\$ 628,719	\$ -	\$ -
Franchise fees	244,364	-	-
Intergovernmental			
State	129,714	-	-
Charges for services	-	36,850	-
Special assessments	69,875	-	-
Investment income	(2,396)	5,450	13,391
Miscellaneous			
Refunds and reimbursements	23,915	-	-
Other	-	-	-
	<u>1,094,191</u>	<u>42,300</u>	<u>13,391</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General government	-	-	14,227
Public safety	-	-	-
Public works	102,374	-	-
Capital outlay			
General government	-	-	44,221
Public safety	-	-	51,566
Public works	-	-	67,662
Culture and recreation	-	-	148,213
	<u>102,374</u>	<u>-</u>	<u>325,889</u>
TOTAL EXPENDITURES			
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>991,817</u>	<u>42,300</u>	<u>(312,498)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	455,000
Transfers out	<u>(1,419,469)</u>	<u>(16,058)</u>	<u>-</u>
	<u>(1,419,469)</u>	<u>(16,058)</u>	<u>455,000</u>
TOTAL OTHER FINANCING SOURCES (USES)			
NET CHANGES IN FUND BALANCES	(427,652)	26,242	142,502
FUND BALANCES (DEFICITS), JANUARY 1	<u>767,179</u>	<u>344,300</u>	<u>976,728</u>
FUND BALANCES (DEFICITS), DECEMBER 31	<u>\$ 339,527</u>	<u>\$ 370,542</u>	<u>\$ 1,119,230</u>

Statement 30

Soccer Complex	MSA Construction	Public Facility Projects	Total
\$ -	\$ -	\$ -	\$ 628,719
-	-	-	244,364
-	229,401	-	359,115
-	-	-	36,850
-	-	-	69,875
638	-	18,697	35,780
-	-	-	23,915
272,500	-	5,943	278,443
<u>273,138</u>	<u>229,401</u>	<u>24,640</u>	<u>1,677,061</u>
-	-	-	14,227
-	-	10,559	10,559
-	209,699	-	312,073
-	-	-	44,221
-	-	133,810	185,376
-	97,703	-	165,365
121,222	-	-	269,435
<u>121,222</u>	<u>307,402</u>	<u>144,369</u>	<u>1,001,256</u>
<u>151,916</u>	<u>(78,001)</u>	<u>(119,729)</u>	<u>675,805</u>
-	-	-	455,000
-	(9,268)	(578,889)	(2,023,684)
-	(9,268)	(578,889)	(1,568,684)
151,916	(87,269)	(698,618)	(892,879)
(142,915)	(216,053)	1,032,611	2,761,850
<u>\$ 9,001</u>	<u>\$ (303,322)</u>	<u>\$ 333,993</u>	<u>\$ 1,868,971</u>

CITY OF FARIBAULT, MINNESOTA
GENERAL FUND

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010
With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes					
General property	\$ 4,280,547	\$ 3,964,722	\$ 3,836,131	\$ (128,591)	\$ 3,691,353
Franchise taxes	654,240	654,240	703,922	49,682	621,851
Other	4,000	4,000	4,425	425	3,156
Total taxes	4,938,787	4,622,962	4,544,478	(78,484)	4,316,360
Licenses and permits					
Business	69,100	69,100	81,087	11,987	88,776
Non-business	259,600	259,600	220,172	(39,428)	306,353
Total licenses and permits	328,700	328,700	301,259	(27,441)	395,129
Intergovernmental					
Federal					
Safe and sober/Nightcap	-	39,841	79,924	40,083	36,583
State					
Local government aid	4,772,748	4,772,748	4,772,748	-	5,513,289
Property tax credits	-	315,825	78,697	(237,128)	382,225
MSA	100,000	100,000	100,000	-	100,000
Fire aid	100,000	100,000	98,328	(1,672)	120,598
Police aid	206,000	206,000	229,877	23,877	241,733
PERA aid	18,931	18,931	18,931	-	18,931
Other state aid	31,959	31,959	45,462	13,503	42,019
County					
Library	206,065	206,065	206,065	-	229,887
Public works	42,650	42,650	55,832	13,182	43,655
Other county grants	-	-	1,342	1,342	82,317
School district					
Public safety	82,686	82,686	82,686	-	81,065
Culture and recreation	156,000	156,000	160,340	4,340	157,257
Total intergovernmental	5,717,039	6,072,705	5,930,232	(142,473)	7,049,559
Charges for services					
General government	839,021	839,021	855,687	16,666	845,972
Public safety	188,000	188,000	176,567	(11,433)	197,419
Public works	30,000	30,000	24,346	(5,654)	39,067
Culture and recreation	469,500	469,500	430,773	(38,727)	423,282
Total charges for services	1,526,521	1,526,521	1,487,373	(39,148)	1,505,740
Fines and forfeitures	149,000	149,000	153,198	4,198	149,148
Special assessments	-	-	536	536	5,174
Investment income	180,000	180,000	115,138	(64,862)	100,095
Miscellaneous revenues	22,000	24,000	85,665	61,665	78,500
TOTAL REVENUES	12,862,047	12,903,888	12,617,879	(286,009)	13,599,705

CITY OF FARIBAUT, MINNESOTA
GENERAL FUND

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES					
Current					
General government					
Council					
Personal services	\$ 58,353	\$ 58,353	\$ 58,352	\$ 1	\$ 58,352
Supplies	4,532	4,532	1,923	2,609	2,174
Other services and charges	101,183	96,857	80,016	16,841	75,229
Total Council	164,068	159,742	140,291	19,451	135,755
Administrator and elections					
Personal services	347,214	337,089	328,271	8,818	331,173
Supplies	7,935	7,935	7,203	732	3,787
Other services and charges	52,619	82,070	82,071	(1)	55,154
Total administration and elections	407,768	427,094	417,545	9,549	390,114
Finance					
Personal services	447,451	447,451	439,784	7,667	445,377
Supplies	17,950	17,950	10,469	7,481	14,327
Other services and charges	122,962	122,962	119,757	3,205	122,346
Total finance	588,363	588,363	570,010	18,353	582,050
Legal					
Other services and charges	210,000	295,000	310,722	(15,722)	199,665
Planning and zoning					
Personal services	170,583	170,583	169,339	1,244	169,609
Supplies	3,500	3,500	1,493	2,007	4,261
Other services and charges	12,571	29,571	24,805	4,766	43,024
Total planning and zoning	186,654	203,654	195,637	8,017	216,894
City hall maintenance					
Personal services	122,811	122,811	118,835	3,976	87,349
Supplies	21,884	19,384	15,709	3,675	13,656
Other services and charges	194,834	266,513	247,071	19,442	182,596
Total city hall maintenance	339,529	408,708	381,615	27,093	283,601
Total general government	1,896,382	2,082,561	2,015,820	66,741	1,808,079
Public safety					
Police					
Personal services	3,195,610	3,254,229	3,175,356	78,873	3,184,393
Supplies	229,553	235,650	168,435	67,215	196,745
Other services and charges	281,111	313,255	238,375	74,880	286,277
Total police	3,706,274	3,803,134	3,582,166	220,968	3,667,415

CITY OF FARIBAULT, MINNESOTA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010
With Comparative Actual Amounts For The Year Ended December 31, 2009

Statement 31

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
EXPENDITURES - CONTINUED					
Current - continued					
Public safety - continued					
Community services					
Personal services	\$ 151,469	\$ 161,739	\$ 161,696	\$ 43	\$ 143,417
Supplies	17,450	21,950	14,166	7,784	18,589
Other services and charges	35,245	35,545	27,108	8,437	33,083
Total community services	<u>204,164</u>	<u>219,234</u>	<u>202,970</u>	<u>16,264</u>	<u>195,089</u>
Civil defense					
Supplies	2,000	2,000	54	1,946	1,078
Other services and charges	6,100	6,100	7,569	(1,469)	5,408
Total civil defense	<u>8,100</u>	<u>8,100</u>	<u>7,623</u>	<u>477</u>	<u>6,486</u>
Code enforcement					
Personal services	322,796	272,632	256,050	16,582	315,876
Supplies	14,750	14,000	7,639	6,361	4,733
Other services and charges	21,356	22,106	12,739	9,367	22,687
Total code enforcement	<u>358,902</u>	<u>308,738</u>	<u>276,428</u>	<u>32,310</u>	<u>343,296</u>
Fire					
Personal services	1,007,491	990,309	948,694	41,615	1,021,884
Supplies	49,250	52,450	36,545	15,905	58,709
Other services and charges	81,295	95,277	62,400	32,877	76,849
Total fire	<u>1,138,036</u>	<u>1,138,036</u>	<u>1,047,639</u>	<u>90,397</u>	<u>1,157,442</u>
Total public safety	<u>5,415,476</u>	<u>5,477,242</u>	<u>5,116,826</u>	<u>360,416</u>	<u>5,369,728</u>
Public works					
Administration					
Personal services	184,048	184,048	113,261	70,787	169,016
Supplies	4,250	4,250	1,849	2,401	6,103
Other services and charges	15,549	15,549	14,012	1,537	17,436
Total administration	<u>203,847</u>	<u>203,847</u>	<u>129,122</u>	<u>74,725</u>	<u>192,555</u>
Maintenance					
Personal services	828,654	824,654	821,729	2,925	830,675
Supplies	429,207	418,607	392,333	26,274	408,318
Other services and charges	506,770	536,627	550,742	(14,115)	492,661
Total maintenance	<u>1,764,631</u>	<u>1,779,888</u>	<u>1,764,804</u>	<u>15,084</u>	<u>1,731,654</u>
Total public works	<u>1,968,478</u>	<u>1,983,735</u>	<u>1,893,926</u>	<u>89,809</u>	<u>1,924,209</u>

CITY OF FARIBAULT, MINNESOTA
GENERAL FUND

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
EXPENDITURES - CONTINUED					
Current - continued					
Culture and recreation					
Parks and recreation					
Personal services	\$ 1,308,964	\$ 1,207,869	\$ 1,062,580	\$ 145,289	\$ 1,204,312
Supplies	306,729	312,229	222,897	89,332	267,811
Other services and charges	877,674	900,574	677,828	222,746	715,226
Total parks and recreation	<u>2,493,367</u>	<u>2,420,672</u>	<u>1,963,305</u>	<u>457,367</u>	<u>2,187,349</u>
Library					
Personal services	564,027	597,262	557,411	39,851	558,270
Supplies	130,999	136,474	127,006	9,468	154,234
Other services and charges	231,292	231,292	208,096	23,196	138,815
Total library	<u>926,318</u>	<u>965,028</u>	<u>892,513</u>	<u>72,515</u>	<u>851,319</u>
Total culture and recreation	<u>3,419,685</u>	<u>3,385,700</u>	<u>2,855,818</u>	<u>529,882</u>	<u>3,038,668</u>
Other departments					
Contingencies					
Personal services	75,000	-	-	-	-
Other services and charges	268,999	220,094	218,999	1,095	216,771
Total contingencies	<u>343,999</u>	<u>220,094</u>	<u>218,999</u>	<u>1,095</u>	<u>216,771</u>
Total current expenditures	<u>13,044,020</u>	<u>13,149,332</u>	<u>12,101,389</u>	<u>1,047,943</u>	<u>12,357,455</u>
Capital outlay					
General government	-	-	-	-	5,858
Public safety	-	-	5,394	(5,394)	18,268
Public works	-	-	-	-	22,180
Culture and recreation	8,000	8,000	-	8,000	6,477
Other	-	630,540	578,889	51,651	369,460
Total capital outlay	<u>8,000</u>	<u>638,540</u>	<u>584,283</u>	<u>54,257</u>	<u>422,243</u>
TOTAL EXPENDITURES	<u>13,052,020</u>	<u>13,787,872</u>	<u>12,685,672</u>	<u>1,102,200</u>	<u>12,779,698</u>
EXCESS (DEFICIENCY) OF REVENUES					
OVER (UNDER) EXPENDITURES					
	<u>(189,973)</u>	<u>(883,984)</u>	<u>(67,793)</u>	<u>816,191</u>	<u>820,007</u>



CITY OF FARIBAULT, MINNESOTA
GENERAL FUND

Statement 31

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
OTHER FINANCING SOURCES (USES)					
Sale of capital assets	\$ -	\$ -	\$ 20,545	\$ 20,545	\$ 2,520
Transfers in	-	630,540	594,946	(35,594)	69,460
Transfers out	(460,000)	(460,000)	(460,000)	-	(30,137)
TOTAL OTHER FINANCING SOURCES (USES)	(460,000)	170,540	155,491	(15,049)	41,843
NET CHANGE IN FUND BALANCES	(649,973)	(713,444)	87,698	801,142	861,850
FUND BALANCES, JANUARY 1	9,297,807	9,297,807	9,297,807	-	8,435,957
FUND BALANCES, DECEMBER 31	<u>\$ 8,647,834</u>	<u>\$ 8,584,363</u>	<u>\$ 9,385,505</u>	<u>\$ 801,142</u>	<u>\$ 9,297,807</u>

CITY OF FARIBAULT, MINNESOTA
DEBT SERVICES FUNDS - CONTINUED ON THE FOLLOWING PAGES
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	G.O. Improvement Bonds		
	301 Debt Service Fund	320 1999A G.O. S/A Imp. Bond	321 2000A G.O. S/A Imp. Bond
ASSETS			
Cash and investments	\$ 375,818	\$ -	\$ -
Receivables			
Accrued interest	4,986	-	-
Accounts - net	-	-	-
Taxes	7,309	-	-
Special assessments	799,905	-	4,456
Due from other funds	408,165	-	-
Due from other governments	-	-	-
TOTAL ASSETS	<u>\$ 1,596,183</u>	<u>\$ -</u>	<u>\$ 4,456</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 2,125	\$ -	\$ -
Deferred revenue	803,731	-	4,456
Total liabilities	805,856	-	4,456
FUND BALANCES			
Reserved for debt service	790,327	-	-
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,596,183</u>	<u>\$ -</u>	<u>\$ 4,456</u>

G.O. Improvement Bonds - Continued

324 2004B G.O. S/A Imp. Bond	326 2008C G.O. S/A Imp. Bond	327 2006C Charter Bonds	328 2007A Charter Bonds	329 2008B G.O. S/A Imp. Bond	330 2009B G.O. S/A Imp. Bond	Total G.O. Imp. Bonds
\$ 448,498	\$ 665,279	\$ 468,983	\$ 188,555	\$ 422,292	\$ 182,106	\$ 2,751,531
-	-	-	-	-	-	4,986
-	-	-	-	-	-	-
-	-	-	7,286	3,636	-	18,231
154,002	923,968	67,861	-	622,361	423,009	2,995,562
-	-	-	-	-	-	408,165
-	-	56,260	-	-	-	56,260
<u>\$ 602,500</u>	<u>\$ 1,589,247</u>	<u>\$ 593,104</u>	<u>\$ 195,841</u>	<u>\$ 1,048,289</u>	<u>\$ 605,115</u>	<u>\$ 6,234,735</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,125
154,002	916,546	67,832	6,062	619,158	421,989	2,993,776
154,002	916,546	67,832	6,062	619,158	421,989	2,995,901
448,498	672,701	525,272	189,779	429,131	183,126	3,238,834
<u>\$ 602,500</u>	<u>\$ 1,589,247</u>	<u>\$ 593,104</u>	<u>\$ 195,841</u>	<u>\$ 1,048,289</u>	<u>\$ 605,115</u>	<u>\$ 6,234,735</u>

CITY OF FARIBAULT, MINNESOTA
DEBT SERVICES FUNDS - CONTINUED
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	G.O. Building Bonds		
	339 1999B G.O. Building	340 2000B/2009C G.O. Swimming Pool Bond	342 2006B G.O. Public Works Bond
ASSETS			
Cash and investments (deficits)	\$ -	\$ 246,998	\$ 629,284
Receivables			
Accrued interest	-	-	-
Accounts - net	-	-	41,895
Taxes	-	8,468	13,506
Special assessments	-	-	-
Due from other funds	-	-	-
Due from other governments	-	-	-
TOTAL ASSETS	<u>\$ -</u>	<u>\$ 255,466</u>	<u>\$ 684,685</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ -	\$ 850	\$ -
Deferred revenue	-	7,085	11,276
Total liabilities	-	7,935	11,276
FUND BALANCES			
Reserved for debt service	-	247,531	673,409
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ -</u>	<u>\$ 255,466</u>	<u>\$ 684,685</u>

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G.O. Building Bonds - Continued		Equipment Certificates	Tax Increment Bonds	
343		360	381	
2008A G.O. City Charter Bond	Total G.O. Building Bonds	Equipment Certificates	1999C G.O. Tax Increment	Total
\$ 55,841	\$ 932,123	\$ 111,401	\$ -	\$ 3,795,055
-	-	-	-	4,986
-	41,895	-	-	41,895
8,387	30,361	13,663	-	62,255
-	-	-	-	2,995,562
-	-	-	-	408,165
-	-	-	-	56,260
<u>\$ 64,228</u>	<u>\$ 1,004,379</u>	<u>\$ 125,064</u>	<u>\$ -</u>	<u>\$ 7,364,178</u>
\$ -	\$ 850	\$ -	\$ -	\$ 2,975
6,962	25,323	11,373	-	3,030,472
6,962	26,173	11,373	-	3,033,447
<u>57,266</u>	<u>978,206</u>	<u>113,691</u>	<u>-</u>	<u>4,330,731</u>
<u>\$ 64,228</u>	<u>\$ 1,004,379</u>	<u>\$ 125,064</u>	<u>\$ -</u>	<u>\$ 7,364,178</u>

CITY OF FARIBAULT, MINNESOTA
DEBT SERVICES FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED ON THE FOLLOWING PAGES
FOR THE YEAR ENDED DECEMBER 31, 2010

	G.O. Improvement Bonds		
	301 Debt Service Fund	320 1999A G.O. S/A Imp. Bond	321 2000A G.O. S/A Imp. Bond
REVENUES			
Taxes	\$ 3,147	\$ -	\$ -
Intergovernmental	-	-	-
Special assessments	113,284	330	16,986
Investment income	38,433	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	<u>154,864</u>	<u>330</u>	<u>16,986</u>
EXPENDITURES			
Current			
General government	26,291	-	-
Debt service			
Principal retirement	-	90,000	80,000
Interest and fiscal charges	-	2,398	6,354
TOTAL EXPENDITURES	<u>26,291</u>	<u>92,398</u>	<u>86,354</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>128,573</u>	<u>(92,068)</u>	<u>(69,368)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	28,916	34,845	69,368
Transfers out	(540,627)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(511,711)</u>	<u>34,845</u>	<u>69,368</u>
NET CHANGE IN FUND BALANCES	(383,138)	(57,223)	-
FUND BALANCES, JANUARY 1	<u>1,173,465</u>	<u>57,223</u>	<u>-</u>
FUND BALANCES, DECEMBER 31	<u>\$ 790,327</u>	<u>\$ -</u>	<u>\$ -</u>

G.O. Improvement Bonds - Continued

324 2004B G.O. S/A Imp. Bond	326 2008C G.O. S/A Imp. Bond	327 2006C Charter Bonds	328 2007A Charter Bonds	329 2008B G.O. S/A Imp. Bond	330 2009B G.O. S/A Imp. Bond	Total G.O. Imp. Bonds
\$ -	\$ -	\$ 250,473	\$ 184,878	\$ 92,028	\$ -	\$ 530,526
-	-	-	3,170	1,578	-	4,748
479,024	282,951	16,055	-	138,136	81,355	1,128,121
-	-	-	-	-	-	38,433
-	-	-	-	-	-	-
<u>479,024</u>	<u>282,951</u>	<u>266,528</u>	<u>188,048</u>	<u>231,742</u>	<u>81,355</u>	<u>1,701,828</u>
-	-	-	-	-	-	26,291
75,000	-	60,000	90,000	195,000	-	590,000
16,963	52,785	36,933	100,611	51,681	11,925	279,650
<u>91,963</u>	<u>52,785</u>	<u>96,933</u>	<u>190,611</u>	<u>246,681</u>	<u>11,925</u>	<u>895,941</u>
<u>387,061</u>	<u>230,166</u>	<u>169,595</u>	<u>(2,563)</u>	<u>(14,939)</u>	<u>69,430</u>	<u>805,887</u>
-	-	-	-	-	-	133,129
-	-	-	-	-	-	(540,627)
-	-	-	-	-	-	(407,498)
387,061	230,166	169,595	(2,563)	(14,939)	69,430	398,389
61,437	442,535	355,677	192,342	444,070	113,696	2,840,445
<u>\$ 448,498</u>	<u>\$ 672,701</u>	<u>\$ 525,272</u>	<u>\$ 189,779</u>	<u>\$ 429,131</u>	<u>\$ 183,126</u>	<u>\$ 3,238,834</u>

CITY OF FARIBAULT, MINNESOTA
DEBT SERVICES FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2010

	G.O. Building Bonds		
	339 1999B G.O. Building	340 2000B/2009C G.O. Swimming Pool Bond	342 2006B G.O. Public Works Bond
REVENUES			
Taxes	\$ 1,058	\$ 194,613	\$ 567,456
Intergovernmental	-	3,316	5,520
Special assessments	-	-	-
Investment income	-	-	-
Miscellaneous	-	-	-
TOTAL REVENUES	1,058	197,929	572,976
EXPENDITURES			
Current			
General government	-	-	-
Debt service			
Principal retirement	70,000	1,180,000	270,000
Interest and fiscal charges	2,502	43,882	277,276
TOTAL EXPENDITURES	72,502	1,223,882	547,276
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(71,444)	(1,025,953)	25,700
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	-
Transfers out	(22,404)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(22,404)	-	-
NET CHANGE IN FUND BALANCES	(93,848)	(1,025,953)	25,700
FUND BALANCES, JANUARY 1	93,848	1,273,484	647,709
FUND BALANCES, DECEMBER 31	\$ -	\$ 247,531	\$ 673,409

G.O. Building Bonds - Continued		Equipment Certificates	Tax Increment Bonds	
343		360	381	
2008A G.O. City Charter Bond	Total G.O. Building Bonds	Equipment Certificates	1999C G.O. Tax Increment	Total
\$ 220,873	\$ 984,000	\$ 344,280	\$ 2	\$ 1,858,808
3,795	12,631	5,900	-	23,279
-	-	-	-	1,128,121
-	-	-	-	38,433
-	-	-	225,164	225,164
<u>224,668</u>	<u>996,631</u>	<u>350,180</u>	<u>225,166</u>	<u>3,273,805</u>
-	-	-	-	26,291
-	1,520,000	340,000	215,000	2,665,000
<u>207,216</u>	<u>530,876</u>	<u>24,131</u>	<u>10,165</u>	<u>844,822</u>
<u>207,216</u>	<u>2,050,876</u>	<u>364,131</u>	<u>225,165</u>	<u>3,536,113</u>
<u>17,452</u>	<u>(1,054,245)</u>	<u>(13,951)</u>	<u>1</u>	<u>(262,308)</u>
-	-	-	-	133,129
-	(22,404)	-	(6,512)	(569,543)
-	(22,404)	-	(6,512)	(436,414)
17,452	(1,076,649)	(13,951)	(6,511)	(698,722)
<u>39,814</u>	<u>2,054,855</u>	<u>127,642</u>	<u>6,511</u>	<u>5,029,453</u>
<u>\$ 57,266</u>	<u>\$ 978,206</u>	<u>\$ 113,691</u>	<u>\$ -</u>	<u>\$ 4,330,731</u>

CITY OF FARIBAULT, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF NET ASSETS
DECEMBER 31, 2010 AND 2009

	<u>Engineering</u>		<u>Workers' Compensation</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS				
CURRENT ASSETS				
Cash and investments	\$ 595,128	\$ 597,244	\$ 1,325,965	\$ 1,298,419
Cash and investments held in escrow	-	-	10,000	10,000
Receivables				
Accrued interest	687	1,487	2,472	4,737
Prepaid items	350	700	-	-
TOTAL CURRENT ASSETS	<u>596,165</u>	<u>599,431</u>	<u>1,338,437</u>	<u>1,313,156</u>
NONCURRENT ASSETS				
Capital assets				
Machinery and equipment	148,319	183,281	-	-
Less: accumulated depreciation	<u>(122,543)</u>	<u>(167,687)</u>	<u>-</u>	<u>-</u>
TOTAL NONCURRENT ASSETS (net of accumulated depreciation)	<u>25,776</u>	<u>15,594</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>621,941</u>	<u>615,025</u>	<u>1,338,437</u>	<u>1,313,156</u>
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	93	172	15,165	307
Accrued salaries and withholdings payable	-	15,712	-	-
Due to other governments	-	449	-	1,999
Estimated payable for outstanding claims	<u>-</u>	<u>-</u>	<u>61,814</u>	<u>26,644</u>
TOTAL CURRENT LIABILITIES	<u>93</u>	<u>16,333</u>	<u>76,979</u>	<u>28,950</u>
NONCURRENT LIABILITIES				
Compensated absences payable	41,433	38,093	-	-
Other post employment benefits payable	<u>5,953</u>	<u>4,004</u>	<u>-</u>	<u>-</u>
TOTAL NONCURRENT LIABILITIES	<u>47,386</u>	<u>42,097</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>47,479</u>	<u>58,430</u>	<u>76,979</u>	<u>28,950</u>
NET ASSETS				
Invested in capital assets	25,776	15,594	-	-
Unrestricted	<u>548,686</u>	<u>541,001</u>	<u>1,261,458</u>	<u>1,284,206</u>
TOTAL NET ASSETS	<u>\$ 574,462</u>	<u>\$ 556,595</u>	<u>\$ 1,261,458</u>	<u>\$ 1,284,206</u>

Property/ Liability Insurance		Management Information Services		Total	
2010	2009	2010	2009	2010	2009
\$ 1,135,317	\$ 1,130,020	\$ 126,234	\$ 137,138	\$ 3,182,644	\$ 3,162,821
-	-	-	-	10,000	10,000
2,086	3,960	201	88	5,446	10,272
-	-	-	-	350	700
<u>1,137,403</u>	<u>1,133,980</u>	<u>126,435</u>	<u>137,226</u>	<u>3,198,440</u>	<u>3,183,793</u>
-	-	70,836	142,713	219,155	325,994
-	-	(59,021)	(126,644)	(181,564)	(294,331)
-	-	11,815	16,069	37,591	31,663
<u>1,137,403</u>	<u>1,133,980</u>	<u>138,250</u>	<u>153,295</u>	<u>3,236,031</u>	<u>3,215,456</u>
235	1,249	261	8	15,754	1,736
-	-	-	6,643	-	22,355
-	-	-	-	-	2,448
-	-	-	-	61,814	26,644
<u>235</u>	<u>1,249</u>	<u>261</u>	<u>6,651</u>	<u>77,568</u>	<u>53,183</u>
-	-	14,144	14,020	55,577	52,113
-	-	2,352	1,322	8,305	5,326
-	-	16,496	15,342	63,882	57,439
<u>235</u>	<u>1,249</u>	<u>16,757</u>	<u>21,993</u>	<u>141,450</u>	<u>110,622</u>
-	-	11,815	16,069	37,591	31,663
<u>1,137,168</u>	<u>1,132,731</u>	<u>109,678</u>	<u>115,233</u>	<u>3,056,990</u>	<u>3,073,171</u>
<u>\$ 1,137,168</u>	<u>\$ 1,132,731</u>	<u>\$ 121,493</u>	<u>\$ 131,302</u>	<u>\$ 3,094,581</u>	<u>\$ 3,104,834</u>

CITY OF FARIBAULT, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF REVENUES, EXPENSES AND
CHANGES IN FUND NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	<u>Engineering</u>		<u>Workers' Compensation</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
OPERATING REVENUES				
Charges for services				
Services to departments	\$ 518,950	\$ 512,344	\$ 140,417	\$ 142,247
Charges for sales				
Sales of maps and publications	6,226	5,250	-	-
TOTAL OPERATING REVENUES	<u>525,176</u>	<u>517,594</u>	<u>140,417</u>	<u>142,247</u>
OPERATING EXPENSES				
Personal services	368,059	418,934	-	-
Supplies	8,190	10,112	-	-
Other services and charges	118,867	111,685	113,878	95,314
Claims	-	-	69,867	43,047
Depreciation	6,660	4,342	-	-
TOTAL OPERATING EXPENSES	<u>501,776</u>	<u>545,073</u>	<u>183,745</u>	<u>138,361</u>
OPERATING INCOME (LOSS)	<u>23,400</u>	<u>(27,479)</u>	<u>(43,328)</u>	<u>3,886</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	5,839	8,726	20,580	20,363
Loss on disposal of capital assets	(11,372)	-	-	-
Miscellaneous revenue	-	-	-	-
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(5,533)</u>	<u>8,726</u>	<u>20,580</u>	<u>20,363</u>
CHANGE IN NET ASSETS	17,867	(18,753)	(22,748)	24,249
NET ASSETS, JANUARY 1	<u>556,595</u>	<u>575,348</u>	<u>1,284,206</u>	<u>1,259,957</u>
NET ASSETS, DECEMBER 31	<u>\$ 574,462</u>	<u>\$ 556,595</u>	<u>\$ 1,261,458</u>	<u>\$ 1,284,206</u>

Property/ Liability Insurance		Management Information Services		Total	
2010	2009	2010	2009	2010	2009
\$ 222,721	\$ 239,950	\$ 274,615	\$ 263,522	\$ 1,156,703	\$ 1,158,063
-	-	-	-	6,226	5,250
<u>222,721</u>	<u>239,950</u>	<u>274,615</u>	<u>263,522</u>	<u>1,162,929</u>	<u>1,163,313</u>
-	-	149,637	145,600	517,696	564,534
-	-	11,686	8,536	19,876	18,648
244,576	261,805	113,090	106,758	590,411	575,562
51,374	30,779	-	-	121,241	73,826
-	-	6,025	11,979	12,685	16,321
<u>295,950</u>	<u>292,584</u>	<u>280,438</u>	<u>272,873</u>	<u>1,261,909</u>	<u>1,248,891</u>
<u>(73,229)</u>	<u>(52,634)</u>	<u>(5,823)</u>	<u>(9,351)</u>	<u>(98,980)</u>	<u>(85,578)</u>
17,341	17,105	1,474	368	45,234	46,562
-	-	(5,460)	-	(16,832)	-
<u>60,325</u>	<u>67,585</u>	<u>-</u>	<u>-</u>	<u>60,325</u>	<u>67,585</u>
<u>77,666</u>	<u>84,690</u>	<u>(3,986)</u>	<u>368</u>	<u>88,727</u>	<u>114,147</u>
4,437	32,056	(9,809)	(8,983)	(10,253)	28,569
<u>1,132,731</u>	<u>1,100,675</u>	<u>131,302</u>	<u>140,285</u>	<u>3,104,834</u>	<u>3,076,265</u>
<u>\$ 1,137,168</u>	<u>\$ 1,132,731</u>	<u>\$ 121,493</u>	<u>\$ 131,302</u>	<u>\$ 3,094,581</u>	<u>\$ 3,104,834</u>

CITY OF FARIBAUT, MINNESOTA
INTERNAL SERVICE FUNDS
COMBINING STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Engineering		Workers' Compensation	
	2010	2009	2010	2009
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund services provided	\$ 525,176	\$ 554,129	\$ 140,417	\$ 142,247
Payment to suppliers	(127,235)	(122,014)	(135,716)	(198,528)
Payment to employees	(378,482)	(410,485)	-	-
Miscellaneous revenue	-	-	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>19,459</u>	<u>21,630</u>	<u>4,701</u>	<u>(56,281)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of capital assets	(29,693)	-	-	-
Proceeds from sale of capital assets	1,479	-	-	-
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(28,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received from investments	6,639	7,017	22,845	24,876
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,116)	28,647	27,546	(31,405)
CASH AND CASH EQUIVALENTS, JANUARY 1	<u>597,244</u>	<u>568,597</u>	<u>1,308,419</u>	<u>1,339,824</u>
CASH AND CASH EQUIVALENTS, DECEMBER 31	<u>\$ 595,128</u>	<u>\$ 597,244</u>	<u>\$ 1,335,965</u>	<u>\$ 1,308,419</u>
RECONCILIATION FOR OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	\$ 23,400	\$ (27,479)	\$ (43,328)	\$ 3,886
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Miscellaneous revenue	-	-	-	-
Depreciation expense	6,660	4,342	-	-
Changes in assets and liabilities:				
Increase (decrease) in receivables				
Accounts receivable	-	36,535	-	-
Prepaid items	350	(700)	-	-
Increase (decrease) in payables				
Accounts payable	(79)	126	14,858	49
Accrued salaries and withholdings payable	(15,712)	2,592	-	-
Due to other governments	(449)	357	(1,999)	(4,345)
Compensated absences payable	3,340	2,677	-	-
Estimated payable for outstanding claims	-	-	35,170	(55,871)
Other post employment benefits payable	1,949	3,180	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ 19,459</u>	<u>\$ 21,630</u>	<u>\$ 4,701</u>	<u>\$ (56,281)</u>
SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES				
Disposal of capital assets	<u>\$ 12,851</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Property/ Liability Insurance		Management Information Services		Total	
2010	2009	2010	2009	2010	2009
\$ 222,721	\$ 239,950	\$ 274,615	\$ 263,522	\$ 1,162,929	\$ 1,199,848
(296,964)	(292,385)	(124,523)	(115,802)	(684,438)	(728,729)
-	-	(155,126)	(142,902)	(533,608)	(553,387)
60,325	67,585	-	-	60,325	67,585
(13,918)	15,150	(5,034)	4,818	5,208	(14,683)
-	-	(7,231)	-	(36,924)	-
-	-	-	-	1,479	-
-	-	(7,231)	-	(35,445)	-
19,215	20,770	1,361	464	50,060	53,127
5,297	35,920	(10,904)	5,282	19,823	38,444
1,130,020	1,094,100	137,138	131,856	3,172,821	3,134,377
<u>\$ 1,135,317</u>	<u>\$ 1,130,020</u>	<u>\$ 126,234</u>	<u>\$ 137,138</u>	<u>\$ 3,192,644</u>	<u>\$ 3,172,821</u>
\$ (73,229)	\$ (52,634)	\$ (5,823)	\$ (9,351)	\$ (98,980)	\$ (85,578)
60,325	67,585	-	-	60,325	67,585
-	-	6,025	11,979	12,685	16,321
-	-	-	-	-	36,535
-	-	-	-	350	(700)
(1,014)	199	253	(508)	14,018	(134)
-	-	(6,643)	2,043	(22,355)	4,635
-	-	-	-	(2,448)	(3,988)
-	-	124	(378)	3,464	2,299
-	-	-	-	35,170	(55,871)
-	-	1,030	1,033	2,979	4,213
<u>\$ (13,918)</u>	<u>\$ 15,150</u>	<u>\$ (5,034)</u>	<u>\$ 4,818</u>	<u>\$ 5,208</u>	<u>\$ (14,683)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,460</u>	<u>\$ -</u>	<u>\$ 18,311</u>	<u>\$ -</u>



CITY OF FARIBAULT, MINNESOTA
 AGENCY FUND
 STATEMENT OF CHANGES IN FIDUCIARY ASSETS AND LIABILITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 37

	Balance January 1, 2010	Additions	Deletions	Balance December 31, 2010
Robinwood Manor				
ASSETS				
Cash and investments	\$ 843,231	\$ 402,843	\$ 400,971	\$ 845,103
Restricted cash	321,345	48,756	78,909	291,192
Receivables				
Accounts - net	152	1,334	891	595
Accrued interest	2,977	1,417	2,985	1,409
TOTAL ASSETS	<u>\$ 1,167,705</u>	<u>\$ 454,350</u>	<u>\$ 483,756</u>	<u>\$ 1,138,299</u>
LIABILITIES				
Accounts payable	\$ 889	\$ 336,515	\$ 329,557	\$ 7,847
Due to other governmental units	12,945	11,780	12,945	11,780
Due to other agencies	1,153,871	106,055	141,254	1,118,672
TOTAL LIABILITIES	<u>\$ 1,167,705</u>	<u>\$ 454,350</u>	<u>\$ 483,756</u>	<u>\$ 1,138,299</u>

CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING BALANCE SHEET
DECEMBER 31, 2010

	Housing and Redevelopment Authority Administration	Special Revenue	
		Trails Edge	Public Housing
ASSETS			
Cash and investments	\$ 1,277,181	\$ -	\$ 544,743
Cash and investments held in escrow	50,347	-	16,560
Receivables			
Accrued interest	2,462	-	1,011
Accounts - net	-	-	6,241
Rents - net	-	-	6,516
Taxes			
Unremitted	1,904	-	-
Delinquent	8,516	-	-
Loans	-	-	-
TOTAL ASSETS	\$ 1,340,410	\$ -	\$ 575,071
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 1,793	\$ -	\$ 3,544
Due to other governments	-	-	7,408
Deferred revenue	8,516	-	1,470
Deposits payable	-	-	14,572
TOTAL LIABILITIES	10,309	-	26,994
FUND BALANCES			
Unreserved			
Undesignated	1,330,101	-	548,077
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,340,410	\$ -	\$ 575,071

Statement 38

Special Revenue - Continued		
<u>MURL</u>	<u>CRV</u>	
<u>Loan</u>	<u>Mobile Home</u>	
<u>Program</u>	<u>Rehab</u>	<u>Total</u>
\$ 55,568	\$ 21,013	\$ 1,898,505
-	-	66,907
-	-	3,473
-	-	6,241
-	-	6,516
-	-	1,904
-	-	8,516
<u>971,365</u>	<u>78,694</u>	<u>1,050,059</u>
<u>\$ 1,026,933</u>	<u>\$ 99,707</u>	<u>\$ 3,042,121</u>
\$ -	\$ -	\$ 5,337
-	-	7,408
971,365	78,694	1,060,045
<u>7,336</u>	<u>-</u>	<u>21,908</u>
978,701	78,694	1,094,698
<u>48,232</u>	<u>21,013</u>	<u>1,947,423</u>
<u>\$ 1,026,933</u>	<u>\$ 99,707</u>	<u>\$ 3,042,121</u>



CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2010

Statement 39

Total fund balances	\$ 1,947,423
Amounts reported for the Housing & Redevelopment Authority in the statement of net assets are different because:	
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:	
Cost of capital assets	3,849,839
Less: accumulated depreciation	(1,248,222)
Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds:	
Delinquent property taxes	8,516
Loans	<u>1,050,059</u>
Total net assets - Housing & Redevelopment Authority	<u>\$ 5,607,615</u>

CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Housing and Redevelopment Authority Administration	Special Revenue	
		Trails Edge	Public Housing
REVENUES			
Taxes	\$ 213,433	\$ -	\$ -
Intergovernmental	19,237	-	190,107
Charges for services			
Fees/program revenues	114,242	-	-
Rents	-	-	70,006
Investment income	21,142	-	8,525
Miscellaneous revenues			
Other	8,185	-	12,169
TOTAL REVENUES	376,239	-	280,807
EXPENDITURES			
Current			
Supplies	-	-	23,506
Other services and charges	456,273	48	256,662
Loans and grants	-	-	-
TOTAL EXPENDITURES	456,273	48	280,168
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(80,034)	(48)	639
OTHER FINANCING SOURCES (USES)			
Transfers in	1,076,427	-	-
Transfers out	-	(1,076,427)	-
TOTAL OTHER FINANCING SOURCES (USES)	1,076,427	(1,076,427)	-
NET CHANGE IN FUND BALANCES	996,393	(1,076,475)	639
FUND BALANCES, JANUARY 1	333,708	1,076,475	547,438
FUND BALANCES, DECEMBER 31	\$ 1,330,101	\$ -	\$ 548,077

Statement 40

<u>Special Revenue - Continued</u>		
<u>MURL</u>	<u>CRV</u>	
<u>Loan</u>	<u>Mobile Home</u>	
<u>Program</u>	<u>Rehab</u>	<u>Total</u>
\$ -	\$ -	\$ 213,433
-	-	209,344
19,797	-	134,039
-	-	70,006
-	-	29,667
<u>1,044</u>	<u>-</u>	<u>21,398</u>
<u>20,841</u>	<u>-</u>	<u>677,887</u>
-	-	23,506
4,905	-	717,888
<u>6,834</u>	<u>-</u>	<u>6,834</u>
<u>11,739</u>	<u>-</u>	<u>748,228</u>
<u>9,102</u>	<u>-</u>	<u>(70,341)</u>
-	-	1,076,427
<u>-</u>	<u>-</u>	<u>(1,076,427)</u>
<u>-</u>	<u>-</u>	<u>-</u>
9,102	-	(70,341)
<u>39,130</u>	<u>21,013</u>	<u>2,017,764</u>
<u>\$ 48,232</u>	<u>\$ 21,013</u>	<u>\$ 1,947,423</u>

CITY OF FARIBAULT, MINNESOTA Statement 41
 RECONCILIATION OF THE COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES OF THE HOUSING AND REDEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT) TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED DECEMBER 31, 2010

Net changes in fund balances - Housing & Redevelopment Authority	\$ (70,341)
 Amounts reported for the Housing & Redevelopment Authority in the statement of activities (Statement 2) are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Depreciation	(76,132)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Taxes	2,547
Loan receipts	(19,798)
Loan disbursements	<u>6,834</u>
 Change in net assets - Housing & Redevelopment Authority (Statement 2)	 <u><u>\$ (156,890)</u></u>

CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
HRA ADMINISTRATION FUND -
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 42

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Taxes	\$ 234,468	\$ 234,468	\$ 213,433	\$ (21,035)	\$ 193,801
Intergovernmental revenue	-	-	19,237	19,237	17,526
Charges for services					
Fees/program revenues	115,102	115,102	114,242	(860)	117,450
Investment income	10,000	10,000	21,142	11,142	27,711
Miscellaneous	2,200	2,200	8,185	5,985	7,215
TOTAL REVENUES	<u>361,770</u>	<u>361,770</u>	<u>376,239</u>	<u>14,469</u>	<u>363,703</u>
EXPENDITURES					
Current					
Supplies	-	-	-	-	36
Other services and charges	361,770	455,770	456,273	(503)	435,951
Capital outlay	-	-	-	-	193,816
TOTAL EXPENDITURES	<u>361,770</u>	<u>455,770</u>	<u>456,273</u>	<u>(503)</u>	<u>629,803</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(94,000)	(80,034)	13,966	(266,100)
OTHER FINANCING SOURCES					
Transfers in	-	-	1,076,427	1,076,427	-
NET CHANGE IN FUND BALANCES	-	(94,000)	996,393	1,090,393	(266,100)
FUND BALANCES, JANUARY 1	<u>333,708</u>	<u>333,708</u>	<u>333,708</u>	<u>-</u>	<u>599,808</u>
FUND BALANCES, DECEMBER 31	<u>\$ 333,708</u>	<u>\$ 239,708</u>	<u>\$ 1,330,101</u>	<u>\$ 1,090,393</u>	<u>\$ 333,708</u>

CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
PUBLIC HOUSING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 43

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Intergovernmental revenue					
Federal	\$ 222,500	\$ 222,500	\$ 190,107	\$ (32,393)	\$ 287,683
Charges for services					
Rents	77,000	77,000	70,006	(6,994)	90,618
Investment income	16,000	16,000	8,525	(7,475)	8,904
Miscellaneous	7,500	7,500	12,169	4,669	15,578
TOTAL REVENUES	323,000	323,000	280,807	(42,193)	402,783
EXPENDITURES					
Current					
Supplies	20,750	23,750	23,506	244	27,133
Other services and charges	305,049	302,049	256,662	45,387	433,813
TOTAL EXPENDITURES	325,799	325,799	280,168	45,631	460,946
NET CHANGE IN FUND BALANCES	(2,799)	(2,799)	639	3,438	(58,163)
FUND BALANCES, JANUARY	547,438	547,438	547,438	-	605,601
FUND BALANCES, DECEMBER 31	\$ 544,639	\$ 544,639	\$ 548,077	\$ 3,438	\$ 547,438

CITY OF FARIBAULT, MINNESOTA
HOUSING AND REDEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
MURL - LOAN PROGRAM FUND

Statement 44

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2010

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 16,550	\$ 16,550	\$ 19,797	\$ 3,247	\$ 12,303
Miscellaneous	1,500	1,500	1,044	(456)	1,641
TOTAL REVENUES	<u>18,050</u>	<u>18,050</u>	<u>20,841</u>	<u>2,791</u>	<u>13,944</u>
EXPENDITURES					
Current					
Other services and charges	5,300	5,300	4,905	395	21,672
Loans and grants	10,000	10,000	6,834	3,166	26,771
TOTAL EXPENDITURES	<u>15,300</u>	<u>15,300</u>	<u>11,739</u>	<u>3,561</u>	<u>48,443</u>
NET CHANGE IN FUND BALANCES	2,750	2,750	9,102	6,352	(34,499)
FUND BALANCES, JANUARY 1	<u>39,130</u>	<u>39,130</u>	<u>39,130</u>	<u>-</u>	<u>73,629</u>
FUND BALANCES, DECEMBER 31	<u>\$ 41,880</u>	<u>\$ 41,880</u>	<u>\$ 48,232</u>	<u>\$ 6,352</u>	<u>\$ 39,130</u>

CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 COMBINING BALANCE SHEET
 DECEMBER 31, 2010

		Special Revenue	
	Economic Development Authority Administration	Industrial Development Loan Program	MN Investment Fund
ASSETS			
Cash and investments	\$ 77,881	\$ 289,530	\$ 403,382
Receivables			
Accrued interest	57	514	669
Accounts	15,760	-	-
Taxes			
Unremitted	2,195	-	-
Delinquent	10,099	-	-
Loans	-	159,390	672,206
Due from other governments	-	-	6
	<u>\$ 105,992</u>	<u>\$ 449,434</u>	<u>\$ 1,076,263</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 18,668	\$ -	\$ -
Due to other governments	92	-	-
Deferred revenue	10,099	159,390	672,206
	<u>28,859</u>	<u>159,390</u>	<u>672,206</u>
FUND BALANCES			
Reserved for tax increment financing	-	-	-
Unreserved			
Undesignated	77,133	290,044	404,057
	<u>77,133</u>	<u>290,044</u>	<u>404,057</u>
	<u>\$ 105,992</u>	<u>\$ 449,434</u>	<u>\$ 1,076,263</u>

Total fund balances reported above

Amounts reported for the Economic Development Authority in the statement of net assets are different because:

Some receivables are not available to pay for current-period expenditures and, therefore, are deferred in the funds:

 Delinquent property taxes

 Loans

Total net assets - Economic Development Authority

Statement 45

<u>Capital Projects</u>		
<u>EDA Revolving Fund</u>	<u>TIF Capital Projects</u>	<u>Total</u>
\$ 196,105	\$ 767,160	\$ 1,734,058
340	428	2,008
-	-	15,760
-	-	2,195
-	574	10,673
187,395	-	1,018,991
-	-	6
<u>\$ 383,840</u>	<u>\$ 768,162</u>	<u>\$ 2,783,691</u>
\$ -	\$ -	\$ 18,668
-	519,653	519,745
187,395	-	1,029,090
<u>187,395</u>	<u>519,653</u>	<u>1,567,503</u>
-	248,509	248,509
196,445	-	967,679
<u>196,445</u>	<u>248,509</u>	<u>1,216,188</u>
<u>\$ 383,840</u>	<u>\$ 768,162</u>	<u>\$ 2,783,691</u>
		\$ 1,216,188
		10,099
		<u>1,018,991</u>
		<u>\$ 2,245,278</u>

CITY OF FARIBAULT, MINNESOTA
ECONOMIC DEVELOPMENT AUTHORITY
(DISCRETELY PRESENTED COMPONENT UNIT)
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Economic Development Authority Administration	Special Revenue	
		Industrial Development Loan Program	MN Investment Fund
REVENUES			
Taxes	\$ 241,723	\$ -	\$ -
Intergovernmental	21,764	-	-
Charges for services			
Fees/program revenues	12,985	23,173	84,998
Investment income	498	5,694	32,046
Miscellaneous revenues	3,280	-	-
TOTAL REVENUES	280,250	28,867	117,044
EXPENDITURES			
Current			
Supplies	83	-	-
Other services and charges	273,761	-	-
Debt service			
Principal retirement	-	-	15,653
Interest and fiscal charges	-	-	2,873
TOTAL EXPENDITURES	273,844	-	18,526
NET CHANGES IN FUND BALANCES	6,406	28,867	98,518
FUND BALANCES, JANUARY 1	70,727	261,177	305,539
FUND BALANCES, DECEMBER 31	\$ 77,133	\$ 290,044	\$ 404,057

Net changes in fund balances - Economic Development Authority

Amounts reported for the Economic Development Authority in the statement of activities (Statement 2) are different because:

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

 Taxes

Governmental funds report loan disbursements as expenditures and the related loan repayments as revenues. However, in the statement of activities these transactions have no effect on net assets. The amounts of the differences are:

 New loans issued

 Loan receipts

Change in net assets - Economic Development Authority (Statement 2)

Statement 46

Capital Projects

EDA Revolving Fund	TIF Capital Projects	Total
\$ -	\$ 387,529	\$ 629,252
-	-	21,764
15,067	-	136,223
8,041	15,954	62,233
-	-	3,280
<u>23,108</u>	<u>403,483</u>	<u>852,752</u>
-	-	83
-	871,305	1,145,066
-	-	15,653
-	-	2,873
<u>-</u>	<u>871,305</u>	<u>1,163,675</u>
23,108	(467,822)	(310,923)
<u>173,337</u>	<u>716,331</u>	<u>1,527,111</u>
<u>\$ 196,445</u>	<u>\$ 248,509</u>	<u>\$ 1,216,188</u>
		\$ (310,923)
		(23,344)
		5,034
		<u>(404,977)</u>
		<u>\$ (734,210)</u>

CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 EDA ADMINISTRATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 47

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual	Variance with	Actual
	Original	Final	Amounts	Final Budget	Amounts
REVENUES					
Taxes	\$ 265,276	\$ 265,276	\$ 241,723	\$ (23,553)	\$ 242,693
Intergovernmental revenue	-	-	21,764	21,764	21,946
Charges for services					
Fees/program revenues	15,771	15,771	12,985	(2,786)	9,933
Investment income	-	-	498	498	1,018
Other revenues	-	-	3,280	3,280	488
TOTAL REVENUES	281,047	281,047	280,250	(797)	276,078
EXPENDITURES					
Current					
Supplies	600	600	83	517	94
Other services and charges	289,661	289,661	273,761	15,900	295,905
TOTAL EXPENDITURES	290,261	290,261	273,844	16,417	295,999
NET CHANGES IN FUND BALANCES	(9,214)	(9,214)	6,406	15,620	(19,921)
FUND BALANCES, JANUARY 1	70,727	70,727	70,727	-	90,648
FUND BALANCES, DECEMBER 31	\$ 61,513	\$ 61,513	\$ 77,133	\$ 15,620	\$ 70,727

CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 INDUSTRIAL DEVELOPMENT LOAN FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 48

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 17,113	\$ 17,113	\$ 23,173	\$ 6,060	\$ 16,815
Investment income	3,575	3,575	5,694	2,119	6,591
TOTAL REVENUES	20,688	20,688	28,867	8,179	23,406
EXPENDITURES					
Current					
Loans and grants	75,000	75,000	-	75,000	-
NET CHANGES IN FUND BALANCES	(54,312)	(54,312)	28,867	83,179	23,406
FUND BALANCES, JANUARY 1	261,177	261,177	261,177	-	237,771
FUND BALANCES, DECEMBER 31	<u>\$ 206,865</u>	<u>\$ 206,865</u>	<u>\$ 290,044</u>	<u>\$ 83,179</u>	<u>\$ 261,177</u>

CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 MINNESOTA INVESTMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 49

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 86,151	\$ 86,151	\$ 84,998	\$ (1,153)	\$ 98,954
Investment income	37,070	37,070	32,046	(5,024)	33,107
TOTAL REVENUES	123,221	123,221	117,044	(6,177)	132,061
EXPENDITURES					
Current					
Loans and grants	75,000	75,000	-	75,000	-
Debt service					
Principal retirement	15,191	15,191	15,653	(462)	15,191
Interest and fiscal charges	3,335	3,335	2,873	462	3,335
TOTAL EXPENDITURES	93,526	93,526	18,526	75,000	18,526
NET CHANGES IN FUND BALANCES	29,695	29,695	98,518	68,823	113,535
FUND BALANCES, JANUARY 1	305,539	305,539	305,539	-	192,004
FUND BALANCES, DECEMBER 31	\$ 335,234	\$ 335,234	\$ 404,057	\$ 68,823	\$ 305,539

CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 EDA REVOLVING FUND

Statement 50

SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Charges for services					
Fees/program revenues					
Principal repayments	\$ 16,316	\$ 16,316	\$ 15,067	\$ (1,249)	\$ 47,335
Investment income	7,945	7,945	8,041	96	7,512
TOTAL REVENUES	24,261	24,261	23,108	(1,153)	54,847
EXPENDITURES					
Current					
Loans and grants	30,000	30,000	-	30,000	-
NET CHANGES IN FUND BALANCES	(5,739)	(5,739)	23,108	28,847	54,847
FUND BALANCES, JANUARY 1	173,337	173,337	173,337	-	118,490
FUND BALANCES, DECEMBER 31	\$ 167,598	\$ 167,598	\$ 196,445	\$ 28,847	\$ 173,337



CITY OF FARIBAULT, MINNESOTA
 ECONOMIC DEVELOPMENT AUTHORITY
 (DISCRETELY PRESENTED COMPONENT UNIT)
 TAX INCREMENT FINANCING CAPITAL PROJECTS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 FOR THE YEAR ENDED DECEMBER 31, 2010

Statement 51

With Comparative Actual Amounts For The Year Ended December 31, 2009

	2010				2009
	Budgeted Amounts		Actual Amounts	Variance with Final Budget	Actual Amounts
	Original	Final			
REVENUES					
Tax increments	\$ 334,132	\$ 334,132	\$ 387,529	\$ 53,397	\$ 327,031
Investment income	-	-	15,954	15,954	9,463
TOTAL REVENUES	334,132	334,132	403,483	69,351	336,494
EXPENDITURES					
Current					
Other services and charges	200,956	200,956	871,305	(670,349)	1,212,285
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	133,176	133,176	(467,822)	(600,998)	(875,791)
OTHER FINANCING USES					
Transfers out	(25,233)	(25,233)	-	25,233	-
NET CHANGE IN FUND BALANCES	107,943	107,943	(467,822)	(575,765)	(875,791)
FUND BALANCES, JANUARY 1	716,331	716,331	716,331	-	1,592,122
FUND BALANCES, DECEMBER 31	<u>\$ 824,274</u>	<u>\$ 824,274</u>	<u>\$ 248,509</u>	<u>\$ (575,765)</u>	<u>\$ 716,331</u>

CITY OF FARIBAULT, MINNESOTA
 TAX INCREMENT FINANCING FUNDS
 SUB COMBINING BALANCE SHEET
 DECEMBER 31, 2010

	260	261	263
	TIF	TIF	TIF
	1981 Original	District #1	District #6
	District	Econ. Dev.	Housing
ASSETS			
Cash and investments	\$ 494,182	\$ 25,471	\$ 19,009
Receivables			
Accrued interest	-	-	17
Taxes			
Delinquent	-	-	-
TOTAL ASSETS	\$ 494,182	\$ 25,471	\$ 19,026
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Due to other governmental units	\$ 494,182	\$ 25,471	\$ -
 FUND BALANCES			
Reserved for tax increment financing	-	-	19,026
TOTAL LIABILITIES AND	\$ 494,182	\$ 25,471	\$ 19,026
FUND BALANCES	\$ 494,182	\$ 25,471	\$ 19,026

Statement 52

266 TIF District #8 River Ridge	267 TIF District #9 Faribault Road	268 TIF District #9 Faribault Road	Total
\$ 228,476	\$ 22	\$ -	\$ 767,160
398	13	-	428
<u>-</u>	<u>574</u>	<u>-</u>	<u>574</u>
<u>\$ 228,874</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 768,162</u>
\$ -	\$ -	\$ -	\$ 519,653
<u>228,874</u>	<u>609</u>	<u>-</u>	<u>248,509</u>
<u>\$ 228,874</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 768,162</u>

CITY OF FARIBAULT, MINNESOTA
TAX INCREMENT FINANCING FUNDS
SUB COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2010

	260 TIF 1981 Original District	261 TIF District #1 Econ. Dev.	263 TIF District #6 Housing
REVENUES			
Tax increments	\$ -	\$ 277,290	\$ 15,994
Investment income	<u>11,389</u>	<u>1,074</u>	<u>130</u>
TOTAL REVENUES	11,389	278,364	16,124
EXPENDITURES			
Current			
Community development	<u>494,182</u>	<u>278,364</u>	<u>1,599</u>
NET CHANGE IN FUND BALANCES	(482,793)	-	14,525
FUND BALANCES (DEFICITS), JANUARY 1	<u>482,793</u>	<u>-</u>	<u>4,501</u>
FUND BALANCES, DECEMBER 31	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 19,026</u></u>

Statement 53

266 TIF District #8 River Ridge	267 TIF District #9 Faribault Road	268 TIF District #10 MRG Tool	Total
\$ 82,078 3,245	\$ 5,301 116	\$ 6,866 -	\$ 387,529 15,954
85,323	5,417	6,866	403,483
<u>71,429</u>	<u>18,877</u>	<u>6,854</u>	<u>871,305</u>
13,894	(13,460)	12	(467,822)
<u>214,980</u>	<u>14,069</u>	<u>(12)</u>	<u>716,331</u>
<u>\$ 228,874</u>	<u>\$ 609</u>	<u>\$ -</u>	<u>\$ 248,509</u>



**SUPPLEMENTARY INFORMATION
(UNAUDITED)**

**CITY OF FARIBAULT
FARIBAULT, MINNESOTA**

**FOR THE YEAR ENDED
DECEMBER 31, 2010**



CITY OF FARIBAULT, MINNESOTA
 SUPPLEMENTARY INFORMATION
 SUMMARY FINANCIAL REPORT
 REVENUES AND EXPENDITURES FOR GENERAL OPERATIONS
 GOVERNMENTAL FUNDS
 YEARS ENDED DECEMBER 31, 2010 AND 2009

Statement 54

	Total		Percent Increase (Decrease)
	2010	2009	
REVENUES			
Taxes	\$ 7,293,642	\$ 7,069,565	3.17 %
Licenses and permits	301,259	395,129	(23.76)
Intergovernmental	7,767,848	8,198,329	(5.25)
Charges for services	2,596,712	2,591,880	0.19
Fines and forfeits	171,099	158,773	7.76
Special assessments	1,371,526	1,081,762	26.79
Investment income	234,529	262,909	(10.79)
Miscellaneous	647,211	783,793	(17.43)
TOTAL REVENUES	\$ 20,383,826	\$ 20,542,140	(0.77) %
Per capita	\$ 873	\$ 881	
EXPENDITURES			
Current			
General government	\$ 2,151,972	\$ 1,907,099	12.84 %
Public safety	5,593,481	5,411,509	3.36
Public works	2,205,999	2,008,143	9.85
Culture and recreation	3,141,124	3,648,477	(13.91)
Community development	916,132	947,745	(3.34)
Other	583,868	730,007	(20.02)
Capital outlay	5,313,602	7,511,984	(29.26)
Debt service			
Principal retirement	2,665,000	1,845,000	44.44
Interest and fiscal charges	844,822	868,202	(2.69)
TOTAL EXPENDITURES	\$ 23,416,000	\$ 24,878,166	(5.88) %
Per capita	\$ 1,003	\$ 1,067	
Total Long-term indebtedness	\$ 20,915,000	\$ 23,580,000	(11.30) %
Per capita	\$ 896	\$ 1,011	
General Fund Balance - December 31	\$ 9,385,505	\$ 9,297,807	0.94 %
Per capita	\$ 402	\$ 399	

The purpose of this report is to provide a summary of financial information concerning the City of Faribault to interested citizens. The complete financial statements may be examined at City Hall, 208 NW 1st Avenue, Faribault, Minnesota 55021-5105. Questions about his report should be directed to Terry Berg, Finance Director at (507) 334-2222.



STATISTICAL SECTION

This part of the Name of Government's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relocates to the services the government provides and the activities it performs.

CITY OF FARIBAULT, MINNESOTA
NET ASSETS BY COMPONENT
LAST EIGHT FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
GOVERNMENTAL ACTIVITIES			
Invested in capital assets, net of related debt	\$ 4,657,718	\$ 4,745,861	\$ 6,151,099
Restricted	9,868,093	12,587,345	11,843,958
Unrestricted	8,345,188	9,844,435	13,506,203
TOTAL GOVERNMENTAL ACTIVITIES			
NET ASSETS	<u>\$ 22,870,999</u>	<u>\$ 27,177,641</u>	<u>\$ 31,501,260</u>
BUSINESS-TYPE ACTIVITIES			
Invested in capital assets, net of related debt	\$ 14,265,287	\$ 15,291,142	\$ 20,298,180
Unrestricted	6,585,983	8,986,298	8,191,089
TOTAL BUSINESS-TYPE ACTIVITIES			
NET ASSETS	<u>\$ 20,851,270</u>	<u>\$ 24,277,440</u>	<u>\$ 28,489,269</u>
PRIMARY GOVERNMENT			
Invested in capital assets, net of related debt	\$ 18,923,005	\$ 20,037,003	\$ 26,449,279
Restricted	9,868,093	12,587,345	11,843,958
Unrestricted	14,931,171	18,830,733	21,697,292
TOTAL PRIMARY GOVERNMENT			
NET ASSETS	<u>\$ 43,722,269</u>	<u>\$ 51,455,081</u>	<u>\$ 59,990,529</u>

Note: GASB 34 was implemented in 2003 thus, net assets are not available for years prior to 2003.

Table 1

Fiscal Year				
2006	2007	2008	2009	2010
\$ 9,274,700	\$ 39,159,808	\$ 46,648,665	\$ 48,383,530	\$ 51,927,115
8,651,826	6,289,589	6,505,386	8,080,889	7,156,549
19,191,434	19,457,245	17,880,602	17,783,515	16,392,438
<u>\$ 37,117,960</u>	<u>\$ 64,906,642</u>	<u>\$ 71,034,653</u>	<u>\$ 74,247,934</u>	<u>\$ 75,476,102</u>
\$ 23,278,277	\$ 27,083,817	\$ 32,000,344	\$ 38,619,175	\$ 44,149,860
10,605,184	11,973,426	12,182,209	10,769,226	9,067,564
<u>\$ 33,883,461</u>	<u>\$ 39,057,243</u>	<u>\$ 44,182,553</u>	<u>\$ 49,388,401</u>	<u>\$ 53,217,424</u>
\$ 32,552,977	\$ 66,243,625	\$ 78,649,009	\$ 87,002,705	\$ 96,076,975
8,651,826	6,289,589	6,505,386	8,080,889	7,156,549
29,796,618	31,430,671	30,062,811	28,552,741	25,460,002
<u>\$ 71,001,421</u>	<u>\$ 103,963,885</u>	<u>\$ 115,217,206</u>	<u>\$ 123,636,335</u>	<u>\$ 128,693,526</u>

CITY OF FARIBAULT, MINNESOTA
 CHANGES IN NET ASSETS - CONTINUED ON THE FOLLOWING PAGES
 LAST EIGHT FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
EXPENSES			
GOVERNMENTAL ACTIVITIES			
General government	\$ 1,233,593	\$ 1,360,748	\$ 2,036,532
Public safety	4,347,193	4,597,249	4,701,719
Public works	2,319,939	3,103,352	2,032,369
Culture and recreation	2,599,909	2,800,713	3,330,337
Community development	-	987,562	1,311,499
Other	2,574,006	-	-
Interest on long-term debt	567,505	524,781	440,144
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	13,642,145	13,374,405	13,852,600
BUSINESS-TYPE ACTIVITIES			
Water	1,241,675	1,175,854	1,327,721
Sewer	2,520,287	2,530,493	2,643,452
Storm water	92,202	67,249	189,045
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	3,854,164	3,773,596	4,160,218
TOTAL PRIMARY GOVERNMENT EXPENSES	\$ 17,496,309	\$ 17,148,001	\$ 18,012,818
PROGRAM REVENUES			
GOVERNMENTAL ACTIVITIES			
Charges for services			
General government	\$ 244,198	\$ 276,718	\$ 805,527
Public safety	617,205	661,910	721,297
Public works	22,034	101,852	273,189
Culture and recreation	444,891	653,259	823,704
Community development	-	783,054	804,241
Other	967,498	-	-
Operating grants and contributions	1,487,282	1,714,441	2,679,759
Capital grants and contributions	3,072,618	5,728,473	3,281,879
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUES	6,855,726	9,919,707	9,389,596
BUSINESS-TYPE ACTIVITIES			
Charges for services			
Water	1,934,414	1,948,388	1,950,152
Sewer	2,900,091	2,991,953	3,745,200
Storm water	253,067	322,032	384,819
Operating grants and contributions	-	160,000	-
Capital grants and contributions	480,415	144,463	411,958
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUES	5,567,987	5,566,836	6,492,129
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	\$ 12,423,713	\$ 15,486,543	\$ 15,881,725

Table 2

		Fiscal Year							
		2006	2007	2008	2009	2010			
\$	2,675,848	\$	2,998,849	\$	2,936,993	\$	2,755,574	\$	3,131,931
	5,176,336		5,750,812		6,323,238		5,642,403		5,889,441
	3,095,102		4,373,846		3,939,612		4,006,915		4,409,717
	3,662,594		3,739,682		3,825,143		3,787,564		3,499,531
	1,607,584		1,152,342		821,275		1,052,924		818,367
	-		205,868		613,025		576,353		973,746
	479,133		780,725		739,641		826,789		835,215
	<u>16,696,597</u>		<u>19,002,124</u>		<u>19,198,927</u>		<u>18,648,522</u>		<u>19,557,948</u>
	1,488,915		1,732,961		1,854,012		1,816,263		1,861,962
	2,904,004		3,060,362		3,532,793		3,061,863		3,114,476
	238,756		287,347		424,316		490,527		487,771
	<u>4,631,675</u>		<u>5,080,670</u>		<u>5,811,121</u>		<u>5,368,653</u>		<u>5,464,209</u>
\$	<u>21,328,272</u>	\$	<u>24,082,794</u>	\$	<u>25,010,048</u>	\$	<u>24,017,175</u>	\$	<u>25,022,157</u>
\$	1,345,828	\$	798,523	\$	973,782	\$	993,367	\$	989,202
	1,438,015		942,951		690,476		632,795		1,034,591
	1,045,205		41,478		40,029		45,775		34,260
	848,734		709,498		670,102		596,292		684,621
	907,826		861,223		858,917		721,431		713,236
	-		-		-		117,511		81,337
	1,102,477		3,369,553		5,014,081		3,665,891		3,281,333
	4,251,836		2,198,509		4,425,831		1,482,422		2,265,337
	<u>10,939,921</u>		<u>8,921,735</u>		<u>12,673,218</u>		<u>8,255,484</u>		<u>9,083,917</u>
	2,314,829		2,220,928		2,351,109		2,300,646		2,220,346
	4,237,526		4,748,876		4,711,870		4,773,525		4,993,249
	470,744		534,540		544,551		551,270		555,908
	13,885		57,056		323,973		5,752		9,041
	865,348		299,934		8,640		2,132,048		542,577
	<u>7,902,332</u>		<u>7,861,334</u>		<u>7,940,143</u>		<u>9,763,241</u>		<u>8,321,121</u>
\$	<u>18,842,253</u>	\$	<u>16,783,069</u>	\$	<u>20,613,361</u>	\$	<u>18,018,725</u>	\$	<u>17,405,038</u>

CITY OF FARIBAULT, MINNESOTA
 CHANGES IN NET ASSETS - CONTINUED
 LAST EIGHT FISCAL YEARS
 (accrual basis of accounting)

	Fiscal Year		
	2003	2004	2005
NET (EXPENSE)/REVENUE			
Governmental activities	\$ (6,786,419)	\$ (3,454,698)	\$ (4,463,004)
Business-type activities	<u>1,713,823</u>	<u>1,793,240</u>	<u>2,331,911</u>
 TOTAL PRIMARY GOVERNMENT NET EXPENSE	 <u>\$ (5,072,596)</u>	 <u>\$ (1,661,458)</u>	 <u>\$ (2,131,093)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS			
GOVERNMENTAL ACTIVITIES			
Taxes			
Property taxes	\$ 2,049,599	\$ 2,563,832	\$ 3,116,267
Other taxes	-	-	-
Grants and contributions not restricted to specific programs	6,681,711	6,480,558	6,469,188
Unrestricted investment earnings	419,351	381,828	429,778
Other	39,158	-	-
Gain on sale of assets	-	-	-
Capital transfers	-	-	-
Transfers	<u>464,547</u>	<u>(1,362,235)</u>	<u>(1,571,624)</u>
 TOTAL GOVERNMENTAL ACTIVITIES	 <u>9,654,366</u>	 <u>8,063,983</u>	 <u>8,443,609</u>
BUSINESS-TYPE ACTIVITIES			
Unrestricted investment earnings	136,554	181,661	193,763
Other	26,682	89,034	114,531
Gain (loss) on disposal of capital assets	(32,752)	-	-
Capital transfers	-	-	-
Transfers	<u>(464,547)</u>	<u>1,362,235</u>	<u>1,571,624</u>
 TOTAL BUSINESS-TYPE ACTIVITIES	 <u>(334,063)</u>	 <u>1,632,930</u>	 <u>1,879,918</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 9,320,303</u>	 <u>\$ 9,696,913</u>	 <u>\$ 10,323,527</u>
CHANGE IN NET ASSETS			
Governmental activities	\$ 2,867,947	\$ 4,609,285	\$ 3,980,605
Business-type activities	<u>1,379,760</u>	<u>3,426,170</u>	<u>4,211,829</u>
 TOTAL PRIMARY GOVERNMENT	 <u>\$ 4,247,707</u>	 <u>\$ 8,035,455</u>	 <u>\$ 8,192,434</u>

Note: GASB 34 was implemented in 2003 thus, changes in net assets are not available for years prior to 2003.

Table 2

		Fiscal Year				
		2006	2007	2008	2009	2010
	\$	(5,756,676)	(10,080,389)	(6,525,709)	(10,393,038)	(10,474,031)
		<u>3,270,657</u>	<u>2,780,664</u>	<u>2,129,022</u>	<u>4,394,588</u>	<u>2,856,912</u>
	\$	<u>(2,486,019)</u>	<u>(7,299,725)</u>	<u>(4,396,687)</u>	<u>(5,998,450)</u>	<u>(7,617,119)</u>
	\$	3,127,132	3,702,728	5,731,467	5,958,079	6,153,861
		<u>1,049,896</u>	<u>1,112,450</u>	<u>1,139,288</u>	<u>1,152,714</u>	<u>1,214,348</u>
		7,460,869	7,609,856	5,940,113	5,944,662	4,874,724
		<u>860,025</u>	<u>1,108,663</u>	<u>631,140</u>	<u>291,334</u>	<u>263,656</u>
		-	-	-	-	-
		11,350	5,456	3,500	10,020	19,049
		<u>(1,680,030)</u>	<u>-</u>	<u>(404,749)</u>	<u>-</u>	<u>(823,439)</u>
		<u>-</u>	<u>1,035,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>10,829,242</u>	<u>14,574,153</u>	<u>13,040,759</u>	<u>13,356,809</u>	<u>11,702,199</u>
		443,505	532,991	429,122	164,051	144,757
		-	-	-	-	-
		-	2,450	-	-	3,915
		<u>1,680,030</u>	<u>-</u>	<u>404,749</u>	<u>-</u>	<u>823,439</u>
		<u>-</u>	<u>(1,035,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
		<u>2,123,535</u>	<u>(499,559)</u>	<u>833,871</u>	<u>164,051</u>	<u>972,111</u>
	\$	<u>12,952,777</u>	<u>14,074,594</u>	<u>13,874,630</u>	<u>13,520,860</u>	<u>12,674,310</u>
	\$	5,072,566	4,493,764	6,515,050	2,963,771	1,228,168
		<u>5,394,192</u>	<u>2,281,105</u>	<u>2,962,893</u>	<u>4,558,639</u>	<u>3,829,023</u>
	\$	<u>10,466,758</u>	<u>6,774,869</u>	<u>9,477,943</u>	<u>7,522,410</u>	<u>5,057,191</u>



CITY OF FARIBAULT, MINNESOTA
 GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 LAST EIGHT FISCAL YEARS
 (accrual basis of accounting)

Table 3

Fiscal Year	Property Tax	Franchise/Other Tax	Total
2003	\$ 1,865,342	\$ 170,857	\$ 2,036,199
2004	2,392,642	171,190	2,563,832
2005	2,700,009	416,258	3,116,267
2006	3,127,132	1,049,896	4,177,028
2007	3,702,728	1,112,450	4,815,178
2008	5,731,467	1,139,288	6,870,755
2009	5,958,079	1,152,714	7,110,793
2010	6,153,861	1,214,348	7,368,209

Note: GASB 34 was implemented in 2003 thus, tax revenues by source are not available for years prior to 2003.

CITY OF FARIBAULT, MINNESOTA
 FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
GENERAL FUND				
Reserved	\$ 65,260	\$ 54,026	\$ 52,244	\$ 50,785
Unreserved	<u>5,653,415</u>	<u>6,033,222</u>	<u>5,607,895</u>	<u>6,323,171</u>
TOTAL GENERAL FUND	<u>\$ 5,718,675</u>	<u>\$ 6,087,248</u>	<u>\$ 5,660,139</u>	<u>\$ 6,373,956</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ 3,682,457	\$ 3,197,819	\$ 3,718,374	\$ 4,620,385
Unreserved, reported in				
Special revenue funds	1,946,966	2,265,231	2,171,758	2,273,473
Debt service funds	(612,364)	(364,122)	(124,089)	(2,129)
Capital projects funds	<u>3,667,758</u>	<u>2,189,893</u>	<u>2,652,305</u>	<u>4,786,772</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 8,684,817</u>	<u>\$ 7,288,821</u>	<u>\$ 8,418,348</u>	<u>\$ 11,678,501</u>

Table 4

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 49,089	\$ 57,502	\$ 56,452	\$ 85,449	\$ 99,851	\$ 102,547
<u>7,139,506</u>	<u>7,773,510</u>	<u>8,072,466</u>	<u>8,350,508</u>	<u>9,197,956</u>	<u>9,282,958</u>
<u>\$ 7,188,595</u>	<u>\$ 7,831,012</u>	<u>\$ 8,128,918</u>	<u>\$ 8,435,957</u>	<u>\$ 9,297,807</u>	<u>\$ 9,385,505</u>
\$ 5,147,153	\$ 4,598,995	\$ 3,841,912	\$ 3,581,446	\$ 5,029,453	\$ 4,330,731
2,019,440	2,410,487	2,612,059	2,343,337	2,151,739	638,153
-	-	-	-	-	-
<u>4,868,946</u>	<u>8,946,114</u>	<u>7,099,901</u>	<u>6,670,336</u>	<u>2,752,490</u>	<u>1,868,971</u>
<u>\$ 12,035,539</u>	<u>\$ 15,955,596</u>	<u>\$ 13,553,872</u>	<u>\$ 12,595,119</u>	<u>\$ 9,933,682</u>	<u>\$ 6,837,855</u>

CITY OF FARIBAULT, MINNESOTA
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 LAST TEN FISCAL YEARS
 (modified accrual basis of accounting)

	Fiscal Year			
	2001	2002	2003	2004
REVENUES				
Taxes	\$ 3,294,128	\$ 1,779,523	\$ 2,042,899	\$ 2,571,216
Licenses and permits	351,551	398,119	410,837	444,978
Intergovernmental	7,291,851	9,753,051	9,413,499	10,678,299
Charges for services	1,612,470	1,946,023	1,799,735	1,936,185
Fines and forfeitures	181,108	153,165	156,421	169,463
Special assessments	1,618,068	1,461,540	1,281,646	2,296,041
Interest income	709,145	533,408	329,524	352,710
Miscellaneous	496,859	356,758	39,158	81,696
TOTAL REVENUES	15,555,180	16,381,587	15,473,719	18,530,588
EXPENDITURES				
General government	1,206,972	1,320,693	1,018,577	1,197,078
Public safety	3,660,392	3,828,459	4,276,371	4,412,894
Public works	1,369,636	1,463,698	1,999,592	1,348,794
Culture and recreation	1,998,566	2,447,723	2,491,721	2,535,059
Community development	1,723,479	1,123,800	841,884	879,682
Other	224,967	375,608	312,856	38,390
Capital outlay	4,472,009	4,155,769	3,905,450	4,870,834
Debt service				
Principal	1,806,528	3,186,528	1,481,528	1,711,528
Interest and other	732,863	677,286	801,639	531,644
TOTAL EXPENDITURES	17,195,412	18,579,564	17,129,618	17,525,903
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(1,640,232)	(2,197,977)	(1,655,899)	1,004,685
OTHER FINANCING SOURCES (USES)				
Transfers in	4,582,048	5,636,237	3,371,684	2,645,520
Transfers out	(3,032,094)	(4,465,683)	(2,973,367)	(1,693,592)
Proceeds of debt issued	2,395,000	-	1,960,000	2,320,000
Premiums (discounts) on debt issued	-	-	-	-
Sale of assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,944,954	1,170,554	2,358,317	3,271,928
PRIOR PERIOD ADJUSTMENTS	-	-	-	(302,643)
NET CHANGE IN FUND BALANCES	\$ 2,304,722	\$ (1,027,423)	\$ 702,418	\$ 3,973,970
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	20.0%	26.8%	15.9%	15.8%

Table 5

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 3,112,468	\$ 4,163,646	\$ 4,796,329	\$ 6,840,748	\$ 7,069,565	\$ 7,293,642
517,935	846,548	538,564	386,678	395,129	301,259
9,163,205	10,051,069	10,624,338	10,831,424	8,198,329	7,767,848
2,791,934	3,849,395	2,810,042	2,787,640	2,591,880	2,596,712
186,138	149,213	184,124	181,647	158,773	171,099
1,571,322	2,574,454	1,196,777	1,043,514	1,081,762	1,371,526
395,942	764,611	975,865	567,342	262,909	234,529
51,210	316,313	1,007,873	1,570,259	783,793	647,211
<u>17,790,154</u>	<u>22,715,249</u>	<u>22,133,912</u>	<u>24,209,252</u>	<u>20,542,140</u>	<u>20,383,826</u>
1,581,219	1,739,756	1,759,922	1,869,700	1,907,099	2,151,972
4,548,055	4,986,899	5,618,922	5,994,228	5,411,509	5,593,481
1,688,053	2,076,687	1,890,856	1,925,746	2,008,143	2,205,999
2,943,236	3,134,547	3,343,915	3,436,226	3,648,477	3,141,124
1,283,677	1,820,489	1,345,289	874,100	947,745	916,132
240,565	365,553	679,493	672,909	730,007	583,868
5,250,707	9,576,506	9,432,236	12,705,498	7,511,984	5,313,602
1,767,667	3,280,000	3,095,000	4,200,000	1,845,000	2,665,000
516,758	555,689	702,553	785,884	868,202	844,822
<u>19,819,937</u>	<u>27,536,126</u>	<u>27,868,186</u>	<u>32,464,291</u>	<u>24,878,166</u>	<u>23,416,000</u>
<u>(2,029,783)</u>	<u>(4,820,877)</u>	<u>(5,734,274)</u>	<u>(8,255,039)</u>	<u>(4,336,026)</u>	<u>(3,032,174)</u>
4,717,846	3,004,027	3,045,736	1,594,625	1,782,285	2,947,806
(4,717,846)	(2,994,027)	(2,010,736)	(1,594,625)	(1,782,285)	(2,947,806)
3,195,000	9,450,000	2,590,000	7,675,000	2,480,000	-
461	(88,002)	-	(75,175)	46,419	-
6,000	11,350	5,456	3,500	10,020	24,045
<u>3,201,461</u>	<u>9,383,348</u>	<u>3,630,456</u>	<u>7,603,325</u>	<u>2,536,439</u>	<u>24,045</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,171,678</u>	<u>\$ 4,562,471</u>	<u>\$ (2,103,818)</u>	<u>\$ (651,714)</u>	<u>\$ (1,799,587)</u>	<u>\$ (3,008,129)</u>
<u>15.7%</u>	<u>21.3%</u>	<u>20.0%</u>	<u>24.8%</u>	<u>16.1%</u>	<u>19.2%</u>



CITY OF FARIBAULT, MINNESOTA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Table 6

Fiscal Year	Franchise Tax	Property Tax	Charitable Gambling Tax	Other Taxes	Total
2001	\$ 144,135	\$ 3,145,903	\$ 29,990	\$ 4,090	\$ 3,324,118
2002	155,143	1,620,869	23,610	3,511	1,803,133
2003	166,906	1,871,192	24,021	3,951	2,066,070
2004	167,756	2,400,026	24,395	3,434	2,595,611
2005	413,099	3,109,309	25,842	3,159	3,551,409
2006	1,046,369	3,113,750	25,807	3,527	4,189,453
2007	1,088,069	3,681,030	22,453	4,777	4,796,329
2008	1,119,058	5,699,542	18,470	3,678	6,840,748
2009	1,132,051	5,916,851	17,507	3,156	7,069,565
2010	1,192,650	6,079,294	17,273	4,425	7,293,642

CITY OF FARIBAULT, MINNESOTA
 ASSESSED NET TAX CAPACITY AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Assessed Net Tax Capacity				
	Real Property	Personal Property	Total Real & Personal Property	Less: Tax Exempt Real Property	Net Taxable Value
2001	\$ 9,905,984	\$ 347,051	\$ 10,253,035	\$ 969,058	\$ 9,283,977
2002	8,679,121	223,379	8,902,500	756,023	8,146,477
2003	9,748,631	238,859	9,987,490	928,211	9,059,279
2004	10,813,933	241,655	11,055,588	1,031,668	10,023,920
2005	11,970,712	336,545	12,307,257	999,749	11,307,508
2006	13,749,626	361,976	14,111,602	1,307,580	12,804,022
2007	14,542,053	419,521	14,961,574	1,347,649	13,613,925
2008	17,040,474	461,983	17,502,457	1,702,987	15,799,470
2009	17,310,665	482,221	17,792,886	885,123	16,907,763
2010	17,369,951	512,662	17,882,613	913,143	16,969,470

Source: Rice County Department of Property Records and Revenue

Note: The county assessor must assess at least one-fifth of the listed parcels in the county each year. The county assesses property at approximately 95 to 105 percent of actual value for all types of real and personal property. Assessed Net Tax Capacity is determined by taking the market value multiplied by the statutory class rates for the property.

Property tax classifications are set by state statute and are amended regularly by the Legislature (Minnesota Statute 273.13).

Table 7

<u>Total Direct Tax Rate</u>	<u>Estimated Market Value of Taxable Property</u>	<u>Ratio of Assessed Tax Capacity to Market Value</u>
33.45 %	\$ 702,528,600	1.32 %
22.96	802,520,800	1.02
23.84	905,097,800	1.00
25.81	1,010,084,100	0.99
27.39	1,121,707,600	1.01
27.31	1,231,168,300	1.04
30.03	1,338,282,800	1.02
33.13	1,463,186,500	1.08
34.84	1,479,026,800	1.14
37.70	1,440,456,800	1.18



CITY OF FARIBAULT, MINNESOTA
PROPERTY TAX RATES
DIRECT AND OVERLAPPING (1) GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	City of Faribault			Overlapping Rates					Total (3)
	General Fund	Debt Service Fund	Total	Rice County	School District		Other Districts		
					ISD #656				
					Tax Capacity Based	Market Value Based (2)			
2001	0.24320	0.09129	0.33449	0.31995	0.60815	0.00093	0.02087	1.28346	
2002	0.10595	0.12364	0.22959	0.38595	0.37117	0.00006	0.03685	1.02356	
2003	0.10993	0.12845	0.23838	0.36031	0.34378	0.00005	0.03711	0.97958	
2004	0.16076	0.09729	0.25805	0.33717	0.26967	0.00032	0.03816	0.90305	
2005	0.19797	0.07593	0.27390	0.31135	0.25720	0.00136	0.03722	0.87967	
2006	0.20042	0.07269	0.27311	0.28702	0.26452	0.00093	0.03579	0.86044	
2007	0.21231	0.08795	0.30026	0.27562	0.27330	0.00099	0.03725	0.88643	
2008	0.25763	0.07371	0.33134	0.26513	0.23441	0.00095	0.03416	0.86504	
2009	0.27170	0.07673	0.34843	0.27213	0.20252	0.00103	0.03534	0.85842	
2010	0.28944	0.08753	0.37697	0.27267	0.20666	0.00107	0.04211	0.89841	

Source: Rice County Department of Property Records and Revenue

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Faribault. Not all overlapping rates apply to all City of Faribault property owners (e.g. the rates for the school districts will only apply to the portion of the property owners located within the geographic boundaries of each school district.)

(2) Market value based property tax rates are based on \$100 of market valuation.

(3) Total Direct and Overlapping Rates do not include the market value based tax rates for the School District.

CITY OF FARIBAULT, MINNESOTA
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO

Taxpayer	Type of Business	2010		
		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Xcel Energy/Northern States Power	Utility	\$ 361,326	1	2.29 %
Wal-Mart	Commercial	289,608	2	1.83
MN Municipal Power	Utility	160,112	3	1.01
Cashin, Patrick	Commercial/Residential	146,126	4	0.92
Faribault Foods	Manufacturing/Food Processing	132,119	5	0.84
Faribault Crossroads	Commercial	123,566	6	0.78
Allina Medical	Medical Clinic	118,354	7	0.75
Tru Vue, Inc /Viratec Thin Films	Manufacturing	117,974	8	0.75
State Bank of Faribault	Commercial/Residential	117,684	9	0.74
Aldi, Inc	Commercial	76,142	10	0.48
Western Partners	Commercial	-	-	-
K-Bar Industries	Manufacturing	-	-	-
Jerome Foods	Manufacturing	-	-	-
Mercury Minnesota	Manufacturing	-	-	-
McQuay, Inc.	Manufacturing	-	-	-
Crown Cork & Seal	Manufacturing	-	-	-
Cashin, Robert	Commercial/Residential	-	-	-
Total		<u>\$ 1,643,011</u>		<u>10.40 %</u>

Source: Rice County Department of Property Records and Revenue

Table 9

2001		
<u>Taxable Assessed Value</u>	<u>Rank</u>	<u>Percentage of Total Taxable Assessed Value</u>
\$ 369,141	1	3.98 %
-	-	-
-	-	-
-	-	-
59,196	8	0.64
-	-	-
-	-	-
109,360	4	1.18
-	-	-
-	-	-
210,007	2	2.26
119,040	3	1.28
88,800	5	0.96
86,069	6	0.93
68,489	7	0.74
53,125	9	0.57
<u>49,555</u>	10	<u>0.53</u>
<u>\$ 1,212,782</u>		<u>13.07 %</u>



CITY OF FARIBAULT, MINNESOTA
TAX LEVIES AND TAX COLLECTIONS
LAST TEN FISCAL YEARS

Year Collected	Total Tax Levy	Collections of Current Years Taxes During Fiscal Period	Percentage of Levy Collected During Fiscal Period	Collections of Prior Years Taxes During Fiscal Period	Total Collections	Ratio of Total Collections to Tax Levy	Accumulated Delinquent Taxes	Ratio of Accumulated Delinquent Taxes to Current Year Tax Levy
2001	\$ 3,105,396	\$ 3,054,857	98.37%	\$ 50,539	\$ 3,105,396	1.0000:1	\$ -	0.00000:1
2002	1,870,390	1,845,434	98.67%	24,956	1,870,390	1.0000:1	-	0.00000:1
2003	2,159,574	2,145,538	99.35%	14,036	2,159,574	1.0000:1	-	0.00000:1
2004	2,586,705	2,576,209	99.59%	10,496	2,586,705	1.0000:1	-	0.00000:1
2005	3,097,046	3,057,130	98.71%	39,916	3,097,046	1.0000:1	-	0.00000:1
2006	3,499,578	3,451,258	98.62%	46,731	3,497,989	0.9995:1	1,589	0.00045:1
2007	4,091,543	4,027,842	98.44%	59,275	4,087,117	0.9989:1	4,426	0.00108:1
2008	5,265,755	5,181,098	98.39%	73,977	5,255,075	0.9980:1	10,680	0.00203:1
2009	5,929,220	5,755,226	97.07%	130,322	5,885,548	0.9926:1	43,672	0.00737:1
2010	6,284,984	6,140,955	97.71%	-	6,140,955	0.9771:1	144,029	0.02292:1

Source: Rice County Auditor's Office

CITY OF FARIBAULT, MINNESOTA
 LEGAL DEBT MARGIN INFORMATION
 LAST TEN FISCAL YEARS

	Fiscal Year			
	2001	2002	2003	2004
Debt limit	\$ 14,050,572	\$ 16,050,416	\$ 17,268,142	\$ 19,382,256
Total net debt applicable to limit	<u>2,335,368</u>	<u>4,562,140</u>	<u>4,608,292</u>	<u>1,756,996</u>
Legal debt margin	<u>\$ 11,715,204</u>	<u>\$ 11,488,276</u>	<u>\$ 12,659,850</u>	<u>\$ 17,625,260</u>
Total net debt applicable to the limit as a percentage of debt limit	16.6%	28.4%	26.7%	9.1%

Legal Debt Margin Calculation for Fiscal Year 2010

Taxable market value

Debt limit (Note A)

Debt applicable to limit

General obligation bonds

Less: amount available in
debt service funds (Note B)

Total net debt applicable to limit

Legal debt margin

Note A: Under state law, the City's outstanding general obligation debt should not exceed 3 percent of the market value of taxable property. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for the extinguishment of those obligations.

Note B: M.S.A. Section 475.51 (definitions) Subdivision 4. "Net debt" means the amount remaining after deduction from its gross debt the amount of current revenues which are applicable within the current fiscal year to the payment of any debt and the aggregate of the principal of the following:

1. Obligations issued for improvements which are payable wholly or partly from the proceeds of special assessments levied upon property specially benefited thereby, including those which are general obligations of the municipality issuing them, if the municipality is entitled to reimbursement in whole or in part from the proceeds of the special assessments.
2. Warrant or orders having no definite or fixed maturity.
3. Obligations payable wholly from the income from revenue producing conveniences.
4. Obligations issued to create or maintain a Permanent Improvement Revolving Fund.
5. Obligations issued for the acquisition and betterment of public water works system and public lighting, heating or power systems, and of any combination thereof or for any other public convenience from which a revenue is or may be derived.
6. Not applicable
7. Amount of all money and face value of all securities held as a Debt Service Fund for the extinguishment of obligations other than those deductible under this subdivision.
8. Obligation to repay loans made under section 216C37.
9. Obligations to repay loans made from money received from litigation or settlement of alleged violations of Federal petroleum pricing regulations.
10. Obligations issued to pay pension fund liabilities under section 457.52, subdivision 6, or any charter authority.
11. All other obligations which under the provisions of law authorizing their issuance are not to be included in computing the net debt of the municipality.

Table 11

Fiscal Year					
2005	2006	2007	2008	2009	2010
\$ 21,716,240	\$ 25,345,868	\$ 26,125,994	\$ 43,895,595	\$ 44,370,804	\$ 43,213,704
<u>577,739</u>	<u>10,543,369</u>	<u>12,658,446</u>	<u>15,899,984</u>	<u>14,493,930</u>	<u>13,563,594</u>
<u>\$ 21,138,501</u>	<u>\$ 14,802,499</u>	<u>\$ 13,467,548</u>	<u>\$ 27,995,611</u>	<u>\$ 29,876,874</u>	<u>\$ 29,650,110</u>
2.7%	41.6%	48.5%	36.2%	32.7%	31.4%
					<u>\$ 1,440,456,800</u>
					<u>\$ 43,213,704</u>
					16,590,000
					<u>(3,026,406)</u>
					<u>13,563,594</u>
					<u>\$ 29,650,110</u>

CITY OF FARIBAULT, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Estimated Actual Value of Taxable Property
	General Obligation Bonds	Special Assessment Bonds	Tax Increment Bonds	General Obligation Revenue Bonds		
2001	\$ 5,625,000	\$ 3,145,000	\$ 5,630,000	\$ 8,425,000	\$ 22,825,000	30.78 %
2002	4,530,000	2,830,000	3,875,000	7,775,000	19,010,000	42.22
2003	4,370,000	2,475,000	4,890,000	7,120,000	18,855,000	48.00
2004	3,785,000	2,070,000	6,510,000	8,575,000	20,940,000	48.24
2005	3,715,000	8,435,000	1,655,000	7,785,000	21,590,000	51.95
2006	12,440,000	6,345,000	1,190,000	6,980,000	26,955,000	45.67
2007	14,380,000	4,415,000	675,000	5,985,000	25,455,000	52.57
2008	18,010,000	4,490,000	445,000	5,015,000	27,960,000	52.33
2009	18,600,000	4,765,000	215,000	5,806,501	29,386,501	50.33
2010	16,590,000	4,325,000	-	15,971,143	36,886,143	39.05

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

See the Schedule of Demographic and Economic Statistics on page 209 for population data.

See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value information.

Table 12

Percentage of Personal Income		Per Capita	
0.04	%	\$	1,078
0.03			885
0.03			856
0.03			942
0.03			955
0.04			1,186
0.04			1,117
0.04			1,225
0.04			1,261
0.05			1,580

CITY OF FARIBAULT, MINNESOTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

Table 13

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Funds	Net Bonded Debt	Percentage of Estimated Actual Value of Taxable Property	Per Capita
2001	\$ 5,625,000	\$ 402,316	\$ 5,222,684	0.0074 %	\$ 247
2002	4,530,000	46,152	4,483,848	0.0056	209
2003	4,370,000	1,151,698	3,218,302	0.0036	146
2004	3,785,000	1,358,004	2,426,996	0.0024	109
2005	3,715,000	1,572,261	2,142,739	0.0019	95
2006	12,440,000	1,441,631	10,998,369	0.0089	484
2007	14,380,000	1,721,554	12,658,446	0.0095	555
2008	18,010,000	2,110,016	15,899,984	0.0109	697
2009	18,600,000	4,106,070	14,493,930	0.0098	622
2010	16,590,000	3,026,406	13,563,594	0.0094	582

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

See the Schedule of Demographic and Economic Statistics on page 209 for population data.

See the Schedule of Tax Capacity, Market Value and Estimated Actual Value of Taxable Property for property value information.

CITY OF FARIBAULT, MINNESOTA
 COMPUTATION OF DIRECT AND OVERLAPPING DEBT
 DECEMBER 31, 2010

Table 14

	<u>Net General Obligation Debt</u>	<u>Percentage Applicable to City</u>		<u>Amount Applicable to City of Faribault Share of Debt</u>
Direct debt				
City of Faribault	<u>\$ 13,563,594</u>	100.00 %		<u>\$ 13,563,594</u>
Overlapping debt				
Rice County	22,460,000	27.41		6,155,509
School District 656	<u>37,695,000</u>	57.96		<u>21,846,677</u>
Total overlapping debt	<u>60,155,000</u>			<u>28,002,186</u>
Total direct and overlapping debt	<u>\$ 73,718,594</u>			<u>\$ 41,565,780</u>

1. Direct debt for the City has been reduced from Table 13, Ratios of General Obligation Bonded Debt Outstanding, for debt that is not subject to the general tax levy and for funds in the respective Debt Service Funds.

CITY OF FARIBAULT, MINNESOTA
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS

General Obligation Revenue Bonds

Fiscal Year	Gross Revenue (a)	Operating Expenses (b)	Net Available Revenue	Debt Service (c)			Coverage
				Principal	Interest	Total	
2001	\$ 4,985,542	\$ 2,291,562	\$ 2,693,980	\$ 500,000	\$ 346,199	\$ 846,199	318.36 %
2002	5,522,923	2,266,660	3,256,263	650,000	356,216	1,006,216	323.61
2003	5,250,808	2,723,829	2,526,979	655,000	329,746	984,746	256.61
2004	5,693,068	2,525,591	3,167,477	625,000	301,915	926,915	341.72
2005	6,388,465	2,848,867	3,539,598	790,000	324,013	1,114,013	317.73
2006	7,099,102	3,075,112	4,023,990	805,000	284,439	1,089,439	369.36
2007	7,501,518	3,498,269	4,003,249	995,000	335,951	1,330,951	300.78
2008	7,781,059	4,109,804	3,671,255	970,000	245,619	1,215,619	302.01
2009	9,224,674	3,596,252	5,628,422	1,010,000	201,599	1,211,599	464.54
2010	7,844,328	3,446,336	4,397,992	2,102,000	227,299	2,329,299	188.81

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(a) Total revenue including interest.

(b) Total operating expenses exclusive of depreciation.

(c) Includes principal and interest of revenue bonds only.

CITY OF FARIBAULT, MINNESOTA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Table 16

Fiscal Year		Population (1)	Personal Income (2)	Personal Income Per Capita (3)	Median Age (4)	School Enrollment (4)	Unemployment Rate (6)
2001	Estimate	21,166	\$ 539,690,668	\$ 25,498	34.5	4,121	5.5 %
2002	Estimate	21,479	556,370,537	25,903	34.5	4,020	5.9
2003	Estimate	22,037	584,553,462	26,526	34.5	3,897	6.2
2004	Estimate	22,218	616,393,974	27,743	34.5	3,967	5.8
2005	Estimate	22,605	636,398,565	28,153	34.5	4,035	6.0
2006	Estimate	22,733	676,193,085	29,745	35.0	4,000	6.0
2007	Estimate	22,798	699,055,074	30,663	35.3	3,935	5.6
2008	Estimate	22,818	725,064,768	31,776	35.0	4,086	6.8
2009	Estimate	23,312	744,538,656	31,938	33.9	3,885	9.3
2010	Census	23,352	745,816,176	31,938	35.9	3,755	8.7

Source:

- (1) State Demographer
- (2) Calculated by multiplying the estimated population by the per capita personal income for Rice County.
- (3) Bureau of Economic Analysis
- (4) US Census Bureau
- (5) Independent School District #656
- (6) Minnesota Department of Employment and Economic Development



CITY OF FARIBAULT, MINNESOTA
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO

Table 17

	2010			2001		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
MN State Corrections Facility	611	1	2.62 %	470	3	2.22 %
The Turkey Store	547	2	2.34	400	5	1.89
Faribault Public Schools	532	3	2.28	560	1	2.65
McQuay International	400	4	1.71	480	2	2.27
District One Hospital	361	5	1.55	301	7	1.42
Rice, County of	360	6	1.54	375	6	1.77
Faribault Foods Inc	320	7	1.37	290	8	1.37
Hy-Vee Food Stores	280	8	1.20	257	10	1.21
Wal-Mart SuperCenter	260	9	1.11	290	8	1.37
MN Academies	220	10	0.94	260	9	1.23
Rust Consulting	-		-	450	4	2.13
Met-Con Companies	-		-	260	9	1.23
Total	3,891		16.66 %	4,393		20.75 %

Source: State Department of Commerce.

CITY OF FARIBAULT, MINNESOTA
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS

Function	Full-time Equivalent Employees as of December 31			
	2001	2002	2003	2004
General government	13.93	14.21	13.68	13.01
Public safety				
Police				
Officers	29.11	29.03	29.26	29.26
Civilians	7.86	8.38	7.67	7.70
Fire				
Firefighters and officers	10.96	11.20	10.82	10.94
Civilians	4.00	5.50	5.48	5.53
Streets and highways				
Engineering	4.50	4.50	4.84	4.91
Maintenance	14.14	13.43	13.00	13.42
Culture and recreation				
Parks	6.66	6.86	7.02	6.86
Library	11.51	10.99	11.20	11.28
Recreation programs	12.99	15.13	14.44	16.06
Swimming pool - indoor	3.48	5.06	3.12	3.09
Swimming pool - outdoor	n/a	5.54	7.77	6.31
Housing and economic development	11.69	11.16	10.47	10.71
Water	3.27	3.43	3.18	3.62
Sewer	10.73	11.47	12.06	13.03
Total	144.83	155.89	154.01	155.73

Source: Government Budget Office.

Table 18

Full-time Equivalent Employees as of December 31					
2005	2006	2007	2008	2009	2010
13.22	13.38	14.64	15.73	15.17	15.00
28.99	32.79	33.17	33.50	33.51	31.67
8.68	8.67	8.00	8.00	8.12	7.00
10.45	10.48	11.00	10.74	10.46	10.38
6.74	6.81	6.92	6.00	6.17	4.00
4.95	6.65	6.53	7.18	6.29	5.23
12.62	14.06	13.99	13.86	13.69	11.87
6.86	7.22	7.99	7.85	7.67	7.82
11.46	11.58	12.16	12.10	11.94	11.22
16.92	16.55	17.05	15.84	16.16	16.20
4.35	4.30	4.47	4.90	3.82	4.79
6.73	6.59	6.42	7.19	4.92	5.25
12.31	12.15	11.65	8.55	8.65	8.65
3.42	3.86	3.39	3.90	3.58	3.61
13.78	13.93	13.78	15.67	15.20	15.90
<u>161.48</u>	<u>169.02</u>	<u>171.16</u>	<u>171.01</u>	<u>165.35</u>	<u>158.59</u>

CITY OF FARIBAULT, MINNESOTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

CITY OF FARIBAULT, MINNESOTA

