

**ANNUAL FINANCIAL REPORT
OF THE
CITY OF NEW LONDON, MINNESOTA**

For The Year Ended December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council Members
City of New London, Minnesota

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New London, Minnesota, as of and for the year ended December 31, 2006, 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 of New London's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the City of New London prepares its financial statements on a modified accrual basis, which is a comprehensive basis of accounting principles generally accepted in the United States of America. Management's discussion and analysis required supplementary information, is not included in the financial statements. Also not included, are general fixed assets, which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount of assets omitted are not known.

In our opinion, except for the effects on the financial statements of the omitted items described in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position—modified accrual basis of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of New London, as of December 31, 2006 and the respective changes in financial position – modified accrual basis thereof for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 23, 2007 on compliance and on internal control over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grants.

The required supplementary information, budgetary comparison information, on page 3 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the method of presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of New London's basic financial statements. The accompanying fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Westberg Eischens, PLLP

WESTBERG EISCHENS, PLLP

March 23, 2007

CITY OF NEW LONDON, MINNESOTA
BUDGETARY COMPARISON SCHEDULE - MODIFIED ACCRUAL BASIS
GENERAL FUND
For The Year Ended December 31, 2006

	<u>Budgeted Amounts</u>		Actual Amounts	Variance
	<u>Original</u>	<u>Final</u>		Favorable (Unfavorable)
REVENUES				
General property tax	\$ 112,000	\$ 110,085	\$ 103,982	\$ (6,103)
License and permits	74,600	51,065	52,117	1,052
Intergovernmental	304,979	280,668	297,057	16,389
Charges for services	200	275	275	-
Fines and forfeits	1,200	1,100	1,264	164
Other revenues	<u>25,120</u>	<u>34,720</u>	<u>50,152</u>	<u>15,432</u>
Total Revenues	<u>518,099</u>	<u>477,913</u>	<u>504,847</u>	<u>26,934</u>
EXPENDITURES				
General government	163,157	188,091	175,748	12,343
Public safety	127,819	108,724	111,390	(2,666)
Public works	136,158	119,072	120,026	(954)
Culture and recreation	<u>49,488</u>	<u>45,245</u>	<u>44,976</u>	<u>269</u>
Total Expenditures	476,622	461,132	452,140	8,992
OTHER USES				
Transfer to other funds	<u>41,477</u>	<u>41,177</u>	<u>41,176</u>	<u>1</u>
Total Expenditures and Other Uses	<u>518,099</u>	<u>502,309</u>	<u>493,316</u>	<u>8,993</u>
NET INCREASE (DECREASE) IN FUND BALANCE	-	(24,396)	11,531	35,927
FUND BALANCE JANUARY 1	<u>469,261</u>	<u>469,261</u>	<u>469,261</u>	<u>-</u>
FUND BALANCE DECEMBER 31	<u>\$ 469,261</u>	<u>\$ 444,865</u>	<u>\$ 480,792</u>	<u>\$ 35,927</u>

See notes to financial statements.

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF NET ASSETS - MODIFIED ACCRUAL BASIS
December 31, 2006

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and temporary investments	\$ 2,946,120	\$ 414,749	\$ 3,360,869
Receivables	864,113	49,558	913,671
Prepaid expenses	12,371	-	12,371
Capital assets, net of accumulated depreciation	-	525,386	525,386
TOTAL ASSETS	\$ 3,822,604	\$ 989,693	\$ 4,812,297
LIABILITIES			
Accounts payable	13,368	39,022	52,390
Deferred revenue	806,215	-	806,215
Long-term liabilities (Note 6)			-
Due within one year	252,428	-	252,428
Due in more than one year	4,142,247	-	4,142,247
Total Liabilities	\$ 5,214,258	\$ 39,022	\$ 5,253,280
NET ASSETS			
Invested in capital assets		525,386	525,386
Restricted for:			-
Debt service	(3,053,539)	-	(3,053,539)
Other purposes	1,469,568	425,285	1,894,853
Unrestricted	192,317	-	192,317
Total Net Assets	\$ (1,391,654)	\$ 950,671	\$ (440,983)

See notes to financial statements.

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF ACTIVITIES - MODIFIED ACCRUAL BASIS
For The Year Ended December 31, 2006

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Grants and Contributions Operating Capital	Governmental Activities	Business-Type Activities	Total
FUNCTIONS/PROGRAMS						
General government	\$ 188,059	\$ 53,381	\$ -	\$ (134,678)	\$ -	\$ (134,678)
Public safety	315,278	220,720	60,134	(34,424)	-	(34,424)
Public works	120,026	-	-	(120,026)	-	(120,026)
Community development	983,355	-	58,844	(924,511)	-	(924,511)
Culture and recreation	44,976	-	-	(44,976)	-	(44,976)
Interest and fiscal charges on long term debt	137,600	250,053	14,462	126,915	-	126,915
Total governmental Activities	<u>1,789,294</u>	<u>524,154</u>	<u>133,440</u>	<u>(1,131,700)</u>	<u>-</u>	<u>(1,131,700)</u>
Water	227,316	223,942	-	-	(3,374)	(3,374)
Sewer	356,685	369,024	-	-	12,339	12,339
Total Business-Type Activities	<u>584,001</u>	<u>592,966</u>	<u>-</u>	<u>-</u>	<u>8,965</u>	<u>8,965</u>
TOTAL	<u>\$ 2,373,295</u>	<u>\$ 1,117,120</u>	<u>\$ 133,440</u>	<u>\$ (1,131,700)</u>	<u>\$ 8,965</u>	<u>\$ (1,122,735)</u>
General revenues:						
Taxes				\$ 218,641	\$ -	\$ 218,641
Intergovernmental revenue not restricted to specific programs				260,203		260,203
Investment income				51,936		51,936
Miscellaneous				10,904	3,972	14,876
Transfers - internal activity				-	-	-
Total general revenues and transfers				<u>541,684</u>	<u>3,972</u>	<u>545,656</u>
Change in net assets				(590,016)	12,937	(577,079)
Net Assets - beginning				<u>(801,638)</u>	<u>937,734</u>	<u>136,096</u>
Net Assets - ending				<u>\$ (1,391,654)</u>	<u>\$ 950,671</u>	<u>\$ (440,983)</u>

See notes to financial statements.

CITY OF NEW LONDON, MINNESOTA
BALANCE SHEET - MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
December 31, 2006

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
ASSETS					
Cash and temporary investments	\$ 479,741	\$ 273,460	\$ 1,295,110	\$ 897,809	\$ 2,946,120
Accounts receivable	530	48,887	45,480	-	49,417
Interest receivable	1,021	-	-	-	1,021
Assessments receivable	-	-	802,858	-	802,858
Taxes receivable	4,921	-	5,896	-	10,817
Prepaid items	4,964	7,407	-	-	12,371
TOTAL ASSETS	<u>\$ 491,177</u>	<u>\$ 329,754</u>	<u>\$ 2,149,344</u>	<u>\$ 897,809</u>	<u>\$ 3,822,604</u>
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts payable	\$ 7,328	\$ 990	\$ 5,050	\$ 45,480	\$ 13,368
Deferred revenue	3,057	-	803,158	-	806,215
Total Liabilities	<u>10,385</u>	<u>990</u>	<u>808,208</u>	<u>45,480</u>	<u>819,583</u>
FUND BALANCES					
Reserved	288,475	-	-	-	288,475
Designated	-	328,764	1,341,136	852,329	2,522,229
Unreserved/Undesignated	192,317	-	-	-	192,317
Total Fund Balances	<u>480,792</u>	<u>328,764</u>	<u>1,341,136</u>	<u>852,329</u>	<u>3,003,021</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 491,177</u>	<u>\$ 329,754</u>	<u>\$ 2,149,344</u>	<u>\$ 897,809</u>	<u>\$ 3,822,604</u>

See notes to financial statements.

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
MODIFIED ACCRUAL BASIS
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2006

	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
REVENUES					
General property tax	\$ 103,982	\$ -	\$ 114,659	\$ 55,600	\$ 274,241
Special assessments	-	-	250,053	-	250,053
License and permits	52,117	-	-	-	52,117
Intergovernmental	297,057	-	14,462	3,244	314,763
Charges for services	-	220,720	-	-	220,720
Fines and forfeits	1,264	-	-	-	1,264
Other revenues	50,427	34,862	-	831	86,120
	<u>504,847</u>	<u>255,582</u>	<u>379,174</u>	<u>59,675</u>	<u>1,199,278</u>
Total Revenues	504,847	255,582	379,174	59,675	1,199,278
OTHER FINANCING SOURCES					
Bond issue proceeds	-	-	-	2,385,085	2,385,085
Transfer from other funds	-	41,176	-	-	41,176
	<u>-</u>	<u>41,176</u>	<u>-</u>	<u>-</u>	<u>41,176</u>
Total Revenues and Other Sources	<u>504,847</u>	<u>296,758</u>	<u>379,174</u>	<u>2,444,760</u>	<u>3,625,539</u>
EXPENDITURES					
General government	150,000	-	-	12,311	162,311
Public safety	111,390	196,867	-	-	308,257
Public works	120,026	-	-	-	120,026
Culture and recreation	44,976	-	-	-	44,976
Capital outlay	25,748	7,021	-	983,355	1,016,124
Debt service	-	39,104	283,964	25,604	348,672
	<u>-</u>	<u>39,104</u>	<u>283,964</u>	<u>25,604</u>	<u>348,672</u>
Total Expenditures	452,140	242,992	283,964	1,021,270	2,000,366
OTHER USES					
Transfer to other funds	41,176	-	-	-	41,176
	<u>41,176</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,176</u>
Total Expenditures and Other Uses	<u>493,316</u>	<u>242,992</u>	<u>283,964</u>	<u>1,021,270</u>	<u>2,041,542</u>
NET INCREASE (DECREASE)					
IN FUND BALANCE	11,531	53,766	95,210	1,423,490	1,583,997
FUND BALANCE JANUARY 1	<u>469,261</u>	<u>274,998</u>	<u>1,245,926</u>	<u>(571,161)</u>	<u>1,419,024</u>
FUND BALANCE DECEMBER 31	<u>\$ 480,792</u>	<u>\$ 328,764</u>	<u>\$ 1,341,136</u>	<u>\$ 852,329</u>	<u>\$ 3,003,021</u>

See notes to financial statements.

CITY OF NEW LONDON, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2006

Net change in fund balances - total government funds	\$ 1,583,997
Amounts reported for governmental activities in the Statement of Activities are different because:	
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets:	
Capital debt obligation principal payments	245,987
New debt is another financing source in the governmental funds, but increases long-term liabilities in the statement of Net Assets	<u>(2,420,000)</u>
 Change in Net Assets of Governmental Activities	 <u>\$ (590,016)</u>

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF NET ASSETS
PROPRIETARY FUND
December 31, 2006

ASSETS

Current Assets:

Cash and temporary investments	\$ 414,749
Receivables	<u>49,558</u>

Total current assets	<u>464,307</u>
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Noncurrent Assets:

Capital assets, net of accumulated depreciation	<u>525,386</u>
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Total noncurrent assets	<u>525,386</u>
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Total Assets	<u>989,693</u>
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LIABILITIES

Current Liabilities:

Accounts payable	<u>39,022</u>
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Total Current Liabilities	<u>39,022</u>
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NET ASSETS

Invested in capital assets, net of related debt	525,386
Restricted for capital replacement	25,819
Restricted for operations	<u>399,466</u>

Total net assets	<u>\$ 950,671</u>
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CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
PROPRIETARY FUND
For The Year Ended December 31, 2006

Operating Revenues:

Charges for Service:

Water	\$ 223,942
Sewer	369,024
	369,024

Total Operating Revenues	592,966
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Operating Expenses:

Personal Services	14,886
Contracted services	488,462
Materials and supplies	12,296
Other expenses	18,913
Depreciation	499,444
	499,444

Total Operating Expenses	584,001
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Operating Income (Loss)	8,965
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Non-Operating Revenues (Expenses):

Other	3,972
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Net Income (Loss) Before Transfers	12,937
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Transfers In	-
Transfers Out	-
	-

Change in net assets	12,937
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Total net assets - beginning	937,734
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Total net assets - ending	\$ 950,671
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CITY OF NEW LONDON, MINNESOTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended December 31, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 562,966
Payments to suppliers	(495,460)
Payments to employees	<u>(13,098)</u>

Net Cash Provided by Operating Activities	<u>54,408</u>
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

Non-operating revenues	<u>3,972</u>
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Net Cash Provided by Noncapital Financing Activities	<u>3,972</u>
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CASH FLOW FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Net Cash Provided by (Used In) Capital and Related Financing Activities	<u>-</u>
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Net Increase in Cash and Cash Equivalents	58,380
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Balance - beginning of year	<u>356,369</u>
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Balance - end of year	<u><u>414,749</u></u>
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**Reconciliation of operating income (loss) to net cash provided
by operating activities:**

Operating income (loss)	8,965
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Adjustments to reconcile operating income to net cash provided	
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(used) by operating activities:

Depreciation Expense	49,444
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Change in assets and liabilities	<u>(4,001)</u>
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Net cash provided by operating activities	<u>\$ 54,408</u>
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CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Introduction

The City of New London (City) complies with Generally Accepted Accounting Principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

B. Financial Reporting Entity - Basis of Presentation

New London was established in 1889 pursuant to applicable Minnesota laws and statutes. The governing body consists of a four member council and mayor elected by eligible voters of the City. Two members are elected every two years for a four year term. The Mayor's office is for two years. The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships).

B.1 Component Units

Excluded: Fire Relief Association

This association is organized as a non-profit organization by its members to provide pension and other benefits to such members in accordance with Minnesota Statutes. Their board of directors is appointed by the membership of the organization. All funding is conducted in accordance with Minnesota Statutes whereby State Aids flow to the association, tax levies are determined by the association and are only reviewed by the City, and the association pays benefits directly to its members.

C. Basis of Presentation

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Assets and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

FUND FINANCIAL STATEMENTS

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary. The City presently has no fiduciary funds. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

FUND FINANCIAL STATEMENTS (continued)

The funds of the financial reporting entity are described below:

Governmental Fund Types

General Fund

The General Fund is the primary operating fund of the City and always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of the specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds.

<u>Fund</u>	<u>Brief Description</u>
Ambulance Fund	Accounts for revenues received and expenditures paid to provide ambulance service.
Fire Department Fund	Accounts for revenues received and expenditures paid to provide fire protection.

Debt Service Funds

Accounts for the accumulation of financial resources for the payment of principal and interest on the City's general obligation debt and capital leases. The City annually levies ad valorem taxes restricted for the retirement of general obligation bonds.

Capital Project Funds

Capital project funds are used to account for resources restricted for the acquisition or construction of specific capital projects or items. Also included, are all tax increment financing districts.

Proprietary Funds

Enterprise Fund

Enterprise funds are used to account for business-type activities provided to the general public. These activities are financed primarily by user charges, and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes the following enterprise fund that is reported as a major fund:

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds (continued)

Enterprise Fund (continued)

<u>Fund</u>	<u>Brief Description</u>
Water & Sewer	Accounts for the activities of the public trust in providing water and sewer services to the public.

C.1 Measurement Focus

Measurement focus is a term used to describe “how” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

In the government-wide Statement of Net Assets and the Statement of Activities, both governmental and business-like activities are presented using the economic resources measurement focus, within the limitations of the modified accrual basis of accounting, as defined in item C.2 below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus, as applied to the modified accrual basis of accounting, is used as appropriate:

- a. All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent, financial, or nonfinancial) associated with their activities are reported. Proprietary fund equity is classified as net assets.

C.2 Modified Accrual Basis of Accounting

The City uses the modified accrual basis of accounting for governmental funds. The modified accrual basis of accounting recognizes revenues when both “Measurable and Available”. Measurable means the amount can be determined. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for general bond principal and interest, which are reported as expenditures in the year due.

Major revenue sources susceptible to accrual include property taxes, special assessments, intergovernmental revenues and investment income.

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

C.3 Accrual Basis of Accounting

The accrual basis of accounting is used in Proprietary Fund types. The accrual basis of accounting recognizes revenues when earned. Expenses are recorded when incurred.

D. Budgetary Data

The City Clerk submits an annual budget to the City council in accordance with the city Charter. Once approved, the City council may amend the legally adopted budget when unexpected modifications are required in estimated revenues and appropriations. Supplemental appropriations or authorized budget amendments were subsequently made. Budgets lapse at year end.

E. Encumbrances

Encumbrance accounting is not used.

F. Comparative Data

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the City's financial position and operations.

G. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Assets, Liabilities and Fund Equity

Cash

Cash consists of cash maintained in interest bearing checking and savings accounts and certificates of deposit. For the purpose of the statement of cash flows, the water and sewer funds considered only this cash to be a cash equivalent.

Delinquent Taxes Receivable

Property taxes are levied and collected by Kandiyohi County, Minnesota, and are remitted periodically to the City. The majority of these remittances are made in June and November. Taxes receivable are recognized at the time of levy. Uncollected taxes at December 31 are considered delinquent. Deferred revenue is recognized for that portion of taxes determined not to be measurable and available. Available is defined as being received within sixty days after year end.

Assessments Receivable

Assessments receivable represent assessments which will be collected by the County for the City in years after 2006.

CITY OF NEW LONDON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Assets, Liabilities and Fund Equity (continued)

Accounts Receivable

Major receivables are uncollected billings for water and sewer at December 31. The billings are done on a monthly basis.

Property and Equipment

Government-Wide Statements and Fund Financial Statements

Property and equipment in enterprise funds are recorded at cost. Depreciation is computed on the straight line method over the estimated useful lives of ten to forty years. Property and equipment in all other funds is expensed when purchased.

Deferred Revenues

Deferred revenues represent delinquent taxes and delinquent and deferred assessments to be recognized as income in the year due.

I. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

J. Risk Management

Significant losses are covered by insurance for all programs. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances

The deficit fund balance in Tax Increment Funds No. 1-8, 1-9, 1-10 and 1-11 are expected to be recovered over the life of the District.

CITY OF NEW LONDON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 3 CASH AND INVESTMENTS

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it.

In accordance with Minnesota Statutes, the City of New London, Minnesota, maintains deposits at those depository institutions authorized by the City council.

Minnesota Statutes require that all governmental units' deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds (140% in the case of mortgage notes pledged).

Authorized collateral includes the legal investments described in Minnesota Statutes, as well as certain first mortgage notes, and certain other State and Local government obligations. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City treasurer or in a financial institution other than that furnishing the collateral. The City does not have a policy that would further limit its collateral choices.

Balance at December 31, 2006:

	Bank Balances	Carrying Amount
Insured or collateralized by securities held by the City or its agent in the City's name	\$ 3,318,080	\$ 3,267,395
Not insured or collateralized	\$ 93,474	\$ 93,474

NOTE 4 CHANGES IN FIXED ASSETS

	Balance January 1 <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	Balance December 31 <u>2006</u>
Water plant, improvements and equipment	\$ 740,654	\$	\$	\$ 740,654
Sewer plant, improvements and equipment	671,647			671,647
Accumulated depreciation	(837,472)	(49,443)	_____	(886,915)
	<u>\$ 574,829</u>	<u>\$ (49,443)</u>	<u>\$ _____</u>	<u>\$ 525,386</u>

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 5 DEFINED BENEFIT PENSION PLANS - STATEWIDE

A. Plan Description

All full-time and certain part-time employees of the City of New London are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Retirement Fund (PERF), the Public Employees Police and Fire Fund (PEPFF), and the Local Government Correctional Service Retirement Fund, called the Public Employees Correctional Fund (PECF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

PERF 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.

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 PERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2 percent of average salary for each of the first 10 years of service and 2.7 percent for each remaining year. The annuity 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 for PERF members whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. 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 normal 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 reduce the monthly normal annuity amount, because the annuity is 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 PERF, PEPFF, and PECF. That report may be obtained by writing to PERA, 60 Empire Drive, Suite 200, St. Paul, Minnesota, 55103-2088 or by calling (651) 296-7460 or 1-800-652-9026.

CITY OF NEW LONDON, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2006

NOTE 5 DEFINED BENEFIT PENSION PLANS - 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 state statutes. PERF Basic Plan members and Coordinated Plan members are required to contribute 9.10% and 5.50%, respectively, of their annual covered salary. The City of New London is required to contribute the following percentages of annual covered payroll: 11.78% for Basic Plan PERF members and 6.0% for Coordinated Plan PERF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2006, 2005, and 2004 were \$8,989, \$5,992, and \$5,781, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

NOTE 6 LONG-TERM DEBT

The long-term debt obligations outstanding at year-end are as follows:

	<u>Maturities</u>	<u>Rate</u>	
GO Improvement Bonds, Series 1997	2007-2013	4.7700%	470,000
Fire Department Building Loan of 1999	2007-2013	5.2200%	69,637
GO Improvement Bonds, Series 1999	2007-2016	5.5556%	320,000
GO Improvement Bonds, Series 2000	2007-2016	5.3210%	510,000
GO Improvement Bonds, Series 2002	2007-2013	4.0232%	530,000
* GO Sewer Revenue Bonds, Series 2002	2007-2042	4.3334%	1,824,000
Tanker Truck Loan of 2003	2007-2009	4.4000%	75,038
GO PIR Fund Bonds, Series 2006A	2008-2026	4.1240%	2,420,000

* The City is acting as agent for Green Lake Sewer and Water System bonds.

Change in long-term debt during 2006:

<u>Balance</u> <u>January 1,</u> <u>2006</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>December 31,</u> <u>2006</u>
\$ 4,065,662	\$ 2,420,000	\$ 266,987	\$ 6,218,675

Long-term debt maturities (including interest):

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
City	\$ 397,881	\$ 415,760	\$ 479,075	\$ 481,075	\$ 506,193
GLS & WS	\$ 101,800	\$ 101,838	\$ 102,044	\$ 101,781	\$ 101,688
	<u>2012-2016</u>	<u>2017-2021</u>	<u>2022-2026</u>	<u>2027-2031</u>	<u>2032-2042</u>
City	\$1,961,813	\$1,018,776	\$ 676,983		
GLS & WS	\$ 507,657	\$ 506,769	\$ 506,336	\$ 508,467	\$ 1,116,158
City principal due within one year		\$ 252,428			

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 7 RESERVED AND DESIGNATED FUND BALANCES

General Fund		
2007 Budget items	\$	259,530
Special projects		28,945
Special Revenue Fund		
Fire Department operations		141,192
Ambulance operations		187,572
Debt Service Fund		
Debt Service		1,341,136
Capital Projects Fund		
Tax increment financing districts and Capital Projects		852,309
Enterprise Fund		
Investment in equipment and improvements		525,386
Operations		399,466
Capital replacement		25,819

NOTE 8 CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

NOTE 9 SEGMENT INFORMATION FOR ENTERPRISE FUNDS

	<u>Water</u>	<u>Sewer</u>	<u>Total Enterprise Funds</u>
Operating revenues	\$ 223,942	\$ 369,024	\$ 592,966
Depreciation expense	27,064	22,380	49,444
Operating income (loss)	(3,374)	12,339	8,965
Other revenues and sources	3,972	-	3,972
Net income (loss)	598	12,339	12,937
Property, plant and equipment additions	-	-	-
Net working capital	322,287	102,998	425,285
Total assets	626,311	363,382	989,693
Total equity	611,884	338,787	950,671

CITY OF NEW LONDON, MINNESOTA
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2006

NOTE 10 TAX INCREMENT FINANCING

The City of New London is the administering authority for the following tax increment financed districts:

<u>District No.</u>	<u>Type of District</u>	<u>Established</u>	<u>Modified</u>	<u>Termination Date</u>
1-6	**Economic Development	August 16, 1995		August 16, 2006
1-7	Housing	September 6, 1995		December 31, 2012
1-8	Economic Development	September 4, 1996		September 4, 2007
1-9	Economic Development	April 21, 1999		April 21, 2010
1-10	Economic Development	November 7, 2001		December 31, 2012
1-11	Economic Development	May 7, 2003		December 31, 2013
1-12	Housing	December 17, 2003		December 31, 2030

** Was decertified in 2006

**CITY OF NEW LONDON, MINNESOTA
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
December 31, 2006**

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
ASSETS				
Cash and temporary investments	\$479,741	\$273,460	\$1,295,110	\$897,809
Taxes receivable - delinquent	4,921	-	5,896	-
Assessments receivable	-	-	802,858	-
Interest receivable	1,021	-	-	-
Accounts receivable	530	48,887	-	-
Due from other funds	-	-	45,480	-
Prepaid items	4,964	7,407	-	-
Buildings	-	-	-	-
Improvements and equipment	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available	-	-	-	-
Amount to be provided	-	-	-	-
	-	-	-	-
TOTAL ASSETS	<u>\$491,177</u>	<u>\$329,754</u>	<u>\$2,149,344</u>	<u>\$897,809</u>
LIABILITIES AND FUND EQUITY				
LIABILITIES				
Accounts payable	\$ 7,328	\$ 990	\$ 5,050	\$ -
Due to other funds	-	-	-	45,480
Deferred revenue	3,057	-	803,158	-
Bonds and loans payable	-	-	-	-
Total Liabilities	<u>10,385</u>	<u>990</u>	<u>808,208</u>	<u>45,480</u>
FUND EQUITY				
Retained earnings - designated				
Investment in property	-	-	-	-
Operations	-	-	-	-
Reserved for capital replacement	-	-	-	-
Fund balance				
Reserved	288,475	-	-	-
Designated	-	328,764	1,341,136	852,329
Unreserved/Undesignated	192,317	-	-	-
Total Fund Equity	<u>480,792</u>	<u>328,764</u>	<u>1,341,136</u>	<u>852,329</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$491,177</u>	<u>\$329,754</u>	<u>\$2,149,344</u>	<u>\$897,809</u>

Enterprise Fund Types	General Long-Term Debt	TOTALS	
		(Memorandum Only)	
		2006	2005
\$ 414,749	\$ -	\$ 3,360,869	\$1,755,780
-	-	10,817	8,983
-	-	802,858	746,234
-	-	1,021	1,083
49,558	-	98,975	110,912
-	-	45,480	638,500
-	-	12,371	12,028
266,000	-	266,000	266,000
1,146,301	-	1,146,301	1,146,301
(886,915)	-	(886,915)	(837,472)
-	1,341,136	1,341,136	1,245,926
-	<u>4,877,539</u>	<u>4,877,539</u>	<u>2,819,736</u>
<u>\$ 989,693</u>	<u>\$6,218,675</u>	<u>\$ 11,076,452</u>	<u>\$7,914,011</u>
\$ 39,022	\$ -	\$ 52,390	\$ 103,183
-	-	45,480	638,500
-	-	806,215	749,908
-	<u>6,218,675</u>	<u>6,218,675</u>	<u>4,065,662</u>
<u>39,022</u>	<u>6,218,675</u>	<u>7,122,760</u>	<u>5,557,253</u>
525,386	-	525,386	574,829
399,466	-	399,466	341,618
25,819	-	25,819	21,287
-	-	288,475	283,446
-	-	2,522,229	949,763
-	-	<u>192,317</u>	<u>185,815</u>
<u>950,671</u>	-	<u>3,953,692</u>	<u>2,356,758</u>
<u>\$ 989,693</u>	<u>\$6,218,675</u>	<u>\$ 11,076,452</u>	<u>\$7,914,011</u>

CITY OF NEW LONDON, MINNESOTA
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
For The Year Ended December 31, 2006

	GOVERNMENTAL FUND TYPES			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
REVENUES				
Taxes	\$103,982	\$ -	\$ 114,659	\$ 55,600
Assessments	-	-	250,053	-
License and permits	52,117	-	-	-
Intergovernmental revenues				
Federal	-	-		
State	297,057	-	14,462	3,244
Charges for services	-	220,720	-	-
Fines and forfeits	1,264	-	-	-
Interest	40,371	10,734	-	831
Miscellaneous	10,056	24,128	-	-
	<u>504,847</u>	<u>255,582</u>	<u>379,174</u>	<u>59,675</u>
Total Revenues				
	504,847	255,582	379,174	59,675
OTHER SOURCES	-	41,176	-	2,385,085
TOTAL REVENUES AND OTHER SOURCES	<u>504,847</u>	<u>296,758</u>	<u>379,174</u>	<u>2,444,760</u>
EXPENDITURES				
General government	150,000	-	-	37,915
Public safety	111,390	196,867	-	-
Public works	120,026	-	-	-
Culture and recreation	44,976	-	-	-
Debt service	-	39,104	283,964	-
Capital outlay	25,748	7,021	-	983,355
	<u>452,140</u>	<u>242,992</u>	<u>283,964</u>	<u>1,021,270</u>
Total Expenditures				
	452,140	242,992	283,964	1,021,270
OTHER USES	41,176	-	-	-
TOTAL EXPENDITURES AND OTHER USES	<u>493,316</u>	<u>242,992</u>	<u>283,964</u>	<u>1,021,270</u>
NET INCREASE (DECREASE) IN FUND BALANCE	11,531	53,766	95,210	1,423,490
FUND BALANCE, JANUARY 1	<u>469,261</u>	<u>274,998</u>	<u>1,245,926</u>	<u>(571,161)</u>
FUND BALANCE, DECEMBER 31	<u>\$480,792</u>	<u>\$328,764</u>	<u>\$1,341,136</u>	<u>\$ 852,329</u>

TOTALS

(Memorandum Only)

2006	2005
\$ 274,241	\$ 249,047
250,053	278,217
52,117	101,348
-	109,623
314,763	282,336
220,720	201,418
1,264	1,838
51,936	29,591
34,184	36,553
1,199,278	1,289,971
2,426,261	38,123
3,625,539	1,328,094
187,915	136,436
308,257	334,946
120,026	122,791
44,976	38,231
323,068	362,805
1,016,124	219,112
2,000,366	1,214,321
41,176	38,123
2,041,542	1,252,444
1,583,997	75,650
1,419,024	1,343,374
\$3,003,021	\$1,419,024

**CITY OF NEW LONDON, MINNESOTA
COMPARATIVE BALANCE SHEET
GENERAL FUND
December 31, 2006**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$479,741	\$481,519
Accounts receivable	530	202
Interest receivable	1,021	1,083
Delinquent taxes receivable	4,921	3,712
Prepaid items	<u>4,964</u>	<u>4,433</u>
TOTAL ASSETS	<u>\$491,177</u>	<u>\$490,949</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 7,328	\$ 19,364
Deferred revenue	<u>3,057</u>	<u>2,324</u>
TOTAL LIABILITIES	<u>10,385</u>	<u>21,688</u>
 FUND BALANCE		
Reserved	288,475	283,446
Unreserved - undesignated	<u>192,317</u>	<u>185,815</u>
TOTAL FUND BALANCE	<u>480,792</u>	<u>469,261</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$491,177</u>	<u>\$490,949</u>

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	2005 <u>Actual</u>
REVENUES				
Property tax	<u>\$110,085</u>	<u>\$103,982</u>	\$ (6,103)	<u>\$ 80,975</u>
License and permits	<u>51,065</u>	<u>52,117</u>	1,052	<u>101,348</u>
Intergovernmental revenue				
State grants and aids				
Local government aid	246,645	246,645	-	217,960
M.V. Credit	-	13,155	13,155	26,623
Fire aid	33,620	36,854	3,234	33,620
Other	<u>403</u>	<u>403</u>	-	<u>403</u>
Total Intergovernmental Revenues	<u>280,668</u>	<u>297,057</u>	16,389	<u>278,606</u>
Fines and forfeits	<u>1,100</u>	<u>1,264</u>	164	<u>1,838</u>
Miscellaneous revenues				
Interest	25,000	40,371	15,371	26,505
Rents	6,000	6,000	-	6,720
Other	<u>3,995</u>	<u>4,056</u>	61	<u>882</u>
Total Miscellaneous Revenues	<u>34,995</u>	<u>50,427</u>	15,432	<u>34,107</u>
TOTAL REVENUES	<u>477,913</u>	<u>504,847</u>	26,934	<u>496,874</u>
EXPENDITURES				
General Government				
Mayor and Council				
Salary and benefits	<u>17,019</u>	<u>17,018</u>	1	<u>12,665</u>
Elections	<u>1,887</u>	<u>1,886</u>	1	<u>203</u>
Financial Administration				
City Clerk				
Salary	64,051	63,936	115	51,388
Office supplies	4,800	4,767	33	4,084
Employee benefits	<u>15,043</u>	<u>14,889</u>	154	<u>12,162</u>
Total City Clerk	<u>83,894</u>	<u>83,592</u>	302	<u>67,634</u>

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2005 Actual</u>
EXPENDITURES (Continued)				
General Government (Continued)				
Financial Administration (Continued)				
Professional Services				
Assessing	\$ 4,575	\$ 4,575	\$ -	\$ 7,061
Accounting	<u>4,583</u>	<u>4,583</u>	<u>-</u>	<u>4,543</u>
Total Professional Services	<u>9,158</u>	<u>9,158</u>	<u>-</u>	<u>11,604</u>
Total Financial Administration	<u>111,958</u>	<u>111,654</u>	<u>304</u>	<u>79,238</u>
Legal Services	<u>5,500</u>	<u>5,313</u>	<u>187</u>	<u>2,453</u>
Planning and Zoning	<u>350</u>	<u>350</u>	<u>-</u>	<u>2,453</u>
Other General Government				
City sign	1,727	1,726	1	-
Supplies	875	873	2	1,407
Utilities and telephone	4,500	4,125	375	4,128
Senior transportation	2,600	2,600	-	2,600
Seminars	<u>1,800</u>	<u>1,728</u>	<u>72</u>	<u>2,262</u>
Total Other General Government	<u>11,502</u>	<u>11,052</u>	<u>450</u>	<u>10,397</u>
Total General Government	<u>129,310</u>	<u>128,369</u>	<u>941</u>	<u>104,956</u>
Public Safety				
Police Protection				
Contracted service	40,600	40,600	-	34,800
Fire Protection				
Truck fund	4,500	4,500		
Other				
Reimbursement to Fire Relief Association	33,620	36,854	(3,234)	33,620
Building inspection	28,904	28,406	498	74,325
Animal control	<u>1,100</u>	<u>1,030</u>	<u>70</u>	<u>2,161</u>
Total Public Safety	<u>108,724</u>	<u>111,390</u>	<u>(2,666)</u>	<u>144,906</u>

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2005 Actual</u>
EXPENDITURES (Continued)				
Public Works				
Maintenance, Buildings, Streets				
Salaries	\$ 47,052	\$ 47,018	\$ 34	\$ 35,371
Employee benefits	14,661	14,522	139	11,797
Supplies	2,925	2,982	(57)	2,342
Vehicle expense	5,977	6,245	(268)	7,042
Repairs	4,800	4,739	61	934
Street maintenance	7,175	7,120	55	13,591
Training	1,680	1,680	-	1,692
Telephone and utilities	5,200	5,205	(5)	5,061
Miscellaneous	<u>1,702</u>	<u>5,983</u>	<u>(4,281)</u>	<u>1,483</u>
Total Maintenance, Buildings, Streets	91,172	95,494	(4,322)	79,313
Ice and snow removal	5,900	3,900	2,000	25,813
Street lighting	<u>22,000</u>	<u>20,632</u>	<u>1,368</u>	<u>17,665</u>
Total Public Works	<u>119,072</u>	<u>120,026</u>	<u>(954)</u>	<u>122,791</u>
Culture and Recreation				
Parks and Recreation				
Salaries	15,100	15,098	2	13,395
Employee benefits	1,788	1,788	-	1,502
Supplies	-	-	-	35
Communications	157	156	1	126
Utilities	1,600	1,384	216	1,469
Repairs and maintenance	7,100	7,057	43	3,091
Recreation allocation	10,500	10,500	-	10,500
Landscaping project	1,000	1,000	-	76
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>839</u>
Total Parks and Recreation	<u>37,245</u>	<u>36,983</u>	<u>262</u>	<u>31,033</u>

CITY OF NEW LONDON, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For The Year Ended December 31, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2005 Actual</u>
EXPENDITURES (Continued)				
Culture and Recreation (Continued)				
Library				
Communications	\$ 500	\$ 493	\$ 7	\$ 537
Rental	<u>7,500</u>	<u>7,500</u>	<u>-</u>	<u>7,500</u>
Total Library	<u>8,000</u>	<u>7,993</u>	<u>7</u>	<u>8,037</u>
Total Culture and Recreation	<u>45,245</u>	<u>44,976</u>	<u>269</u>	<u>39,070</u>
Unallocated				
Print and publish	2,400	2,282	118	2,739
Dues and publications	1,231	1,046	185	1,624
Insurance	9,200	9,139	61	6,679
Contingencies	41,750	30,719	11,031	3,950
Miscellaneous	<u>4,200</u>	<u>4,193</u>	<u>7</u>	<u>1,398</u>
Total Unallocated	<u>58,781</u>	<u>47,379</u>	<u>11,402</u>	<u>16,390</u>
TOTAL EXPENDITURES	<u>461,132</u>	<u>452,140</u>	<u>8,992</u>	<u>428,113</u>
EXCESS OF REVENUES OVER EXPENDITURES	16,781	52,707	35,926	68,761
OTHER FINANCING SOURCES (USES)				
Transfer in (out)	<u>(41,177)</u>	<u>(41,176)</u>	<u>1</u>	<u>(38,123)</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	(24,396)	11,531	35,927	30,638
FUND BALANCE, JANUARY 1	<u>469,261</u>	<u>469,261</u>	<u>-</u>	<u>438,623</u>
FUND BALANCE, DECEMBER 31	<u>\$444,865</u>	<u>\$480,792</u>	<u>\$ 35,927</u>	<u>\$469,261</u>

**CITY OF NEW LONDON, MINNESOTA
 COMBINING BALANCE SHEET
 ALL SPECIAL REVENUE FUNDS
 December 31, 2006**

	<u>Ambulance Fund</u>	<u>Fire Department Fund</u>	<u>TOTALS (Memorandum Only)</u>	
			<u>2006</u>	<u>2005</u>
ASSETS				
Cash	\$141,481	\$131,979	\$273,460	\$206,188
Accounts receivable	43,272	5,615	48,887	61,809
Prepaid items	<u>3,809</u>	<u>3,598</u>	<u>7,407</u>	<u>7,595</u>
TOTAL ASSETS	<u>\$188,562</u>	<u>\$141,192</u>	<u>\$329,754</u>	<u>\$275,592</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ 990	\$ -	\$ 990	\$ 594
Total Liabilities	<u>990</u>	<u>-</u>	<u>990</u>	<u>594</u>
FUND BALANCE				
Unreserved - designated	<u>187,572</u>	<u>141,192</u>	<u>328,764</u>	<u>274,998</u>
Total Fund Balance	<u>187,572</u>	<u>141,192</u>	<u>328,764</u>	<u>274,998</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$188,562</u>	<u>\$141,192</u>	<u>\$329,754</u>	<u>\$275,592</u>

CITY OF NEW LONDON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ALL SPECIAL REVENUE FUNDS
For The Year Ended December 31, 2006

	Ambulance Fund	Fire Department Fund	TOTALS (Memorandum Only)	
	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
REVENUES				
Charges for services	\$137,665	\$ 83,055	\$220,720	\$201,418
Miscellaneous	<u>13,454</u>	<u>21,408</u>	<u>34,862</u>	<u>141,660</u>
TOTAL REVENUES	<u>151,119</u>	<u>104,463</u>	<u>255,582</u>	<u>343,078</u>
EXPENDITURES				
Public safety	144,406	59,482	203,888	314,603
Debt service	<u>-</u>	<u>39,104</u>	<u>39,104</u>	<u>39,104</u>
TOTAL EXPENDITURES	<u>144,406</u>	<u>98,586</u>	<u>242,992</u>	<u>353,707</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,713	5,877	12,590	(10,629)
OTHER SOURCES				
Transfer from other funds	<u>-</u>	<u>41,176</u>	<u>41,176</u>	<u>38,123</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	6,713	47,053	53,766	27,494
FUND BALANCE, JANUARY 1	<u>180,859</u>	<u>94,139</u>	<u>274,998</u>	<u>247,504</u>
FUND BALANCE, DECEMBER 31	<u>\$187,572</u>	<u>\$141,192</u>	<u>\$328,764</u>	<u>\$274,998</u>

**CITY OF NEW LONDON, MINNESOTA
COMPARATIVE BALANCE SHEET
AMBULANCE SPECIAL REVENUE FUND
December 31, 2006**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$141,481	\$119,479
Accounts receivable	43,272	58,239
Prepaid items	<u>3,809</u>	<u>3,735</u>
TOTAL ASSETS	<u>\$188,562</u>	<u>\$181,453</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 990	\$ 594
 FUND BALANCE		
Unreserved - designated	<u>187,572</u>	<u>180,859</u>
 TOTAL LIABILITIES AND FUND BALANCE	<u>\$188,562</u>	<u>\$181,453</u>

CITY OF NEW LONDON, MINNESOTA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
AMBULANCE SPECIAL REVENUE FUND
For The Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
REVENUES		
Charges for services	<u>\$137,665</u>	<u>\$143,003</u>
Miscellaneous revenues		
Investment earnings	8,367	2,116
Other	<u>5,087</u>	<u>855</u>
Total Miscellaneous Revenues	<u>13,454</u>	<u>2,971</u>
TOTAL REVENUES	<u>151,119</u>	<u>145,974</u>
EXPENDITURES		
Public Safety		
Salaries	97,943	94,446
Employee benefits	7,493	7,223
Repair and maintenance	2,841	1,966
Supplies	10,125	7,809
Vehicle expense	2,741	2,282
Insurance	8,049	7,134
Training	2,469	6,453
Other	1,935	2,158
Billing service	5,368	5,676
Capital outlay	<u>5,442</u>	<u>-</u>
TOTAL EXPENDITURES	<u>144,406</u>	<u>135,147</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	6,713	10,827
FUND BALANCE, JANUARY 1	<u>180,859</u>	<u>170,032</u>
FUND BALANCE, DECEMBER 31	<u>\$187,572</u>	<u>\$180,859</u>

**CITY OF NEW LONDON, MINNESOTA
COMPARATIVE BALANCE SHEET
FIRE DEPARTMENT SPECIAL REVENUE FUND
December 31, 2006**

	<u>2006</u>	<u>2005</u>
ASSETS		
Cash	\$ 131,979	\$ 86,709
Accounts receivable	5,615	3,570
Prepaid items	<u>3,598</u>	<u>3,860</u>
TOTAL ASSETS	<u>\$ 141,192</u>	<u>\$ 94,139</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ -	\$ -
FUND BALANCE		
Unreserved - designated	<u>141,192</u>	<u>94,139</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 141,192</u>	<u>\$ 94,139</u>

CITY OF NEW LONDON, MINNESOTA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
FIRE DEPARTMENT SPECIAL REVENUE FUND
For The Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
REVENUES		
Charges for services		
Fire service contracts	\$ 66,128	\$ 47,449
Fire service calls	<u>16,927</u>	<u>10,966</u>
Total Charges for Services	<u>83,055</u>	<u>58,415</u>
Miscellaneous revenues		
Grants	-	109,623
Building contracts	-	11,657
Interest earnings	2,367	970
Other	<u>19,041</u>	<u>16,439</u>
Total Miscellaneous Revenues	<u>21,408</u>	<u>138,689</u>
TOTAL REVENUES	104,463	197,104
OTHER SOURCES	<u>41,176</u>	<u>38,123</u>
TOTAL REVENUES AND OTHER SOURCES	<u>145,639</u>	<u>235,227</u>
EXPENDITURES		
Public Safety		
Salaries	24,475	20,925
Employee benefits	1,872	3,111
Training	2,011	1,021
Office supplies	260	282
Operating supplies	126	1,073
Repair and maintenance	3,892	2,854
Insurance	8,897	9,117
Vehicle expense	5,352	5,053
Utility services	3,621	3,167
Communication	684	654
Relief Association	5,000	5,578
Miscellaneous	1,713	2,058
Capital outlay	<u>1,579</u>	<u>124,563</u>
Total Public Safety	59,482	179,456
Debt Service	<u>39,104</u>	<u>39,104</u>
TOTAL EXPENDITURES	<u>98,586</u>	<u>218,560</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES	47,053	16,667
FUND BALANCE, JANUARY 1	<u>94,139</u>	<u>77,472</u>
FUND BALANCE, DECEMBER 31	<u>\$ 141,192</u>	<u>\$ 94,139</u>

**CITY OF NEW LONDON, MINNESOTA
COMPARATIVE BALANCE SHEET
DEBT SERVICE FUND
December 31, 2006**

	2006	2005
ASSETS		
Cash	\$1,295,110	\$ 603,505
Delinquent taxes receivable	5,896	5,271
Special assessments receivable		
Delinquent	5,798	14,842
Deferred	797,060	731,392
Due from other funds	45,480	638,500
TOTAL ASSETS	\$2,149,344	\$1,993,510
 LIABILITIES AND FUND BALANCE		
 LIABILITIES		
Accounts payable	\$ 5,050	\$ -
Deferred revenue	803,158	747,584
TOTAL LIABILITIES	808,208	747,584
 FUND BALANCE		
Unreserved		
Designated for debt service	1,341,136	1,245,926
TOTAL LIABILITIES AND FUND BALANCE	\$2,149,344	\$1,993,510

CITY OF NEW LONDON, MINNESOTA
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE
DEBT SERVICE FUND
For The Year Ended December 31, 2006

	<u>2006</u>	<u>2005</u>
REVENUES		
Property taxes	\$ 114,659	\$ 112,393
Assessments	250,053	278,217
MV Credit	<u>14,462</u>	<u>-</u>
TOTAL REVENUES	<u>379,174</u>	<u>390,610</u>
EXPENDITURES		
Debt Service		
Principal	195,304	220,000
Interest	86,964	102,177
Fiscal agent fees	<u>1,696</u>	<u>1,524</u>
TOTAL EXPENDITURES	<u>283,964</u>	<u>323,701</u>
EXCESS OF REVENUES OVER EXPENDITURES	95,210	66,909
FUND BALANCE, JANUARY 1	<u>1,245,926</u>	<u>1,179,017</u>
FUND BALANCE, DECEMBER 31	<u>\$1,341,136</u>	<u>\$1,245,926</u>

CITY OF NEW LONDON, MINNESOTA
COMBINING BALANCE SHEET
CAPITAL PROJECTS FUND
December 31, 2006

	TAX INCREMENT			
	No 1-6	No 1-7	No 1-8	No 1-9
ASSETS				
Cash	\$ -	\$23,279	\$ 878	\$ 661
Taxes receivable delinquent	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ -	\$23,279	\$ 878	\$ 661
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts payable	\$ -	\$ -	-	-
Due to other funds	-	-	30,500	6,000
Deferred revenue	-	-	-	-
	-	-	-	-
Total Liabilities	-	-	30,500	6,000
FUND BALANCE	-	23,279	(29,622)	(5,339)
TOTAL LIABILITIES AND FUND BALANCE	\$ -	\$23,279	\$ 878	\$ 661

FINANCING DISTRICTS				TOTALS (Memorandum Only)	
<u>No 1-10</u>	<u>No 1-11</u>	<u>No 1-12</u>	<u>Projects</u>	<u>2006</u>	<u>2005</u>
\$ (184)	\$ 374	\$8,187	\$864,614	\$897,809	\$108,199
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,025</u>
<u>\$ (184)</u>	<u>\$ 374</u>	<u>\$8,187</u>	<u>\$864,614</u>	<u>\$897,809</u>	<u>\$108,199</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,860
1,000	4,000	3,980	-	45,480	638,500
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,000	4,000	3,980	-	45,480	679,360
<u>(1,184)</u>	<u>(3,626)</u>	<u>4,207</u>	<u>864,614</u>	<u>852,329</u>	<u>(571,161)</u>
<u>\$ (184)</u>	<u>\$ 374</u>	<u>\$8,187</u>	<u>\$864,614</u>	<u>\$897,809</u>	<u>\$108,199</u>

CITY OF NEW LONDON, MINNESOTA
COMBINING STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE
CAPITAL PROJECTS FUND
For The Year Ended December 31, 2006

	TAX INCREMENT			
	No 1-6	No 1-7	No 1-8	No 1-9
REVENUES				
Tax levy	\$ -	\$ 972	\$ -	\$ -
Tax increments received	5,518	16,396	20,933	1071
M.V. Credit	-	2,886	-	-
Interest	831	-	-	-
OTHER SOURCES				
Interfund transfers	-	-	-	-
Bond issue proceeds	-	-	-	-
TOTAL REVENUES AND OTHER SOURCES	<u>6,349</u>	<u>20,254</u>	<u>20,933</u>	<u>1,071</u>
EXPENDITURES				
Installation of public utilities and improvements	-	-	-	-
Bond payments				
Principal	19,696	-	-	-
Interest	5,908	-	-	-
Other debt payments				
Principal	-	-	-	1,431
Administrative costs	1,156	762	762	456
TOTAL EXPENDITURES	<u>26,760</u>	<u>762</u>	<u>762</u>	<u>1,887</u>
OTHER USES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES AND OTHER USES	<u>26,760</u>	<u>762</u>	<u>762</u>	<u>1,887</u>
EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES	(20,411)	19,492	20,171	(816)
FUND BALANCE, JANUARY 1	<u>20,411</u>	<u>3,787</u>	<u>(49,793)</u>	<u>(4,523)</u>
FUND BALANCE, DECEMBER 31	<u>\$ -</u>	<u>\$ 23,279</u>	<u>\$ (29,622)</u>	<u>\$ (5,339)</u>

FINANCING DISTRICTS				TOTALS (Memorandum Only)	
No 1-10	No 1-11	No 1-12	Projects	2006	2005
\$ -	\$ -	\$ -	\$ -	\$ 972	\$ 919
2,378	4,026	4,306	-	54,628	54,760
-	-	358	-	3,244	3,730
-	-	-	-	831	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,385,085	2,385,085	-
<u>2,378</u>	<u>4,026</u>	<u>4,664</u>	<u>2,385,085</u>	<u>2,444,760</u>	<u>59,409</u>
-	-	-	983,355	983,355	93,710
-	-	-	-	-	-
-	-	-	-	19,696	-
-	-	-	-	5,908	-
2,141	3,624	-	-	7,196	11,502
<u>761</u>	<u>761</u>	<u>457</u>	<u>-</u>	<u>5,115</u>	<u>3,588</u>
2,902	4,385	457	983,355	1,021,270	108,800
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>2,902</u>	<u>4,385</u>	<u>457</u>	<u>983,355</u>	<u>1,021,270</u>	<u>108,800</u>
(524)	(359)	4,207	1,401,730	1,423,490	(49,391)
<u>(660)</u>	<u>(3,267)</u>	<u>-</u>	<u>(537,116)</u>	<u>(571,161)</u>	<u>(521,770)</u>
<u>\$ (1,184)</u>	<u>\$ (3,626)</u>	<u>\$ 4,207</u>	<u>\$ 864,614</u>	<u>\$ 852,329</u>	<u>\$ (571,161)</u>

**CITY OF NEW LONDON, MINNESOTA
COMBINING BALANCE SHEET
WATER AND SEWER ENTERPRISE FUNDS
December 31, 2006**

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash	\$287,156	\$ 127,593	\$ 414,749
Accounts receivable	<u>49,558</u>	<u>-</u>	<u>49,558</u>
Total Current Assets	<u>336,714</u>	<u>127,593</u>	<u>464,307</u>
FIXED ASSETS			
Buildings and structures	127,000	139,000	266,000
Equipment	42,472	48,861	91,333
Other improvements	<u>571,182</u>	<u>483,786</u>	<u>1,054,968</u>
Total Fixed Assets	740,654	671,647	1,412,301
Accumulated depreciation	<u>451,057</u>	<u>435,857</u>	<u>886,914</u>
Net Fixed Assets	<u>289,597</u>	<u>235,789</u>	<u>525,387</u>
TOTAL ASSETS	<u>\$626,311</u>	<u>\$ 363,382</u>	<u>\$ 989,694</u>
LIABILITIES AND FUND EQUITY			
LIABILITIES			
Accounts payable	<u>\$ 14,427</u>	<u>\$ 24,595</u>	<u>\$ 39,022</u>
Total Liabilities	<u>14,427</u>	<u>24,595</u>	<u>39,022</u>
FUND EQUITY			
Retained earnings			
Designated for investment in property	289,597	235,789	525,386
Designated for operations	322,287	77,179	399,466
Reserved for capital replacement	<u>-</u>	<u>25,819</u>	<u>25,819</u>
Total Fund Equity	<u>611,884</u>	<u>338,787</u>	<u>950,671</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$626,311</u>	<u>\$ 363,382</u>	<u>\$ 989,693</u>

CITY OF NEW LONDON, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN RETAINED EARNINGS
WATER AND SEWER ENTERPRISE FUNDS
For The Year Ended December 31, 2006

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charge to customers	\$221,328	\$367,960	\$589,288
Connection fees	<u>2,614</u>	<u>1,064</u>	<u>3,678</u>
TOTAL OPERATING REVENUES	<u>223,942</u>	<u>369,024</u>	<u>592,966</u>
OPERATING EXPENSES			
Wages	6,549	6,549	13,098
Employee benefits	894	894	1,788
Supplies	8,603	3,693	12,296
System charges	175,870	312,592	488,462
Repairs	1,411	5,183	6,594
Depreciation	27,064	22,380	49,444
Other	<u>6,925</u>	<u>5,394</u>	<u>12,319</u>
TOTAL OPERATING EXPENSES	<u>227,316</u>	<u>356,685</u>	<u>584,001</u>
OPERATING INCOME (LOSS)	(3,374)	12,339	8,965
OTHER REVENUES AND SOURCES	<u>3,972</u>	<u>-</u>	<u>3,972</u>
NET TO RETAINED EARNINGS	598	12,339	12,937
RETAINED EARNINGS, JANUARY 1	<u>611,286</u>	<u>326,448</u>	<u>937,734</u>
RETAINED EARNINGS, DECEMBER 31	<u>\$611,884</u>	<u>\$338,787</u>	<u>\$950,671</u>

**CITY OF NEW LONDON, MINNESOTA
COMBINING STATEMENT OF CASH FLOWS
WATER AND SEWER ENTERPRISE FUNDS
For The Year Ended December 31, 2006**

	Water Fund	Sewer Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (3,374)	\$ 12,339	\$ 8,965
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	27,064	22,380	49,444
Changes in assets and liabilities:			
Decrease (increase) in receivables	(657)	-	(657)
Increase (decrease) in payables	669	(4,013)	(3,344)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>23,702</u>	<u>30,706</u>	<u>54,408</u>
 CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
 NET CASH PROVIDED BY NON CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
 NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>-</u>	<u>-</u>
 CASH FLOWS FROM INVESTING AND NON OPERATING ACTIVITIES	<u>3,972</u>	<u>-</u>	<u>3,972</u>
 NET CASH PROVIDED BY INVESTING AND NON OPERATING ACTIVITIES	<u>3,972</u>	<u>-</u>	<u>3,972</u>
 NET INCREASE (DECREASE) IN CASH AND TEMPORARY INVESTMENTS	27,674	30,706	58,380
 CASH AND TEMPORARY INVESTMENTS, JANUARY 1	<u>259,482</u>	<u>96,887</u>	<u>356,369</u>
 CASH AND TEMPORARY INVESTMENTS, DECEMBER 31	<u>\$287,156</u>	<u>\$ 127,593</u>	<u>\$414,749</u>

CITY OF NEW LONDON, MINNESOTA
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
FOR INCREMENT FINANCING DISTRICT NO. 1-6
December 31, 2006

	<u>Original Plan Budget</u>	<u>Amended Budget</u>	<u>Accounted For In Prior Years</u>	<u>Current Year</u>	<u>Amount Remaining</u>
SOURCES OF FUNDS					
Bond proceeds	\$ -	\$ -	\$ -	\$ -	\$ -
Tax increment revenue note proceeds	-	-	-	-	-
Tax increments received	149,012	-	84,523	5,518	58,971
Interest on invested funds	-	-	-	831	(831)
Sale of real estate	-	-	-	-	-
Other (10% local contribution)	14,901	-	14,901	-	-
Advance from other funds	<u>90,824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>90,824</u>
TOTAL SOURCES OF FUNDS	<u>254,737</u>	<u>-</u>	<u>99,424</u>	<u>6,349</u>	<u>148,964</u>
USES OF FUNDS					
Land acquisition	-	-	-	-	-
Site improvements or preparation costs	-	-	-	-	-
Installation of public utilities and improvements	69,025	-	69,025	-	-
Capitalized interest	-	-	-	-	-
Bond payments					
Principal	90,825	-	31,500	19,696	39,629
Interest	58,308	-	37,920	5,908	14,480
Other debt payments					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Administrative costs	14,779	-	9,688	1,156	3,935
Other - contingency	<u>21,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,800</u>
TOTAL USES OF FUNDS	<u>254,737</u>	<u>-</u>	<u>148,133</u>	<u>26,760</u>	<u>79,844</u>
DISTRICT BALANCE (DEFICIENCY)	-	-	(48,709)	(20,411)	69,120
TRANSFER FROM OTHER DISTRICTS	-	-	-	-	-
TRANSFER TO OTHER DISTRICTS	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUNDS REMAINING (DEFICIENT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$(48,709)</u>	<u>\$(20,411)</u>	<u>\$ 69,120</u>

CITY OF NEW LONDON, MINNESOTA
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
FOR INCREMENT FINANCING DISTRICT NO. 1-7
December 31, 2006

	Original Plan Budget	Amended Budget	Accounted For In Prior Years	Current Year	Amount Remaining
SOURCES OF FUNDS					
Bond proceeds	\$150,000	\$ -	\$ 132,667	\$ -	\$ 17,333
Tax levy	-	-	-	972	(972)
Tax increments received	282,317	-	89,011	16,396	176,910
Interest on invested funds	-	-	-	-	-
Sale of real estate	-	-	3,500	-	(3,500)
Market Value Credit	-	-	9,948	2,886	(12,834)
Other (10% local contribution)	28,232	-	28,232	-	-
Advance from other funds	-	-	17,000	(17,000)	-
TOTAL SOURCES OF FUNDS	<u>460,549</u>	<u>-</u>	<u>280,358</u>	<u>3,254</u>	<u>176,937</u>
USES OF FUNDS					
Land acquisition and improvements	-	-	-	-	-
Site improvements or preparation costs	-	-	-	-	-
Installation of public utilities and improvements	176,303	-	149,719	-	26,584
Capitalized interest	-	-	-	-	-
Bond payments					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Other debt payments					
Principal	150,000	-	42,900	-	107,100
Interest	106,016	-	51,777	-	54,239
Administrative costs	28,230	-	16,094	762	11,374
Other - contingency	-	-	-	-	-
TOTAL USES OF FUNDS	<u>460,549</u>	<u>-</u>	<u>260,490</u>	<u>762</u>	<u>199,297</u>
DISTRICT BALANCE (DEFICIENCY)	-	-	19,868	2,492	(22,360)
TRANSFER FROM OTHER DISTRICTS	-	-	919	-	(919)
TRANSFER TO OTHER DISTRICTS	-	-	-	-	-
FUNDS REMAINING (DEFICIENT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,787</u>	<u>\$ 2,492</u>	<u>\$ (23,279)</u>

CITY OF NEW LONDON, MINNESOTA
SCHEDULE OF SOURCES AND USES OF PUBLIC FUNDS
FOR INCREMENT FINANCING DISTRICT NO. 1-8
December 31, 2006

	Original Plan Budget	Amended Budget	Accounted For In Prior Years	Current Year	Amount Remaining
SOURCES OF FUNDS					
Bond proceeds	\$123,000	\$ -	\$113,268	\$ -	\$ 9,732
Tax increment revenue note proceeds	-	-	-	-	-
Tax increments received	216,000	-	137,102	20,933	57,965
Interest on invested funds	-	-	-	-	-
Other	-	-	-	-	-
Other (10% local contribution)	21,600	-	21,600	-	-
Advance from other funds	-	-	70,500	(40,000)	(30,500)
TOTAL SOURCES OF FUNDS	<u>360,600</u>	<u>-</u>	<u>342,470</u>	<u>(19,067)</u>	<u>37,197</u>
USES OF FUNDS					
Land acquisition and improvements	25,000	-	25,000	-	-
Site improvements or preparation costs	110,000	-	98,595	-	11,405
Installation of public utilities and improvements	-	-	-	-	-
Capitalized interest	15,000	-	15,000	-	-
Bond payments					
Principal	123,000	-	140,000	-	(17,000)
Interest	71,000	-	59,634	-	11,366
Other debt payments					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Administrative costs	13,600	-	2,183	762	10,655
Other	3,000	-	5,000	-	(2,000)
TOTAL USES OF FUNDS	<u>360,600</u>	<u>-</u>	<u>345,412</u>	<u>762</u>	<u>14,426</u>
DISTRICT BALANCE (DEFICIENCY)	-	-	(2,942)	(19,829)	22,771
TRANSFER FROM OTHER DISTRICTS	-	-	-	-	-
TRANSFER TO OTHER DISTRICTS	-	-	-	-	-
FUNDS REMAINING (DEFICIENT)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,942)</u>	<u>\$ (19,829)</u>	<u>\$ 22,771</u>

