

## Scope of Report

This publication is intended to facilitate the understanding of city financial operations by citizens, local government officials, and other policy makers. The report summarizes, through data tables and charts, the financial operations of Minnesota cities under 2,500 in population for calendar year 1999. These cities are required to annually submit annual financial reports to the Office of the State Auditor (OSA).

The data presented in this report is divided into governmental funds and proprietary funds. The governmental funds consist of the General, Special Revenue, Capital Projects, and Debt Service Funds. The financial operations of these funds are summarized in Tables 1 through 3 of this report. Tables 5 through 7 present the data by individual city. Appendix A discusses factors that affect the revenues and expenditures of cities.

The enterprise or proprietary funds of cities are presented separately from the governmental funds. Minnesota cities operate many types of public service enterprises. The enterprises furnish a variety of services and operate wholly or in large part with revenues derived from the sale of goods or services. Table 4 summarizes the operating revenues, expenses, and income/(loss) for city enterprises. The financial operations of the municipal public service enterprises (excluding municipal liquor stores) are presented in tables 8 through 17. Footnotes used in the analysis of the enterprise operations are described at the end of the enterprise fund section. Table 18 details the financial operations of municipal liquor operations.<sup>1</sup>

Table 19 lists, by individual city, the bonded and other long-term debt outstanding as of December 31, 1999. Other long-term debt refers to liabilities such as long-term lease agreements, installment purchase contracts, and notes.

An analysis of unreserved fund balances is not presented in this report. The majority of cities under 2,500 in population use a cash basis of accounting. The others use a modified accrual basis of accounting. Those cities using a cash basis of accounting report a single cash balance for all governmental funds at the end of the fiscal year. Cities using a modified accrual basis of accounting report separate fund balances for all of their governmental funds and denote the amounts that are reserved and unreserved. Because of the accounting differences among cities under 2,500 in population, a comparative analysis of unreserved fund balances is not appropriate.

In addition to this publication, the Office of the State Auditor maintains an interactive database containing several years of data that can be accessed through the OSA web site. The database allows users to customize the presentation of data to their individual needs. For example, a user can select a group of cities they want to compare, the criteria on which to compare them, and the time frame in which to compare them. The query can then be viewed on screen or saved to a file for downloading. The OSA web site address is [www.osa.state.mn.us](http://www.osa.state.mn.us).

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<sup>1</sup> A separate and more detailed analysis of municipal liquor operations is available in the Office of the State Auditor's publication, *An Analysis of Minnesota's Municipal Liquor Store Operations in 1999*.