

CITY OF MINNETRISTA, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2014

**PREPARED BY THE FINANCE DEPARTMENT
OF THE CITY OF MINNETRISTA, MINNESOTA**

**BRIAN GRIMM
DIRECTOR OF FINANCE**

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INTRODUCTORY SECTION

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Municipal Offices
7701 County Road 110 West
Minnetrista, MN 55364-9552
Email: minnetrista@ci.minnetrista.mn.us

May 11, 2015

To the City Council and Citizens of the City of Minnetrista:

The comprehensive annual financial report (CAFR) of the City of Minnetrista, Minnesota (the City) for the fiscal year ended December 31, 2014 is hereby submitted. Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Minnesota Statutes require that the City have an annual audit performed by a certified public accountant or the State Auditor. The City appointed the certified public accounting firm of CliftonLarsonAllen LLP to perform the audit for the year ended December 31, 2014. The independent auditor's report on the basic financial statements is unmodified, and is included in the financial section of this report.

Accounting principles generally accepted in the United States of America 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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the auditors.

PROFILE OF THE CITY

The City, organized in 1859 as a township, incorporated as a village in 1960, and established as a City in 1974, is a Minnesota Statutory City with an "Optional Plan A" form of government. It has a mayor elected at large for a four-year term and four council members also elected at large for four-year terms. The professional staff is appointed and consists of an Administrator, Finance Director, City Clerk, Public Safety Director, Assistant Administrator, City Planner, and Public Works Superintendent. The City contracts for professional legal and engineering services.

The City provides services to the public for street and utility construction and maintenance, parks and recreation, police and fire protection, planning and zoning, permits, inspections, and legislative/administrative functions. The City provides street construction and maintenance services on approximately 60 miles of gravel and paved streets. The parks and recreation department provides services to eight developed parks, several miles of trail system, a cemetery, two public water access areas, and a fishing pier. Facilities include: picnic areas, walking trails, and general miscellaneous playground equipment. Independent School District No. 277, Westonka, offers recreational activities through community service programs. The combination of these programs provides a complete parks and recreation system throughout the City.

The City issued building permits for 99 new single-family homes in 2014 with a total housing value of \$32,815,671.

The Minnesota Public Safety Department operates with 11 licensed police officers, including: 1 Public Safety Director, 2 Sergeants, and 8 officers. In addition, there are 1.80 full-time equivalent support staff, 2 Community Service Officers, 4 Reserves, and 12 Patrol Units. Dispatching is operated through the Hennepin County Sheriff's Department.

ECONOMIC CONDITIONS AND OUTLOOK

The City is located in the southwest portion of Hennepin County approximately 20 miles southwest of Minneapolis on Lake Minnetonka. The population of the City was 6,796 per the latest Metropolitan Council Estimate.

The City saw an increase from the previous year in the number of building permits for new homes in 2014, and continued controlled growth is expected.

NOTEWORTHY BUDGET AND FINANCIAL INFORMATION

Evaluation of the City Fee Structure

The City Council and staff annually review the fee schedule to determine that fees are adequate to cover the cost of services provided. Changes are adopted annually if deemed necessary based on the fee structure review.

It is the policy of the City to assure that the people needing the services are the ones paying for those services. The City Council feels strongly that city residents should not bear the tax burden from new development in the City, such as infrastructure costs. The City has traditionally charged all developers and land use applicants (i.e. applicants for variances, conditional use permits) for associated consultant fees incurred during their application process.

Capital and Long Range Planning

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2014 and going forward.

Development Market Conditions During 2013

Growth has really picked up during 2014 due to market conditions in the housing market improving. There are developments and proposed developments coming in and being discussed in 2014 and beyond. Building permit revenue should be comparable in the upcoming year in comparison to 2014

FINANCIAL CONTROLS

Investment Policy

The City maintains an adopted investment policy. The purpose of this policy is to establish specific guidelines the City will use in the investment of city funds. It will be the responsibility of the City Administrator to invest city funds in order to attain the highest market rate of return with the maximum security, while meeting the daily cash flow demands of the City and protecting the capital of the overall portfolio. Investments will be made in accordance with all state and local statutes governing the investment of public funds.

The primary objectives, in order of priority, of the City's investment activities shall be: safety, liquidity and return on investment. In 2014, all of the City's investments fell into four categories: certificates of deposit (CD), federal agency securities, money market account, or pooled investments (4M Fund). Per the investment policy the City maintains no more than 30% of investments extending beyond five years and no more than 50% of the City's total investment portfolio invested in CDs. The City does not have any investments with a term of more than 10 years. For diversity purposes, the City does not keep more than 50% of the investment portfolio with any one broker or agency.

Fund Balance Policy

Minnesota cities do not have a constant flow of revenue from which they are able to fund local government operations. Property tax levies, state aid to local governments, and property tax credits comprise the majority of city revenue. The City receives the first half of property taxes in late May/early June and the second half is received on December 1. Given this flow of revenue, the City's General Fund balance is the primary source of funds available for operating expenditures during the first five months of the year. An adequate fund balance provides the cash flow required to finance General Fund expenditures throughout the course of the year.

In recognition of these factors, the City adopted a fund balance policy. This policy states that the City will strive to maintain an unrestricted General Fund balance at each fiscal year-end equivalent to 50% of the total annual operating budget of the following year. The fund balance policy outlines strategies to consider when the General Fund balance is projected to decrease below 40% of the total annual operating budget for the following year. The City understands that the State Auditor's Office recognizes fund balances as a percentage of current year expenditures. However, the City believes fund balance is necessary to fund expenditures through the first half of the following year. Thus, the City measures fund balances as a percentage of the following year's expenditures.

The General Fund balance for fiscal year-end 2014 is \$2,693,786. This is 62% of the 2015 operating budget.

FINANCIAL INFORMATION

The City annually adopts a budget for the following year. This budget is meant to be a guideline for expenditures and revenues for the year. The City always adopts a budget for the General Fund, special revenue funds, and most other governmental funds. The City has four special revenue funds: an Emergency Warning Siren Fund, a Park Development Fund, a Road Maintenance Fund, and a Tree Replacement Fund. These funds are set aside to account for proceeds of specific revenue sources that are legally restricted or committed to expenditures for their specified purpose.

2014 General Fund Actual to Budget

The General Fund was budgeted to spend down through budgeted transfers and fund balance use \$225,678 of reserves during 2014. At the end of the year, if the General Fund balance was anticipated to be below 40% of 2014 General Fund budgeted expenditures, the City Council would authorize any transfers into the fund. However, as noted earlier, the fund balance of the General Fund is at 62% of 2015 General Fund budgeted expenditures.

AWARDS AND ACKNOWLEDGEMENTS

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 for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2013. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principle and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. We believe 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.

We would like to express our appreciation to the entire city staff for their individual contributions in assisting with the preparation of this report and to the outside agencies that assisted with essential information for this report. We also would like to express appreciation to the Mayor and City Council members for their interest and support in planning and conducting the financial operations of the City.

Sincerely,

A handwritten signature in cursive script that reads "Brian Grimm".

Brian Grimm
Finance Director

**CITY OF MINNETRISTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2014**

CITY COUNCIL AND OTHER OFFICIALS

Lisa Whalen
Bob Christians
Mark Vanderlinde
Arlene Donahue
Tyler Abens

Mayor
Council Member
Council Member
Council Member
Council Member

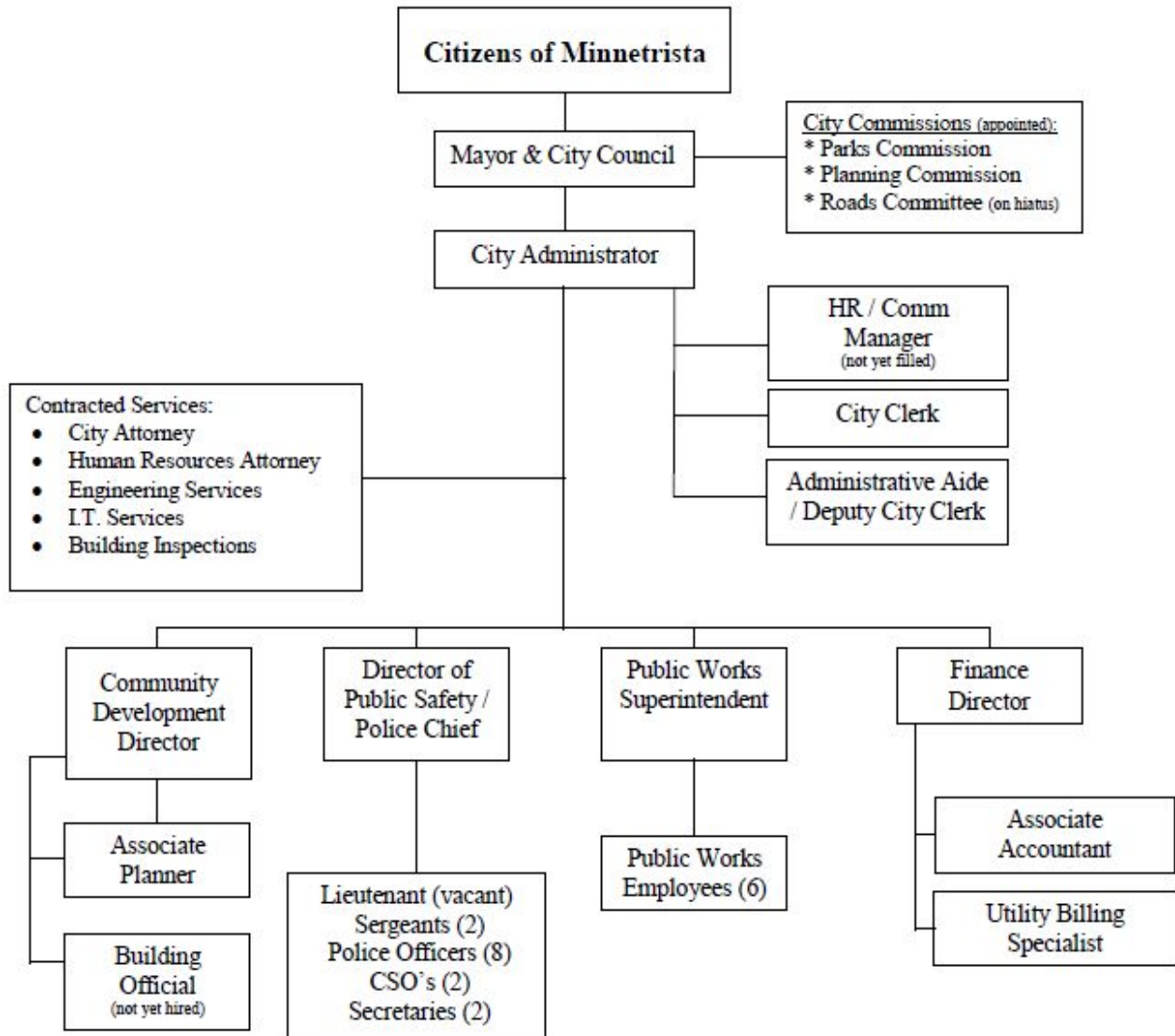
CITY OFFICIALS

Michael Barone
Brian Grimm
Paul Falls

City Administrator
Finance Director
Director of Public Safety

**CITY OF MINNETRISTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2014**

**City of Minnetrista
Organization Chart**
January 1, 2015



CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2014



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Minnetrista
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013

Executive Director/CEO

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council
City of Minnetrista, Minnesota

Report on the Financial Statements

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 Minnetrista, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City of Minnetrista's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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 from material misstatement.

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

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

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, each major fund, and the aggregate remaining fund information of the City of Minnetrista as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minnetrista's basic financial statements. The introductory section, combining and individual fund statements and schedules and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory 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 them.

Honorable Mayor and the City Council
City of Minnetrista, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2015, on our consideration of the City of Minnetrista's internal control over financial reporting and on 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 result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetrista's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 11, 2015

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

As management of the City of Minnetrista, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's net position of its governmental activities increased by \$2,157,820 during the year to \$29,869,717 at year-end.
- The net position of the City's business-type activities increased by \$1,072,706 during the year to \$16,132,282.
- The fund balance of the General Fund decreased by \$26,950 (or 1%) during the year to \$2,693,786 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,504,766.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating income of \$9,244.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City's basic financial statements, which are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other information in addition to the basic financial statements themselves.

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 private sector businesses.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases in net position 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 position changed during the most recent fiscal year. All changes to net position 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. delinquent taxes and special assessments).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property 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 include general government, public safety, public works, and parks and recreation. The business-type activities of the City include enterprises for water operating, sewer operating, stormwater operating and recycling.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

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 governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The funds of the City are divided into three categories - governmental fund, proprietary funds, and fiduciary funds.

Governmental Funds – Governmental funds are used to account for essentially the same functions 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 the 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 of the government's near-term, financing decisions. Both the governmental funds balance sheet and the statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The fund financial statements present information for each major governmental fund in separate columns. Data from the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The City adopts an annual appropriated budget for all of its governmental funds. Budget-to-actual comparisons for the General Fund and all special revenue funds are provided in this financial report for these funds.

Proprietary Funds – The City maintains one type of proprietary fund. 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, storm water, and recycling.

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 each of the enterprise funds which are considered to be major funds of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements 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.

Notes to Basic Financial Statements – The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other Information – Combining statements and schedules for non-major funds are presented immediately following the notes to basic financial statements.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The following is a summary of the City's net position:

	Governmental Activities	
	2014	2013
Current and Other Assets	\$ 15,496,635	\$ 14,733,165
Capital Assets	32,579,058	32,042,371
Total Assets	48,075,693	46,775,536
Noncurrent Liabilities Outstanding	15,676,965	17,211,309
Other Liabilities	2,529,011	1,852,330
Total Liabilities	18,205,976	19,063,639
Net Position:		
Net Investment in Capital Assets	16,231,151	15,964,011
Restricted	10,647,419	9,889,947
Unrestricted	2,991,147	1,857,939
Total Net Position	\$ 29,869,717	\$ 27,711,897

	Business-Type Activities	
	2014	2013
Current and Other Assets	\$ 5,328,175	\$ 4,721,694
Capital Assets	12,928,744	12,464,211
Total Assets	18,256,919	17,185,905
Noncurrent Liabilities Outstanding	1,572,957	1,750,893
Other Liabilities	551,680	375,436
Total Liabilities	2,124,637	2,126,329
Net Position:		
Net Investment in Capital Assets	11,169,939	10,563,847
Unrestricted	4,962,343	4,495,729
Total Net Position	\$ 16,132,282	\$ 15,059,576

The City's net investment in capital assets is 60% of the total net position, and reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are 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.

An additional portion of the City's net position \$(10,647,419) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position \$(7,953,490) 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 categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The City has historically been financially conservative, managing revenues and expenditures/expenses to assure operation of a balanced budget. The ongoing management of revenues and expenditures/expenses and the sound financial position the City has attained have resulted in the City's excellent bond ratings: AA+ for all general obligation bond issues.

The following is a summary of the City's change in Governmental net position:

	Governmental Activities			
	2014	2013	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,272,528	\$ 829,796	\$ 442,732	53 %
Operating Grants and Contributions	835,875	440,828	395,047	90
Capital Grants and Contributions	2,968,198	5,383,439	(2,415,241)	(45)
General Revenues:				
Property Taxes	3,891,397	3,890,282	1,115	-
Unrestricted Investment Earnings	119,528	89,009	30,519	34
Unrealized Gain (Loss) on Investments	-	(123,461)	123,461	(100)
Gain on Sale of Capital Assets	114,954	180	114,774	63,763
Other	-	1,171,000	(1,171,000)	(100)
Total Revenues	9,202,480	11,681,073	(2,478,593)	(21)
EXPENSES				
General Government	1,019,379	887,188	132,191	15
Public Safety	2,515,524	2,333,287	182,237	8
Public Works	2,226,393	2,171,994	54,399	3
Parks and Recreation	253,802	198,709	55,093	28
Interest on Long-Term Debt	1,029,562	604,518	425,044	70
Total Expenses	7,044,660	6,195,696	848,964	14
CHANGE IN NET POSITION	2,157,820	5,485,377	(3,327,557)	61
Net Position - Beginning of Year	27,711,897	22,226,520	5,485,377	25
NET POSITION - END OF YEAR	<u>\$ 29,869,717</u>	<u>\$ 27,711,897</u>	<u>\$ 2,157,820</u>	8 %

Overall revenues decreased 21% between 2013 and 2014. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year. Capital Grants and Contributions accounted for a majority of the decrease as the result of a 2013 special assessment related to the T.H.7/Carver Co. Rd. 11/Kings Point Road roundabout project. There was also a large decrease in other revenues due to \$1.2 million in revenue received in the form of contributed capital for a parcel of land that was donated to the City in 2013. These decreases were partially offset by an increase in charges for services and operating grants and contributions. The increase in charges for services was related to \$252,000 in revenues that were received in the new Tree Replacement Fund for two new developments that were not able to keep/replace appropriate % of trees within their respective developments. A significant increase in licenses, permits and fees were due to the Woodland Cove Development as well as other developments building more homes than in 2013. Operating grants and contribution increased mainly due to park dedication fees received as a result of the development projects noted above as well as a Federal FEMA grant received by the City in 2014 related to flooding during the summer of 2014.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Expenses increased 14% between 2013 and 2014. The increase in interest expense and bond related expenses is related to bond issuance costs associated with the City's 2014A and 2014B bond issuances which occurred in 2014 as well as initial interest payments related to 2013A and 2013B issued during the latter part of 2013. General government expenses increased due to several items, including hiring an Associate Planner during 2014 as well as a City Election happening during 2014 (even year elections)

The following is a summary of the City's change in Business-type net position:

	Business-Type Activities			
	2014	2013	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,912,421	\$ 2,163,608	\$ 748,813	35 %
Operating Grants and Contributions	34,215	21,452	12,763	59
Capital Grants and Contributions	3,207	-	3,207	-
General Revenues:				
Unrestricted Investment Earnings	74,277	25,239	49,038	194
Unrealized Gain (Loss) on Investments	-	(59,762)	59,762	(100)
Total Revenues	3,024,120	2,150,537	873,583	41
EXPENSES				
Water Operating	687,528	778,481	(90,953)	(12)
Sewer Operating	888,377	823,690	64,687	8
Storm Water	216,860	208,830	8,030	4
Recycling	112,990	98,893	14,097	14
Cable TV	45,659	-	45,659	-
Total Expenses	1,951,414	1,909,894	41,520	2
CHANGE IN NET POSITION	1,072,706	240,643	832,063	(346)
Net Position - Beginning of Year	15,059,576	14,818,933	240,643	2
NET POSITION - END OF YEAR	<u>\$ 16,132,282</u>	<u>\$ 15,059,576</u>	<u>\$ 1,072,706</u>	7 %

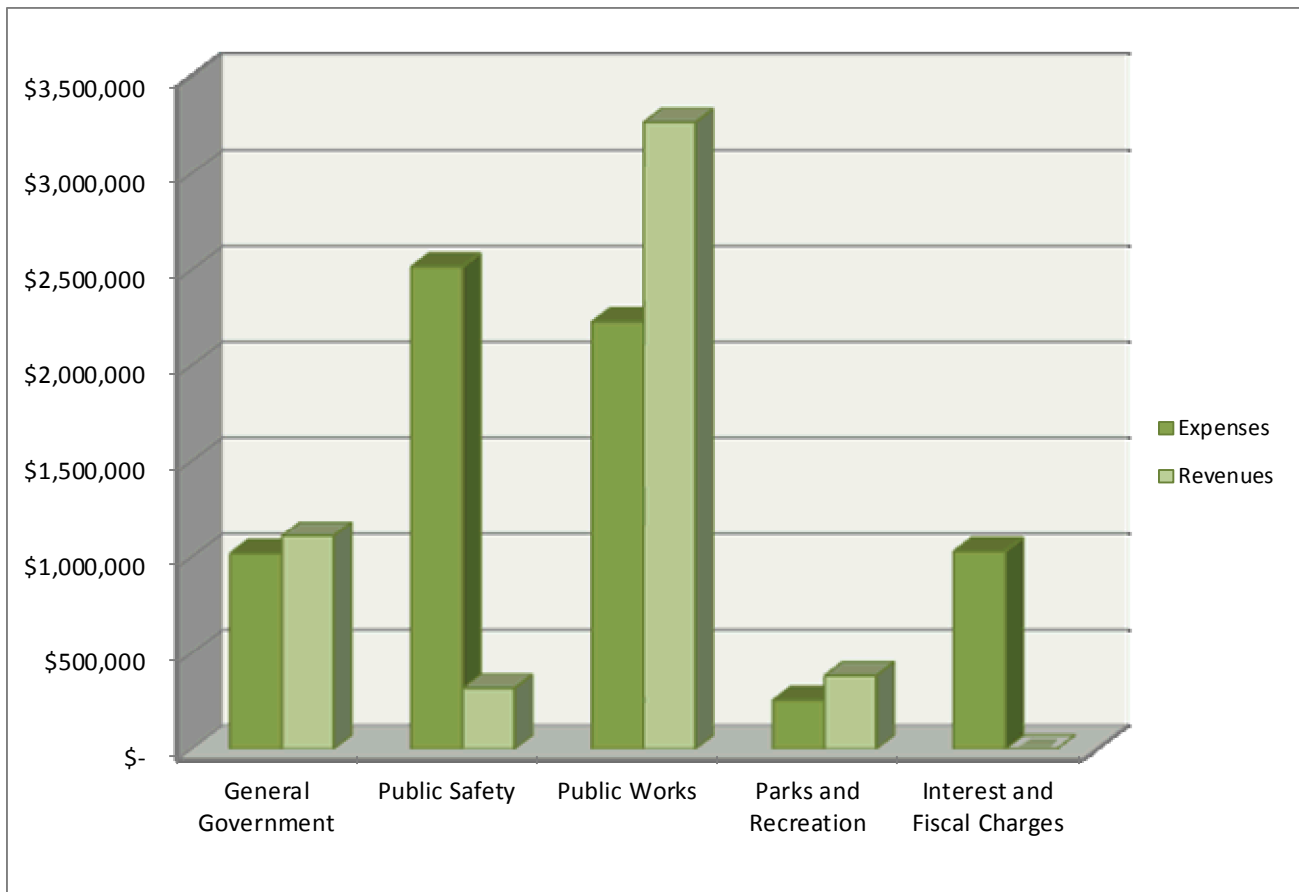
The business-type activities, primarily the City's utility operations, showed a significant growth in net position. Charges for Services increased significantly due to Water and Sewer Area and Connection Charges increasing in connection with new developments.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Governmental Activities

The following graph depicts the various governmental activities and shows the expenses and program revenues directly related to those activities:

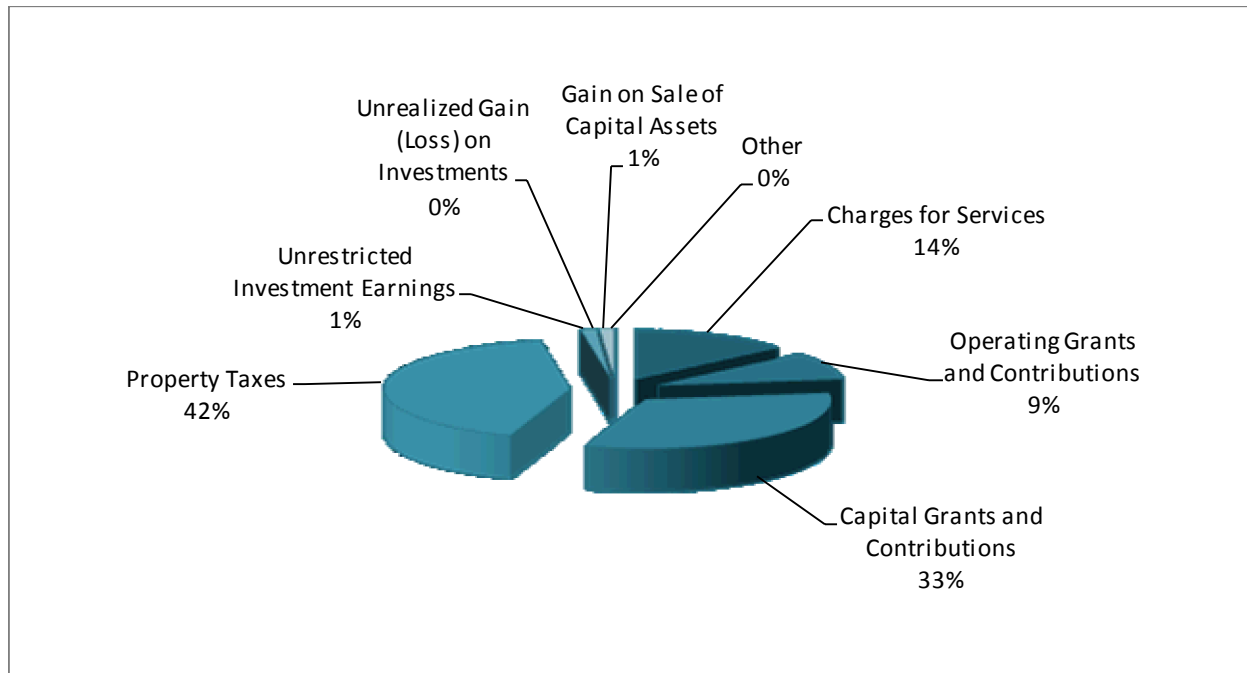
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The graph below shows the governmental activities and their income and clearly reflects the need for property taxes to supplement the activities of the City. Under the state's current local government aid formula the City will receive no local government aid.

Revenues by Source – Governmental Activities

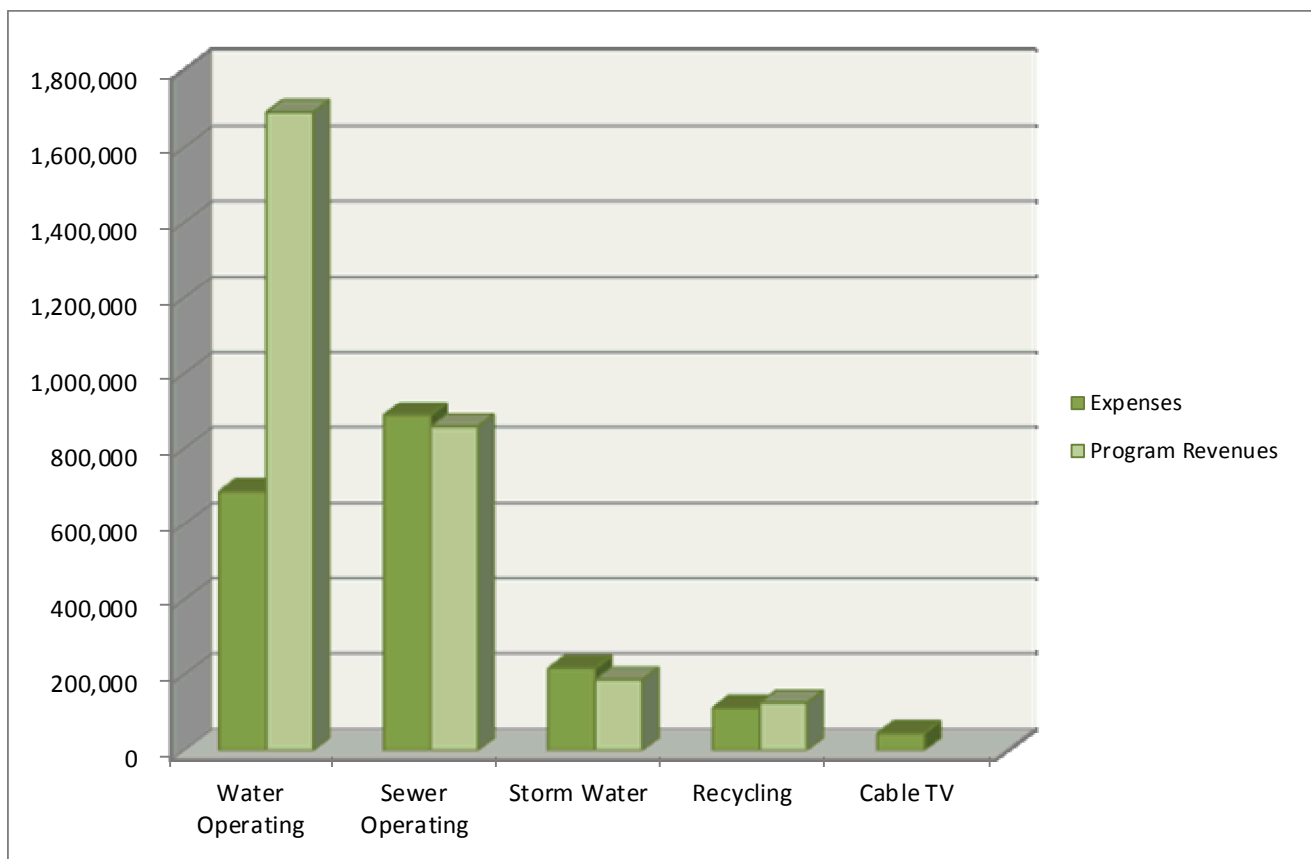


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Business-Type Activities

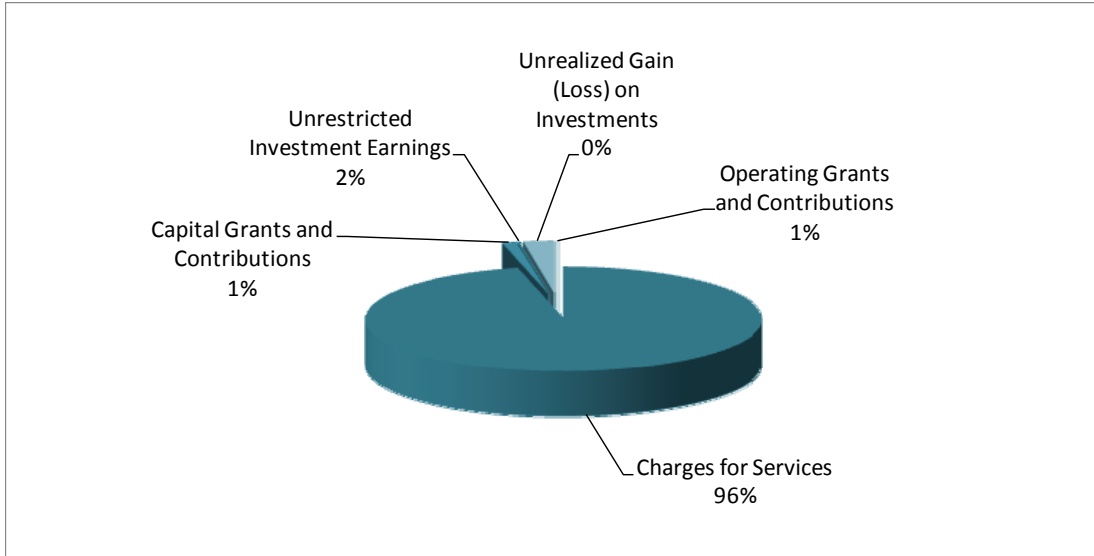
Business-Type Activities had an overall increase in net position of \$1,067,176, mainly due to a large increase in revenue from water area /trunk charges. One of the biggest expenses is depreciation (non-cash expense) within the water, sewer and surface water funds. Operating costs decreased \$91,000 in the Water Fund due to 2013 being a year where that incurred substantial and out of the ordinary maintenance costs while 2014 was more like other years. Operating costs in the Sewer Fund increased \$70,000 due to the Metropolitan Council's allocation to the City of Minnetrista based on their overall budget increasing pretty substantially from 2013.

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Program Expenses and Revenues – Business-Type Activities (Continued)



General Fund

The General Fund is the main operating fund of the City. Its primary revenue source in 2014 was property taxes at 70% of the total revenue, followed by licenses and permits at 15%. The total fund balance decreased 1% during the current fiscal year 2014, resulting from an excess of revenue over expenditures of \$72,800 combined with a transfers out to the Capital Improvement funds of \$100,000 and \$250 in proceeds from the sale of a capital asset. The unassigned fund balance of \$2,693,786 at the end of 2014 represents 60% of total General Fund expenditures for the year 2014.

Other Major Governmental Funds

The G.O. Improvement Bonds of 2014B Fund was created in 2014 as a debt service fund for the refinancing of the 2009A Lease Revenue Bonds. The fund balance at the end of 2014 was \$294,004, which decreased \$387,230 during the year due to debt service payments and costs associated with refinancing the 2009A EDA Lease Revenue Bonds exceeding property taxes and other revenues. The majority of this had to do with the debt service reserve requirement going away and being taken into account with refinancing/refunding.

The G.O. Improvement Bonds of 2010 Fund was created as a debt service fund for the Game Farm Road and South Bay Drive Construction Project. The fund balance at the end of 2014 was \$977,427, which increased \$188,362 during the year as property taxes and special assessments exceeded the required debt service payments. Prepayments of special assessments exceeded what was projected for 2014

The G.O. Improvement Bonds of 2013A Fund was created in 2013 as a debt service fund for the Highway 7 Roundabout Project. The fund balance at the end of 2014 was \$726,179, which increased \$76,850 during the year due to an \$87,497 transfer in to close out the related Highway 7 / KPR Capital Project Fund.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

The G.O. Improvement Bonds of 2013B Fund was created in 2013 as a debt service fund for the Kings Point Road Project. The fund balance at the end of 2014 was \$815,728, which increased \$662,895 during the year as special assessment revenues received during exceeded the required debt service payments.

The Kings Point Road Fund was created to account for the capital activity related to the Kings Point Road Project. The project was completed during the year and the fund was closed to the related debt fund. Therefore, the fund balance at the end of 2014 was \$-0-, which was a \$1,102,439 decrease from the prior year.

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$16,132,282 at December 31, 2014. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- The biggest positive budget variances for revenue categories were within licenses and permits and miscellaneous revenues. Licenses and Permits saw the biggest variance as revenue exceeded budget by \$155,805 (31%) due to more building permits (new homes) than projected. Miscellaneous revenues exceeded budget by \$95,121 (91%) due to insurance proceeds and other miscellaneous reimbursements exceeding what was projected.
- Total General Fund Expenditures were \$128,306 over budget. Public works and capital outlay attributed for the majority of the negative variance. The Public Works budget attributed for \$114,221 of the negative variance due to the City spending more on street maintenance supplies than expected. This was due to the flooding that occurred during the spring/summer of 2014. This overage is being offset by related FEMA funds to reimbursed those expenditures. Capital outlay attributed for \$98,395 of the negative variance due to expenditures incurred for work completed to the Loring Wall.
- The Fund did have budgeted transfers of \$100,000 carried out during the year to help with technology and other CIP purchases that were not levied for.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2014**

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2014 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 4,406,661	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661	\$ 4,406,661
Construction in Progress	38,905	6,261,982	1,104,711	930,035	1,143,616	7,192,017
Buildings and Building Improvements	6,815,005	6,815,005	-	-	6,815,005	6,815,005
Improvements Other than Buildings	1,633,436	1,633,436	-	-	1,633,436	1,633,436
Streets and Infrastructure	37,138,714	29,292,414	20,421,134	19,637,000	57,559,848	48,929,414
Equipment and Furniture	5,022,942	4,929,168	625,238	609,318	5,648,180	5,538,486
Total Capital Assets	55,055,663	53,338,666	22,151,083	21,176,353	77,206,746	74,515,019
Less: Accumulated Depreciation	(22,476,605)	(21,296,295)	(9,222,339)	(8,712,142)	(31,698,944)	(30,008,437)
Total Capital Assets, Net	<u>\$ 32,579,058</u>	<u>\$ 32,042,371</u>	<u>\$ 12,928,744</u>	<u>\$ 12,464,211</u>	<u>\$ 45,507,802</u>	<u>\$ 44,506,582</u>

Additional details of capital asset activity for the year can be found in Note 4 of the notes to basic financial statements.

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, compensated absences payable, and other postemployment benefits outstanding of \$18,875,922. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
General Obligation Bonds	\$ 11,760,000	\$ 12,445,000	\$ -	\$ -	\$ 11,760,000	\$ 12,445,000
General Obligation Revenue Bonds	4,595,000	-	1,699,364	1,900,364	6,294,364	1,900,364
Public Project Revenue Bonds	-	4,965,000	-	-	-	4,965,000
Compensated Absences	137,865	161,698	13,304	22,376	151,169	184,074
Other Postemployment Benefits	282,052	244,611	34,554	29,153	316,606	273,764
Bond Premium (Discount), Net	322,048	-	31,735	-	353,783	-
Total Outstanding Debt	<u>\$ 17,096,965</u>	<u>\$ 17,816,309</u>	<u>\$ 1,778,957</u>	<u>\$ 1,951,893</u>	<u>\$ 18,875,922</u>	<u>\$ 19,768,202</u>

Additional details of long-term debt activity for the year can be found in Note 5 of the notes to basic financial statements.

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 information should be addressed to the Finance Department, City of Minnetrista, 7701 County Road 110 West, Minnetrista, Minnesota 55364-9553.

BASIC FINANCIAL STATEMENTS

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**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
DECEMBER 31, 2014**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 8,752,961	\$ 4,887,920	\$ 13,640,881
Cash and Investments Held by Trustee	656,644	-	656,644
Accounts Receivable	-	359,003	359,003
Property Taxes Receivable	63,439	-	63,439
Special Assessments Receivable	5,449,121	66,419	5,515,540
Accrued Interest Receivable	11,723	6,607	18,330
Due from Other Governments	562,747	8,226	570,973
Capital Assets:			
Non-Depreciable:			
Land	4,406,661	-	4,406,661
Construction in Progress	38,905	1,104,711	1,143,616
Depreciable:			
Buildings and Building Improvements	6,815,005	21,046,372	27,861,377
Improvements Other than Buildings	1,633,436	-	1,633,436
Streets and Infrastructure	37,138,714	-	37,138,714
Equipment and Furniture	5,022,942	-	5,022,942
Total Capital Assets	55,055,663	22,151,083	77,206,746
Less: Accumulated Depreciation	(22,476,605)	(9,222,339)	(31,698,944)
Total Capital Assets, Net	32,579,058	12,928,744	45,507,802
Total Assets	48,075,693	18,256,919	66,332,612
LIABILITIES			
Accounts and Contracts Payable	508,187	321,648	829,835
Accrued Salaries and Fringes	104,738	11,862	116,600
Accrued Interest Payable	162,291	12,170	174,461
Other Liabilities	75,420	-	75,420
Deposits	258,375	-	258,375
Long-Term Liabilities:			
Due Within One Year	1,420,000	206,000	1,626,000
Due in More Than One Year	15,676,965	1,572,957	17,249,922
Total Liabilities	18,205,976	2,124,637	20,330,613
NET POSITION			
Net Investment in Capital Assets	16,231,151	11,169,939	27,401,090
Restricted for:			
Debt Service	9,386,855	-	9,386,855
Park Improvement	1,260,564	-	1,260,564
Unrestricted	2,991,147	4,962,343	7,953,490
Total Net Position	\$ 29,869,717	\$ 16,132,282	\$ 46,001,999

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,019,379	\$ 841,958	\$ 269,265	\$ -	\$ 91,844	\$ -	\$ 91,844
Public Safety	2,515,524	178,786	137,376	-	(2,199,362)	-	(2,199,362)
Public Works	2,226,393	251,784	47,761	2,968,198	1,041,350	-	1,041,350
Parks and Recreation	253,802	-	381,473	-	127,671	-	127,671
Interest and Fiscal Charges	1,029,562	-	-	-	(1,029,562)	-	(1,029,562)
Total Governmental Activities	7,044,660	1,272,528	835,875	2,968,198	(1,968,059)	-	(1,968,059)
Business-Type Activities:							
Water Operating	687,528	1,683,013	7,000	3,043	-	1,005,528	1,005,528
Sewer Operating	888,377	850,803	7,277	164	-	(30,133)	(30,133)
Storm Water	216,860	187,059	-	-	-	(29,801)	(29,801)
Recycling	112,990	105,512	19,938	-	-	12,460	12,460
Cable TV	45,659	86,034	-	-	-	40,375	40,375
Total Business-Type Activities	1,951,414	2,912,421	34,215	3,207	-	998,429	998,429
Total Primary Government	<u>\$ 8,996,074</u>	<u>\$ 4,184,949</u>	<u>\$ 870,090</u>	<u>\$ 2,971,405</u>	(1,968,059)	998,429	(969,630)
General Revenues:							
Property Taxes, Levied for General Purposes					3,891,397	-	3,891,397
Unrestricted Investment Earnings					119,528	74,277	193,805
Gain on Sale of Capital Assets					114,954	-	114,954
Total General Revenues and Transfers					4,125,879	74,277	4,200,156
Change in Net Position					2,157,820	1,072,706	3,230,526
Net Position - Beginning					27,711,897	15,059,576	42,771,473
Net Position - Ending					<u>\$ 29,869,717</u>	<u>\$ 16,132,282</u>	<u>\$ 46,001,999</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

		Debt Service				Capital Projects	Other	
	General	G.O. Improvement	G.O. Improvement	G.O. Improvement	G.O. Improvement	Kings	Governmental	Totals
	Fund	Bonds of 2014B	Bonds of 2010	Bonds of 2013A	Bonds of 2013B	Point Road	Funds	
		(527)	(528)	(530)	(531)	(498)		
ASSETS								
Cash and Investments	\$ 3,143,067	\$ 291,473	\$ 975,469	\$ 725,922	\$ 814,980	\$ 115,863	\$ 2,686,187	\$ 8,752,961
Cash and Investments Held by Trustee	-	-	-	-	-	-	656,644	656,644
Receivables:								
Accrued Interest	4,234	371	1,289	1,257	1,248	-	3,324	11,723
Delinquent Taxes	63,439	-	-	-	-	-	-	63,439
Delinquent Special Assessments	-	-	621,711	-	-	-	55,090	676,801
Other Special Assessments Receivable	-	-	8,083	2,823,898	1,682,841	-	257,498	4,772,320
Due from Other Governmental Units	207,466	2,160	669	-	-	-	352,452	562,747
Total Assets	<u>\$ 3,418,206</u>	<u>\$ 294,004</u>	<u>\$ 1,607,221</u>	<u>\$ 3,551,077</u>	<u>\$ 2,499,069</u>	<u>\$ 115,863</u>	<u>\$ 4,011,195</u>	<u>\$ 15,496,635</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts and Contracts Payable	\$ 171,476	\$ -	\$ -	\$ 1,000	\$ 500	\$ 115,863	\$ 219,348	\$ 508,187
Accrued Salaries Payable	104,738	-	-	-	-	-	-	104,738
Other Liabilities	75,420	-	-	-	-	-	-	75,420
Deposits	128,500	-	-	-	-	-	129,875	258,375
Total Liabilities	<u>480,134</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>500</u>	<u>115,863</u>	<u>349,223</u>	<u>946,720</u>
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Taxes	63,439	-	-	-	-	-	-	63,439
Unavailable Revenue - Special Assessments	-	-	629,794	2,823,898	1,682,841	-	312,588	5,449,121
Unavailable Revenue - Other	180,847	-	-	-	-	-	351,742	532,589
Total Deferred Inflows of Resources	<u>244,286</u>	<u>-</u>	<u>629,794</u>	<u>2,823,898</u>	<u>1,682,841</u>	<u>-</u>	<u>664,330</u>	<u>6,045,149</u>
FUND BALANCE								
Restricted:								
Debt Service	-	294,004	977,427	726,179	815,728	-	934,945	3,748,283
Parkland Acquisitions and Improvement	-	-	-	-	-	-	1,260,564	1,260,564
Assigned:								
Emergency Warning Siren Operation	-	-	-	-	-	-	177,961	177,961
Road Maintenance	-	-	-	-	-	-	113,684	113,684
Tree Replacement	-	-	-	-	-	-	252,339	252,339
Subsequent Year Budget	150,000	-	-	-	-	-	-	150,000
Capital Plan Improvements	-	-	-	-	-	-	233,635	233,635
Capital Projects	-	-	-	-	-	-	24,514	24,514
Unassigned	2,543,786	-	-	-	-	-	-	2,543,786
Total Fund Balance	<u>2,693,786</u>	<u>294,004</u>	<u>977,427</u>	<u>726,179</u>	<u>815,728</u>	<u>-</u>	<u>2,997,642</u>	<u>8,504,766</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,418,206</u>	<u>\$ 294,004</u>	<u>\$ 1,607,221</u>	<u>\$ 3,551,077</u>	<u>\$ 2,499,069</u>	<u>\$ 115,863</u>	<u>\$ 4,011,195</u>	<u>\$ 15,496,635</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

Total Fund Balances for Governmental Funds	\$	8,504,766
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Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land	\$	4,406,661	
Construction in Progress		38,905	
Buildings and Building Improvements		6,815,005	
Improvements Other than Buildings		1,633,436	
Streets and Infrastructure		37,138,714	
Equipment and Furniture		5,022,942	
Total Capital Assets		55,055,663	
Less: Accumulated Depreciation		(22,476,605)	32,579,058

Some of the City's receivables (including property taxes, special assessments and other long-term receivables) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds.

6,045,149

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is included in the statement of net position.

(162,291)

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and, therefore, are not reported as fund liabilities. All liabilities - both current and long term - are reported in the statement of net position.

Bonds Payable	(16,355,000)		
Unamortized Premiums	(322,048)		
Other Postemployment Benefits	(282,052)		
Compensated Absence Payable	(137,865)		(17,096,965)

Total Net Position of Governmental Activities	\$	29,869,717
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CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2014

		Debt Service				Capital Projects		
	General Fund	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010 (528)	G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)	Kings Point Road (498)	Other Governmental Funds	Totals
REVENUE								
Property Taxes	\$ 3,205,321	\$ 400,998	\$ 122,466	\$ -	\$ -	\$ -	\$ 179,965	\$ 3,908,750
Special Assessments	-	-	265,744	1,077,050	566,212	-	47,148	1,956,154
Licenses and Permits	666,305	-	-	-	-	-	-	666,305
Intergovernmental Revenue	139,195	-	-	-	-	-	147,223	286,418
Charges for Services	261,650	-	-	-	-	-	251,600	513,250
Fines and Forfeitures	55,469	-	-	-	-	-	-	55,469
Other Revenue:								
Investment Earnings	37,071	(345)	11,323	1,962	1,714	18,096	49,707	119,528
Miscellaneous Revenue	200,121	19,664	14,434	-	-	-	419,832	654,051
Total Revenue	4,565,132	420,317	413,967	1,079,012	567,926	18,096	1,095,475	8,159,925
EXPENDITURES								
Current:								
General Government	1,024,050	-	-	-	-	125,334	18,410	1,167,794
Public Safety	2,240,017	-	-	-	-	-	-	2,240,017
Public Works	992,105	-	-	-	-	-	143,149	1,135,254
Parks and Recreation	126,927	-	-	-	-	-	-	126,927
Other	10,838	-	-	-	-	-	-	10,838
Total Current Expenditures	4,393,937	-	-	-	-	125,334	161,559	4,680,830
Capital Outlay	98,395	-	-	-	-	804,949	896,722	1,800,066
Debt Service:								
Principal Retirement	-	-	140,000	980,000	-	-	187,849	1,307,849
Interest and Fiscal Charges	-	710,018	85,605	109,659	95,283	-	77,520	1,078,085
Total Debt Service	-	710,018	225,605	1,089,659	95,283	-	265,369	2,385,934
Total Expenditures	4,492,332	710,018	225,605	1,089,659	95,283	930,283	1,323,650	8,866,830
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	72,800	(289,701)	188,362	(10,647)	472,643	(912,187)	(228,175)	(706,905)
OTHER FINANCE SOURCES (USES)								
Proceeds from Issuance of Debt	-	4,595,000	-	-	-	-	555,000	5,150,000
Payment of Refunded Bonds	-	(4,965,000)	-	-	-	-	-	(4,965,000)
Premium on Issued Debt	-	272,471	-	-	-	-	53,911	326,382
Transfers In	-	-	-	87,497	190,252	-	125,355	403,104
Transfers Out	(100,000)	-	-	-	-	(190,252)	(112,852)	(403,104)
Proceed from Sale of Capital Assets	250	-	-	-	-	-	120,000	120,250
Total Other Finance Sources (Uses)	(99,750)	(97,529)	-	87,497	190,252	(190,252)	741,414	631,632
NET CHANGE IN FUND BALANCES	(26,950)	(387,230)	188,362	76,850	662,895	(1,102,439)	513,239	(75,273)
FUND BALANCES								
Beginning of Year	2,720,736	681,234	789,065	649,329	152,833	1,102,439	2,484,403	8,580,039
End of Year	\$ 2,693,786	\$ 294,004	\$ 977,427	\$ 726,179	\$ 815,728	\$ -	\$ 2,997,642	\$ 8,504,766

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2014**

Net Change in Fund Balances-Total Governmental Funds	\$	(75,273)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures and proceeds from the sale of capital assets as revenues. However, in the statement of activities, assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlays - Improvement Costs (Net of Proceeds)	\$ 1,918,155	
Gain on Disposal of Capital Assets	109,682	
Proceeds from the Sale of Capital Assets	(120,250)	
Depreciation Expense	<u>(1,370,900)</u>	536,687

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

General Obligation Bond Proceeds	(5,150,000)	
Amortization of Bond Premium	4,334	
Repayment of Bond Principal	6,205,000	
Proceeds on Bond Premium	(326,382)	
Change in Accrued Interest Expense	<u>44,189</u>	777,141

Delinquent and certain other property taxes and special assessments receivable will be collected subsequent to year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources and excluded from revenues in the governmental funds.

Deferred Inflows of Resources - December 31, 2013	5,112,276	
Deferred Inflows of Resources - December 31, 2014	<u>6,045,149</u>	932,873

In the statement of activities, compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2014, compensated absence payable and other post employment benefits payable changed.

(13,608)

Change in Net Position of Governmental Activities	\$	<u><u>2,157,820</u></u>
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See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014**

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
ASSETS						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 3,073,011	\$ 1,294,781	\$ 273,555	\$ 206,064	\$ 40,509	\$ 4,887,920
Receivables:						
Accounts Receivable (Net of Allowance)	102,823	178,790	51,717	25,673	-	359,003
Accrued Interest	4,174	1,727	365	287	54	6,607
Delinquent Special Assessments	-	-	5,442	5,101	-	10,543
Special Assessments	35,214	20,662	-	-	-	55,876
Due from Other Governmental Units	313	7,619	152	142	-	8,226
Total Current Assets	<u>3,215,535</u>	<u>1,503,579</u>	<u>331,231</u>	<u>237,267</u>	<u>40,563</u>	<u>5,328,175</u>
CAPITAL ASSETS						
Construction in Progress	1,013,716	90,995	-	-	-	1,104,711
Buildings and Improvements	8,865,476	9,646,885	2,534,011	-	-	21,046,372
Less: Accumulated Depreciation	(3,056,543)	(4,948,356)	(1,217,440)	-	-	(9,222,339)
Net Capital Assets	<u>6,822,649</u>	<u>4,789,524</u>	<u>1,316,571</u>	<u>-</u>	<u>-</u>	<u>12,928,744</u>
 Total Assets	<u><u>\$ 10,038,184</u></u>	<u><u>\$ 6,293,103</u></u>	<u><u>\$ 1,647,802</u></u>	<u><u>\$ 237,267</u></u>	<u><u>\$ 40,563</u></u>	<u><u>\$ 18,256,919</u></u>
 LIABILITIES AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	\$ 188,979	\$ 129,007	\$ 3,593	\$ 69	\$ -	\$ 321,648
Accrued Salaries Payable	6,301	5,019	542	-	-	11,862
Compensated Absences Payable	4,589	4,259	1,152	-	-	10,000
Accrued Interest Payable	6,899	5,271	-	-	-	12,170
Bonds Payable	141,000	55,000	-	-	-	196,000
Total Current Liabilities	<u>347,768</u>	<u>198,556</u>	<u>5,287</u>	<u>69</u>	<u>-</u>	<u>551,680</u>
NONCURRENT LIABILITIES						
Compensated Absences Payable	1,516	1,407	381	-	-	3,304
Other Post-Employment Benefits	16,192	13,838	3,126	1,398	-	34,554
Bonds Payable	905,099	630,000	-	-	-	1,535,099
Total Noncurrent Liabilities	<u>922,807</u>	<u>645,245</u>	<u>3,507</u>	<u>1,398</u>	<u>-</u>	<u>1,572,957</u>
Total Liabilities	<u>1,270,575</u>	<u>843,801</u>	<u>8,794</u>	<u>1,467</u>	<u>-</u>	<u>2,124,637</u>
NET POSITION						
Net Investment in Capital Assets	5,748,844	4,104,524	1,316,571	-	-	11,169,939
Unrestricted	3,018,765	1,344,778	322,437	235,800	40,563	4,962,343
Total Net Position	<u>8,767,609</u>	<u>5,449,302</u>	<u>1,639,008</u>	<u>235,800</u>	<u>40,563</u>	<u>16,132,282</u>
 Total Liabilities and Net Position	<u><u>\$ 10,038,184</u></u>	<u><u>\$ 6,293,103</u></u>	<u><u>\$ 1,647,802</u></u>	<u><u>\$ 237,267</u></u>	<u><u>\$ 40,563</u></u>	<u><u>\$ 18,256,919</u></u>

See accompanying Notes to Basic Financial Statements.

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
OPERATING REVENUE						
Sales and User Fees	\$ 754,900	\$ 788,923	\$ 187,059	\$ 97,111	\$ 86,034	\$ 1,914,027
OPERATING EXPENSES						
Personnel Services	167,118	146,920	24,077	8,359	-	346,474
Professional Services	28,816	89,182	54,494	-	-	172,492
Operating and Maintenance Supplies	15,431	195,800	17,890	-	45,659	274,780
Utilities	174,099	17,210	-	-	-	191,309
Depreciation	217,983	187,362	104,852	-	-	510,197
Maintenance and Repairs	15,570	7,604	1,512	-	-	24,686
Insurance	7,554	2,603	-	-	-	10,157
Other Expenses	27,220	228,802	14,035	104,631	-	374,688
Total Operating Expenses	653,791	875,483	216,860	112,990	45,659	1,904,783
OPERATING INCOME (LOSS)	101,109	(86,560)	(29,801)	(15,879)	40,375	9,244
NONOPERATING REVENUE (EXPENSES)						
Area Charges	409,647	45,211	-	-	-	454,858
Special Assessments for Capital Purposes	3,043	164	-	-	-	3,207
Investment Earnings	47,200	19,633	3,872	3,384	188	74,277
Interest Expense	(33,737)	(12,894)	-	-	-	(46,631)
Intergovernmental Grants	-	7,277	-	19,938	-	27,215
Miscellaneous Revenue	525,466	16,669	-	8,401	-	550,536
Total Nonoperating Revenue (Expenses)	951,619	76,060	3,872	31,723	188	1,063,462
CHANGES IN NET POSITION	1,052,728	(10,500)	(25,929)	15,844	40,563	1,072,706
NET POSITION						
Beginning of Year	7,714,881	5,459,802	1,664,937	219,956	-	15,059,576
End of Year	<u>\$ 8,767,609</u>	<u>\$ 5,449,302</u>	<u>\$ 1,639,008</u>	<u>\$ 235,800</u>	<u>\$ 40,563</u>	<u>\$ 16,132,282</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2014**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Water	Recycling	Cable TV	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 754,382	\$ 773,253	\$ 184,805	\$ 96,600	\$ 86,034	\$ 1,895,074
Cash Paid to Suppliers	(144,541)	(490,400)	(92,998)	(104,693)	(45,659)	(878,291)
Cash Paid to Employees	(169,614)	(149,790)	(23,463)	(8,206)	-	(351,073)
Other Receipts	525,466	-	-	8,401	-	533,867
Net Cash Provided (Used) by Operating Activities	965,693	133,063	68,344	(7,898)	40,375	1,199,577
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees Received	409,647	45,211	-	-	-	454,858
Special Assessments for Capital Purposes	9,325	4,908	2,181	2,046	-	18,460
Principal Payments on Bonds	(124,265)	(45,000)	-	-	-	(169,265)
Interest Payments on Bonds	(31,292)	-	-	-	-	(31,292)
Acquisition of Capital Assets	(922,582)	(52,148)	-	-	-	(974,730)
Interest Paid on Advances from Other Funds	-	(12,988)	-	-	-	(12,988)
Net Cash Provided (Used) by Capital and Related Financing Activities	(659,167)	(60,017)	2,181	2,046	-	(714,957)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received on Investments	47,304	19,757	3,821	3,407	134	74,423
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES						
Grants Received	-	7,277	-	19,938	-	27,215
Refunds and Reimbursements	-	16,669	-	-	-	16,669
Net Cash Provided by Non-Capital Financing Activities	-	23,946	-	19,938	-	43,884
NET INCREASE IN CASH AND CASH EQUIVALENTS	353,830	116,749	74,346	17,493	40,509	602,927
Cash and Cash Equivalents at Beginning of the Year	2,719,181	1,178,032	199,209	188,571	-	4,284,993
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 3,073,011</u>	<u>\$ 1,294,781</u>	<u>\$ 273,555</u>	<u>\$ 206,064</u>	<u>\$ 40,509</u>	<u>\$ 4,887,920</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 101,109	\$ (86,560)	\$ (29,801)	\$ (15,879)	\$ 40,375	\$ 9,244
Adjustments to Operating Income (Loss) Non-Cash						
Expenses Included in Net Income:						
Depreciation	217,983	187,362	104,852	-	-	510,197
Miscellaneous Income	525,466	-	-	8,401	-	533,867
Change in Assets and Liabilities:						
(Increase) Decrease in:						
Accounts Receivable	(259)	(8,110)	(2,128)	(393)	-	(10,890)
Due from Other Governmental Units	(259)	(7,560)	(126)	(118)	-	(8,063)
Increase (Decrease) in:						
Accounts Payable	124,149	50,801	(5,067)	(62)	-	169,821
Accrued Salaries Payable	(523)	(458)	53	-	-	(928)
Compensated Absences Payable	(4,592)	(4,728)	248	-	-	(9,072)
Other Postemployment Benefits	2,619	2,316	313	153	-	5,401
Net Cash Provided (Used) by Operating Activities	<u>\$ 965,693</u>	<u>\$ 133,063</u>	<u>\$ 68,344</u>	<u>\$ (7,898)</u>	<u>\$ 40,375</u>	<u>\$ 1,199,577</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2014**

	Land Use (801)
	<hr/>
ASSETS	
Cash and Investments	\$ 32,630
Special Assessments Receivable	880
Land Use Receivable	<hr/> 59,907
Total Assets	<hr/> \$ 93,417 <hr/>
LIABILITIES	
Accounts and Contracts Payable	\$ 75,292
Developer Payable	<hr/> 18,125
Total Liabilities	<hr/> \$ 93,417 <hr/>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The City of Minnetrista, Minnesota (the City) operates under the "Optional Plan A" form of government as defined in Minnesota Statutes. Under this plan, the City Council, composed of an elected mayor and four elected trustees or council members, exercises legislative authority and determines all matters of policy. The City Council appoints personnel responsible for the proper administration of all the affairs relating to the City.

The financial statements and the accounting policies of the City conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

B. Reporting Entity

As required by accounting principles generally accepted in the United States of America, these financial statements include the City (the primary government) and any component units. A component unit is a legally separate entity for which the primary government is financially accountable, or for which the exclusion of the component unit would render the financial statements of the primary government misleading. The criteria used to determine if the primary government is financially accountable for a component unit includes whether or not the primary government appoints the voting majority of the potential component unit's board, is able to impose its will on the potential component unit, is in a relationship of financial benefit or burden with the potential component unit, or is fiscally depended upon by the potential component unit.

The Minnetrista Economic Development Authority (EDA) is a legally separate organization created to provide the City economic development assistance. The governing board consists of the City's mayor and council members, therefore the Minnetrista EDA has been reported as a blended component unit of the City, with its funds reported as though they are funds of the City. The purpose of the Minnetrista EDA is to issue revenue bonds to acquire land and to purchase or construct facilities and, currently, the only operation of the Minnetrista EDA is the repayment of the revenue bonds. The activity is presented in a separate fund, the 2014 CIP Bonds Debt Service Fund. The EDA does not issue its own separate financial statements.

There are no other organizations that, when considered, would be included in the financial statements as a component unit.

The City also participates in the Pioneer-Sarah Creek Watershed Management Commission, which is a joint venture created to protect, preserve and use natural water storage retention systems. The City also participates in the Lake Minnetonka Conservation District (LMCD), which is a jointly governed organization, established by the state, which is made up of representatives of each of the 14 cities surrounding Lake Minnetonka. The purpose of the LMCD is to uniformly regulate docks, promote public access, and protect the environmental quality of the lake.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except fiduciary funds. Since, by definition, fiduciary fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial 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 sales, fees, and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function (see Note 4). Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements. Aggregated information for the remaining non-major governmental funds is reported in a single column in the fund financial statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized when it becomes measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the City considers revenues to be available if collected within 60 days after year-end.

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. 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. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

Expenditures are generally recorded when a liability is incurred, except for principal and interest on long-term debt and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as capital outlay expenditures in the governmental funds. Proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from non-operating 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 are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary fund financial statements use the accrual basis of accounting. Agency funds, the City's only fiduciary type, are custodial in nature (assets equal liabilities) and do not have a measurement focus.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

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

G.O. Improvement Bonds of 2014B Debt Service Fund – This fund accounts for the City's payment of principal and interest on general obligation (G.O.) bonds issued to refinance the 2009A EDA Lease Revenue Bonds which were issued to finance the construction of the municipal campus expansion in 2009.

G.O. Improvement Bonds of 2010 Debt Service Fund – This fund accounts for the City's payment of principal and interest on general obligation (G.O.) bonds issued to finance improvement projects.

G.O. Improvement Bonds of 2013A Debt Service Fund – This fund accounts for the City's payment of principal and interest on the G.O. bonds issued to finance the Highway 7 Roundabout Project.

G.O. Improvement Bonds of 2013B Debt Service Fund – This fund accounts for the City's payment of principal and interest on the G.O. bonds issued to finance the Kings Point Road Project.

Kings Point Road Capital Projects Fund – This fund accounts for the capital activity for the City's Kings Point Road Project.

The City reports the following major enterprise funds:

Water Operating Fund – This fund is used to account for the provision of water services to the residents of the City who have water service available.

Sewer Operating Fund – This fund is used to account for the provision of sewer services to the residents of the City who have sanitary sewer service available.

Storm Water Fund – This fund is used to account for the charges for and the costs of maintaining the City's storm water system.

Recycling Fund – This fund is used to account for the charges for and costs of providing recycling services to the residents of the City.

Cable TV Fund – This fund is used to account for the charges for and costs of providing Cable TV services to the residents of the City.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds (Continued)

The City also reports the following fund type:

Agency Fund – The Land Use Agency Fund accounts for the funds collected and disbursed for land development, held by the City in a strictly custodial capacity.

E. Cash and Investments

Cash balances from all funds are combined and invested to the extent available in short-term investments. Earnings from the pooled investments are allocated to the individual funds based on the average monthly cash and investment balances of the respective funds. The City considers all highly liquid debt instruments with an original maturity from the time of purchase by the City of three months or less to be cash equivalents. The proprietary funds' portion in the government-wide cash and investment management pool is considered to be cash equivalent.

Cash and investments held by trustee reflect balances held in segregated accounts for specific purposes. Interest earned on these investments is allocated directly to those accounts.

The City generally reports investments at fair value. The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC), but follows the same regulatory rules of the SEC under rule 2a7. The City's investment in this fund is measured at the net asset value per share provided by the pool, which is based on an amortized cost method that approximates fair value.

F. Receivables

All miscellaneous accounts receivable are shown at net of an allowance for doubtful accounts. Since the City is generally able to certify delinquent utility bills to the county for collection as special assessments, no allowance for uncollectible accounts has been provided on those receivables. Receivables not expected to be collected within one year include delinquent taxes, special assessments, and certain amounts due from other governmental units. Any such receivables that are not considered to be available to finance current expenditures are offset by a deferred inflow of resources in the governmental fund financial statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes

Property tax levies are set by the City Council by December of each year, and certified to the County Auditor for collection in the following year. In Minnesota, counties act as collection agents for all property taxes.

A portion of the property taxes levied is paid by the State of Minnesota through various tax credits, which are included in intergovernmental revenue in the financial statements.

The county spreads levies over all taxable property in the City. Such taxes become a lien on January 1 and are recorded as receivables by the City on that date. Real property taxes may be paid by taxpayers in two equal installments on May 15 and October 15. Personal property taxes are due in full on May 15. The county provides tax settlements to cities and other taxing districts three times a year. Revenues are generally accrued and recognized in the year collectible. Taxes which remain unpaid at December 31 are classified as delinquent taxes receivable.

H. Special Assessments

Special assessments represent the financing for public improvements paid for by the benefiting property owners. These assessments are recorded as delinquent (levied but unremitted) or deferred (certified but not yet levied) special assessments receivable. The City usually adopts the assessment rolls when the individual projects are complete or substantially complete. The assessments are collectible over a term of years generally consistent with the term of years related to the bond issue. Collection of annual installments (including interest) is handled by the county in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

I. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances 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."

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets

Capital assets, which include land, buildings, improvements, equipment, and infrastructure (utility systems, roads, bridges, sidewalks, and similar items) assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The City defines capital assets as those with an initial, individual cost of \$5,000 with an estimated useful life in excess of two years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. As allowed by accounting principles generally accepted in the United States of America, the City has elected not to retroactively capitalize the infrastructure of its governmental activities acquired prior to January 1, 2004.

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

Buildings	30-40 Years
Improvements	10-30 Years
Machinery and Equipment	3-10 Years
Vehicles	3-7 Years
Infrastructure	20-75 Years

K. Compensated Absences Payable

The City allows employees to accrue vacation based on years of service to carry over to the next year. The amount of vacation accrued is payable upon separation if the employee is in good standing and proper notice is given. Sick leave accrues at various rates and may be accumulated to a maximum of 120 days. Under the City's personnel policy, employees who have at least 10 years of service with the City and who leave in good standing will receive between 25% and 50% of their sick leave balance, paid out depending on length of service.

The severance policy for the City Administrator states all accrued and unused vacation will be paid upon separation. The City's severance policy agrees to pay, at the time of receipt of the last pay check, a lump sum cash payment equal to six months aggregate salary, and continues to provide and pay for the employee benefits for the six months after termination.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences Payable (Continued)

The police department's full-time union employees accrue vacation up to a maximum of 80 hours to carry over to the next year. Part-time employees' accruals are prorated by hours worked per week. Employees are eligible for severance pay after completing 10 years of service. Severance pay is the sick leave balance paid between 25% and 50% depending on years of service.

Full-time public works employees that are union members accrue vacation up to a maximum of 80 hours to carry over to the next year and are eligible for severance pay after three years of employment. Terminated employees will receive 80 hours of pay. Sick leave is accrued at a rate of eight hours per month of continuous employment. At separation, any union employee who has 3 years or more of service and leaves in good standing, receives one-third of unused sick leave up to 160 hours at the rate of pay.

In the governmental funds, compensated absences are reported only if they have matured. Amounts that have not matured are a long-term liability and not reported at the fund level in governmental funds.

L. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are amortized over the life of the bonds using the straight-line method. Bond issuance costs are expensed as incurred.

In the governmental fund financial statements, long-term debt and other long-term obligations are not reported as liabilities. The face amount of debt issued is reported as other financing sources. Premiums or discounts on debt issuances are reported as other financing sources or uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. Deferred Inflows of Resources

In addition to liabilities, statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position/Fund Balance

Net position represents the difference between assets and liabilities in the government-wide and proprietary fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any long-term debt used to build or acquire the capital assets. Portions of net position are reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

In the fund financial statements, governmental funds report fund balances in the classifications that disclose constraints for which amounts in those funds can be spent. These classifications are as follows:

Nonspendable – portion of fund balances related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained from outside parties (statute, grantors, bond agreements, etc.).

Committed – funds are established and modified by a resolution approved by the City Council.

Assigned – consists of internally imposed constraints approved by the City Finance Director. The City adopted a formal fund balance policy which gives authority to assign fund balances to the Finance Director.

Unassigned – is the residual classification for the General Fund and also reflects the negative residual amounts in other funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, it is the City's policy to use restricted first, then unrestricted fund balance.

When an expenditure is incurred for purposes for which committed, assigned and unassigned amounts are available, it is the City's policy to use committed first, then assigned, and finally unassigned amounts.

The City formally adopted a fund balance policy for the General Fund. The policy establishes a year-end target unassigned fund balance of 50% of the fund's annual operating budget.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgets and Budgetary Accounting

The City Council adopts annual budgets for the General Fund, special revenue, most debt service and capital projects, and enterprise funds. The amounts shown in the financial statements as “budget” represent the original amount and any revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Budget requests are submitted by all department heads to the City Finance Director. The Finance Director compiles the budget requests into an overall preliminary city budget.
2. The Finance Director presents the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General Fund and special revenue funds, and the budgeted debt service and capital project funds. Budgetary and actual comparisons for the General Fund and special revenue funds are shown as supplementary information.
3. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds, and the budgeted debt service, capital project, and enterprise funds.

The budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. The detailed budget schedules provided in the supplementary section are presented on the same basis. The legal level of budgetary control is at the fund level. In 2014, the budgets were not adopted for the following capital projects funds: Street Improvement, Highway 7/Kings Point Road and Kings Point Road Funds. A budget also was not adopted for the G.O. Improvement Bonds of 2013B. The Tree Replacement Fund was new in 2014 and therefore also did not have a budget.

P. 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; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2014.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

Cash and investments at year-end consisted of the following:

Deposits	\$ 590,563
Investments	13,739,342
Cash on Hand	250
Total	<u>\$ 14,330,155</u>

Cash and investments are presented in the financial statements as follows:

Statement of Net Position:

Cash and Investments - Statement of Net Position	\$ 13,640,881
Cash and Investments With Fiscal Agent - Statement of Net Position	656,644
Cash and Investments - Statement of Fiduciary Net Position	32,630
Total Cash and Investments	<u>\$ 14,330,155</u>

B. Deposits

In accordance with applicable Minnesota Statutes, the City maintains deposits at depository banks authorized by the City Council, including checking accounts and certificates of deposit.

The following is considered the most significant risk associated with deposits:

Custodial Credit Risk – In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may be lost.

Minnesota Statutes require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits (Continued)

Custodial Credit Risk (Continued)

The City has an investment policy in place to address custodial credit risk for deposits, stating all deposits and investments must be in compliance with Minnesota Statutes 118A, with collateralization levels of 110% of the market value of the principal and accrued interest.

At year-end, the carrying amount of the City's deposits was \$590,563 while the balance on the bank records was \$594,274. At December 31, 2014, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City's agent in the City's name.

C. Investments

The City has the following investments at year-end:

	Total Fair Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank	\$ 1,948,914	\$ -	\$ 1,049,524	\$ 899,390	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp	379,506	-	259,807	119,699	Aaa/AA+	Moody's/S&P
Negotiable Certificates of Deposit	5,519,033	649,647	4,639,180	230,206	N/R	N/A
Money Market	1,156,690	1,156,690	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	4,735,199	4,735,199	-	-	N/R	N/A
	<u>\$ 13,739,342</u>	<u>\$ 6,541,536</u>	<u>\$ 5,948,511</u>	<u>\$ 1,249,295</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

Investments are subject to various risks, the following of which are considered the most significant:

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City typically limits its exposure by purchasing insured or registered investments, or by the control of who holds the securities. The City's investment policy requires all investments to be insured, registered, or held by the City or its agent in the City's name; and specifies that no more than 50% of the City's portfolio will be invested with any one broker or agency.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase 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; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

The City's investment policy refers to Minnesota Statute 118A. This statute restricts the purchase of commercial paper to issues of U.S. corporations or their Canadian subsidiaries which mature in 270 days or less and have a rating of P-1 by Moody Investor Services, A1 by Standard and Poor's (S&P), or F-1 by Fitch Ratings, from at least two of the three rating agencies.

Concentration Risk – This is the risk associated with investing a significant portion of the City's investment (considered 5% or more) in the securities of a single issuer and no more than 50% of the City's total investment portfolio may be invested in certificates of deposit or commercial paper.

At December 31, 2014, the following is a list of investments which individually comprise more than 5% of the City's total investments:

		Percent of Total Fair Value
Federal Home Loan Bank	\$ 1,948,914	14.2%
Money Market- 4M Fund	4,735,199	34.5%

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk). The City's investment policy uses diversification of maturity dates as a means of managing its exposure to fair value by stating that not more than 30% of the City's investments may extend beyond a five-year maturity.

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Transfers

The following is a summary of transfers made by the City during 2014:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 100,000
Capital Improvement	100,000	-
Road Maintenance	-	25,355
Highway 7 / KPR	-	87,497
Kings Point Road	-	190,252
G.O. Improvement Bonds of 2012	25,355	-
G.O. Improvement Bonds of 2013A	87,497	-
G.O. Improvement Bonds of 2013B	190,252	-
	<u>\$ 403,104</u>	<u>\$ 403,104</u>

These funds were transferred to close the Highway 7 / KPR and Kings Point Road capital project funds and provide additional resources for capital projects.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014

NOTE 4 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661
Construction in progress	6,261,982	1,623,223	(7,846,300)	38,905
Total Capital Assets, Not Being Depreciated	10,668,643	1,623,223	(7,846,300)	4,445,566
Capital Assets, Being Depreciated:				
Land Improvements	1,633,436	-	-	1,633,436
Buildings and Building Improvements	6,815,005	-	-	6,815,005
Infrastructure	29,292,414	7,846,300	-	37,138,714
Vehicles and Equipment	4,929,168	294,932	(201,158)	5,022,942
Total Capital Assets, Being Depreciated	42,670,023	8,141,232	(201,158)	50,610,097
Accumulated Depreciation for:				
Land Improvements	(762,245)	(58,558)	-	(820,803)
Buildings and Building Improvements	(1,344,462)	(167,400)	-	(1,511,862)
Infrastructure	(15,651,926)	(896,282)	-	(16,548,208)
Vehicles and Equipment	(3,537,662)	(248,660)	190,590	(3,595,732)
Total Accumulated Depreciation	(21,296,295)	(1,370,900)	190,590	(22,476,605)
Total Capital Assets, Being Depreciated, Net	21,373,728	6,770,332	(10,568)	28,133,492
Governmental Activities Capital Assets, Net	\$ 32,042,371	\$ 8,393,555	\$ (7,856,868)	\$ 32,579,058

B. Changes in Capital Assets Used in Business-Type Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 930,035	\$ 958,810	\$ (784,134)	\$ 1,104,711
Capital Assets, Being Depreciated:				
Infrastructure	19,637,000	784,134	-	20,421,134
Machinery and Equipment	609,318	15,920	-	625,238
Total Capital Assets, Being Depreciated	20,246,318	800,054	-	21,046,372
Accumulated Depreciation for:				
Infrastructure	(8,433,144)	(472,661)	-	(8,905,805)
Machinery and Equipment	(278,998)	(37,536)	-	(316,534)
Total Accumulated Depreciation	(8,712,142)	(510,197)	-	(9,222,339)
Total Capital Assets, Being Depreciated, Net	11,534,176	289,857	-	11,824,033
Business-Type Activities Capital Assets, Net	\$ 12,464,211	\$ 1,248,667	\$ (784,134)	\$ 12,928,744

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 4 CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 32,614
Public Safety	241,865
Streets	1,037,863
Parks and Recreation	58,558
Total Depreciation Expense, Governmental Activities	<u>\$ 1,370,900</u>

Business-Type Activities:

Water Operating	\$ 217,983
Sewer Operating	187,362
Storm Water	104,852
Total Depreciation Expense, Business-Type Activities	<u>\$ 510,197</u>

NOTE 5 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2014:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2003	05/01/03	\$ 495,000	1.50-4.50%	12/31/18	\$ 150,000
G.O. Improvement Bonds of 2007A	10/01/07	890,000	3.75-4.50%	12/01/27	675,000
G.O. Improvement Bonds of 2010A	09/16/10	3,270,000	2.00-3.50%	02/01/31	2,990,000
G.O. Improvement bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	675,000
G.O. Improvement Bonds of 2013A	09/11/13	4,460,000	0.90-3.90%	02/01/29	3,480,000
G.O. Improvement Bonds of 2013B	10/10/13	3,235,000	1.10-4.60%	02/01/30	3,235,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	555,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	4,595,000
Total Bonds					<u>16,355,000</u>
Unamortized Bond Premiums					322,048
Compensated Absences					137,865
Other Post Employment Benefits					282,052
Total Governmental Activities					<u>\$ 17,096,965</u>
Business-Type Activities:					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 685,000
G.O. Refunding Bonds of 2014A	09/11/14	525,000	3.00%	12/01/19	525,000
Total Bonds					<u>1,210,000</u>
PFA Drinking Water Revolving Loan	Various	719,813	1.189%	08/20/24	489,364
Unamortized Bond Premiums					31,735
Compensated Absences					13,304
Other Postemployment Benefits					34,554
Total Business-Type Activities					<u>\$ 1,778,957</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components Long-Term Debt (Continued)

The City issues general obligation bonds to provide for financing street improvements, major capital equipment purchases, and utility improvements. Debt service is funded through property taxes, special assessments, and utility charges. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Debt service funds will be used to pay general government principal and interest liabilities. The Water and Sewer Enterprise Funds will pay principal and interest on the water and sewer revenue bonds, respectively. The Water Improvement Capital Project Fund will pay principal and interest on the PFA Drinking Water Revolving Loan. The General Fund, Water Enterprise Fund, and Sewer Enterprise Fund will pay for the corresponding compensated absences and OPEB liabilities.

B. Changes in Long-Term Debt

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
G.O. Special Assessment Bonds	\$ 12,445,000	\$ 555,000	\$ (1,240,000)	\$ 11,760,000	\$ 1,055,000
G.O. Capital Improvement Bonds	-	4,595,000	-	4,595,000	235,000
Lease Revenue Bonds	4,965,000	-	(4,965,000)	-	-
Unamortized Bond Premiums	-	326,382	(4,334)	322,048	-
Total Bonds Payable	17,410,000	5,476,382	(6,209,334)	16,677,048	1,290,000
Compensated Absences	161,698	161,809	(185,642)	137,865	130,000
Other Postemployment Benefits	244,611	38,341	(900)	282,052	-
Total Governmental Activities	17,816,309	5,676,532	(6,395,876)	17,096,965	1,420,000
Business-Type Activities:					
G.O. Revenue Bonds	1,365,000	525,000	(680,000)	1,210,000	150,000
PFA Drinking Water Revolving Loan	535,364	-	(46,000)	489,364	46,000
Unamortized Bond Premiums	-	33,887	(2,152)	31,735	-
Total Bonds and Loans	1,900,364	558,887	(728,152)	1,731,099	196,000
Compensated Absences	22,376	18,040	(27,112)	13,304	10,000
Other Postemployment Benefits	29,153	5,531	(130)	34,554	-
Total Business-Type Activities	1,951,893	582,458	(755,394)	1,778,957	206,000
Total Debt	<u>\$ 19,768,202</u>	<u>\$ 6,258,990</u>	<u>\$ (7,151,270)</u>	<u>\$ 18,875,922</u>	<u>\$ 1,626,000</u>

General Obligation Special Assessment Bonds – These bonds were issued to finance various improvements and are payable primarily from special assessments levied on the properties benefitting from the improvements funded by these issues. Any deficiencies in revenue to fund these issues will be provided from general property taxes.

EDA Lease Revenue Bonds – These bonds were issued to finance the construction of the municipal campus expansion in 2009 and were refinanced in 2014 with the G.O. Capital Improvement Plan Bonds of 2014B.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt (Continued)

Enterprise Revenue Bonds – These bonds were issued for improvements or projects that directly benefit the respective enterprise funds. This debt issue will be repaid from revenue sources of the benefiting enterprise funds.

PFS Drinking Water Revolving Loan – The City entered into a \$719,813 Drinking Water Revolving Loan in 2009 through the Minnesota PFA. The total amount drawn on this loan was \$692,604.

C. Future Minimum Debt Payments

Minimum annual principal and interest payments to retire long-term debt are as follows:

		Governmental Activities	
		Bonds Payable	
		Principal	Interest
Year Ending December 31,			
2015		\$ 1,290,000	\$ 447,588
2016		875,000	456,929
2017		900,000	438,576
2018		920,000	417,899
2019		905,000	394,824
2020-2024		4,875,000	1,569,497
2025-2029		5,520,000	693,835
2030-2031		1,070,000	27,078
Totals		\$ 16,355,000	\$ 4,446,226

		Business-Type Activities			
		Bonds Payable		Loans Payable	
		Principal	Interest	Principal	Interest
Years					
2015		\$ 150,000	\$ 54,380	\$ 46,000	\$ 5,819
2016		155,000	24,940	47,000	5,272
2017		160,000	21,290	48,000	4,713
2018		155,000	17,390	48,000	4,142
2019		160,000	13,540	49,000	3,571
2020-2024		260,000	37,089	251,364	9,034
2025-2029		170,000	7,074	-	-
Totals		\$ 1,210,000	\$ 175,703	\$ 489,364	\$ 32,551

D. Bond Refundings

In September 2014, the City issued General Obligation Refunding Bonds, Series 2014A, to refund the outstanding balances of the 2005A G.O. Water Revenue Refunding Bonds as well as the 2007A G.O. Improvement Bonds. The 2005A bonds are a current refunding and were legally defeased in 2014, therefore, they are not included in the City's ending long-term liability balance. The 2007A bonds are a crossover refunding and were not legally defeased as the City is still responsible for making the future bond payments with the refunding bond proceeds, which were placed into escrow. As such, the balance of these bonds remains in the City's ending long-term liability balance. These refundings resulted in a present value savings for the City of \$157,373.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

D. Compensated Absences

Liabilities for personal time off, vacation, compensation time and sick leave will be paid by the General Fund and proprietary funds as appropriate.

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by 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 or 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, firefighters, and peace officers who qualify for membership by state statutes are covered by the PEPFF.

PERA provides retirement benefits and disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statute, and vest after five 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 GERF'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% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years of service and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3% for each year of service.

For all PEPFF members and for 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 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 reduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

A. Plan Description (Continued)

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the 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 GERS and PEPF. That report may be obtained on the web at mnpera.org; by writing to PERA at Public Employees' Retirement Association of Minnesota, Retirement Systems Building of Minnesota, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statute, 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. GERS Basic and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2014. PEPF members were required to contribute 10.2% of their annual covered salary in 2014. The City was required to contribute the following percentages of annual covered payroll in 2014: 11.78% for Basic Plan GERS members, 7.25% for Coordinated Plan GERS members, and 15.3% for PEPF members. The City's contributions for the past three years ended December 31, which were equal to the contractually required contributions for each year as set by state statutes, were as follows:

	<u>GERF</u>	<u>PEPFF</u>	<u>Total</u>
2014	\$ 65,026	\$ 139,813	\$ 204,839
2013	65,216	124,416	189,632
2012	68,001	114,985	182,986

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

At December 31, 2009, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2014.

A. Plan Description

The City administers a single-employer defined benefit healthcare plan (the Retiree Health Care Plan). The plan provides healthcare insurance for eligible retirees and their spouses through the City's group health insurance plan, which covers both active and retired members. The benefit levels, employee contributions, and employer contributions are governed by the City and can be amended by the City through the City's collective bargaining agreements with employee groups. The Retiree Health Plan does not issue a publicly available financial report.

The benefits provided are as follows:

Postemployment Insurance Benefits – All retirees of the City have the option under state law to continue their medical insurance coverage through the City from the time of retirement until the employee reaches the age of eligibility for Medicare. For members of all employee groups, the retiree must pay the full premium to continue coverage for medical insurance.

The City is legally required to include any retirees for whom it provides health insurance coverage in the same insurance pool as its active employees, whether the premiums are paid by the City or the retiree. Consequently, participating retirees are considered to receive a secondary benefit known as an "implicit rate subsidy." This benefit relates to the assumption that the retiree is receiving a more favorable premium rate than they would otherwise be able to obtain if purchasing insurance on their own, due to being included in the same pool with the City's younger and statistically healthier active employees.

B. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2014, the City contributed \$1,030 to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2014, there were no retirees receiving health benefits from the City's health plans.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually paid from the plan, and changes in the City's net OPEB obligation.

Annual Required Contribution	\$ 41,888
Interest on Net OPEB Obligation	12,319
Adjustment to Annual Required Contribution	<u>(10,335)</u>
Annual OPEB Cost (Expense)	43,872
Contributions Made	<u>(1,030)</u>
Increase in Net OPEB Obligation	42,842
Net OPEB Obligation - Beginning of Year	<u>273,764</u>
Net OPEB Obligation - End of Year	<u><u>\$ 316,606</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2014:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2014	\$ 43,872	2.3%	\$ 316,606
12/31/2013	48,429	5.0%	273,764
12/31/2012	46,349	1.4%	227,749

D. Funded Status and Funding Progress

As of January 1, 2014, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$284,154. The annual payroll for active employees covered by the plan in the actuarial valuation was \$1,715,253 for a ratio of UAAL to covered payroll of 16.6%.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve 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 healthcare cost trends. 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 multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which the rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9%, reduced by decrements to an ultimate rate of 5% after twelve years. The rate includes a 3% inflation rate. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2014 was 30 years.

NOTE 8 FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. Restricted and Assigned fund balances at December 31, 2014, are as follows:

A. Restricted for Debt Service – This represents amounts which are restricted for future debt payments.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 8 FUND BALANCES (CONTINUED)

- B. Restricted for Parkland Acquisitions and Improvements** – Represents amounts which are received through park dedication fees and are restricted for parkland acquisitions and improvements.
- C. Assigned for Emergency Warning Siren** – Represents amounts assigned by the City Council for the replacement of the emergency warning siren system.
- D. Assigned for Road Maintenance** – Represents amounts assigned by the City Council to be used for various road maintenance projects.
- E. Assigned for Tree Replacement** – Represents amounts assigned by the City Council to be used for various tree replacement projects.
- F. Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.
- G. Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.
- H. Assigned for Capital Projects** – Represents amounts which are assigned by the City for various capital projects.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Litigation

The City attorney has indicated that existing and pending lawsuits, claims and other actions in which the City is a defendant are either covered by insurance; of an immaterial amount; or, in the judgment of the City attorney, remotely recoverable by plaintiffs.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2014**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

C. Public Safety Contract

The City has a contract to provide public safety service to the City of St. Bonifacius, Minnesota. The annual service fee will be determined based on a percentage of the City's annual police department budget. The percentage of the annual budget to be paid by the City of Bonifacius will be based on the respective populations and tax capacities of the two cities. During 2014, the City received \$178,786 from the City of St. Bonifacius for public safety services.

D. Fire Protection Services Contract

The City has contracted with the cities of St. Bonifacius and Mound, Minnesota to provide fire protection services for portions of the City. The annual fee will be determined based on a formula that includes the level of services provided and the market values of the fire service area covered by the contract. The City paid \$398,723 for fire protection services in 2014.

E. Public Safety Building

The City of Mound issued general obligation bonds to finance the construction of a public safety building, a portion of which is used for the Mound Police Department and the other portion used by the area fire service, which consists of five area cities, including the City of Minnetrista. As part of its annual fee for fire protection services, the City has agreed to contribute its proportionate share of the area fire service's debt service obligation on the City of Mound's general obligation bonds. The City's payments of \$67,849 for 2014 are included in debt service principal \$(59,571) and interest \$(8,278) in the governmental fund financial statements. Future payments are contingent upon the City continuing participation in the area fire service.

F. Construction Commitments

The City entered into contracts in 2014 as follows:

Project	Final Contracted Amount	Expended Through 12/31/2014	Remaining Commitment
SCADA System	\$ 346,833	\$ 329,491	\$ 17,342
County Rd 151 and County Rd 19 Water Project	580,412	554,113	26,299
Total	<u>\$ 927,245</u>	<u>\$ 883,604</u>	<u>\$ 43,641</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MINNETRISTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 3,173,648	\$ 3,173,648	\$ 3,205,321	\$ 31,673
Licenses and Permits	295,500	510,500	666,305	155,805
Intergovernmental Revenue	116,800	116,800	139,195	22,395
Charges for Services	260,400	260,400	261,650	1,250
Fines and Forfeits	66,000	66,000	55,469	(10,531)
Other Revenue:				
Investment Earnings	3,000	3,000	37,071	34,071
Miscellaneous Revenue	105,000	105,000	200,121	95,121
Total Revenue	<u>4,020,348</u>	<u>4,235,348</u>	<u>4,565,132</u>	<u>329,784</u>
EXPENDITURES				
General Government:				
Mayor and City Council	40,098	40,098	34,688	(5,410)
Administration	519,164	519,164	530,589	11,425
Elections	22,132	22,132	20,265	(1,867)
Assessing	99,000	99,000	99,854	854
Legal	96,000	96,000	102,514	6,514
Planning	163,518	163,518	133,270	(30,248)
Government Building	72,687	72,687	102,870	30,183
Total General Government	<u>1,012,599</u>	<u>1,012,599</u>	<u>1,024,050</u>	<u>11,451</u>
Public Safety:				
Police	1,629,682	1,629,682	1,582,419	(47,263)
Fire	395,000	395,000	398,723	3,723
Inspection and Zoning	107,200	206,200	258,875	52,675
Total Public Safety	<u>2,131,882</u>	<u>2,230,882</u>	<u>2,240,017</u>	<u>9,135</u>
Public Works:				
Other	877,884	877,884	992,105	114,221
Parks and Recreation:				
Other	131,161	131,161	126,927	(4,234)
Capital Outlay:				
Other	-	-	98,395	98,395
Miscellaneous:				
Other	<u>27,500</u>	<u>111,500</u>	<u>10,838</u>	<u>(100,662)</u>
Total Expenditures	<u>4,181,026</u>	<u>4,364,026</u>	<u>4,492,332</u>	<u>128,306</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(160,678)</u>	<u>(128,678)</u>	<u>72,800</u>	<u>201,478</u>
OTHER FINANCE SOURCES (USES)				
Transfers Out	3,000	(100,000)	(100,000)	-
Proceeds from Sale of Capital Assets	-	3,000	250	(2,750)
Total Other Finance Sources (Uses)	<u>3,000</u>	<u>(97,000)</u>	<u>(99,750)</u>	<u>(2,750)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (157,678)</u>	<u>\$ (225,678)</u>	<u>(26,950)</u>	<u>\$ 198,728</u>
FUND BALANCES				
Beginning of Year			<u>2,720,736</u>	
End of Year			<u>\$ 2,693,786</u>	

CITY OF MINNETRISTA
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2014	\$ -	\$ 284,154	\$ 284,154	-	\$ 1,715,253	16.6%
1/1/2012	-	275,566	275,566	-	1,785,728	15.4%
1/1/2010	-	222,602	222,602	-	1,998,138	11.1%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Special Revenue	Debt Service	Capital Project	Totals
ASSETS				
Cash and Investments	\$ 1,804,503	\$ 277,267	\$ 604,417	\$ 2,686,187
Cash and Investments Held by Trustee	-	656,644	-	656,644
Receivables:				
Accrued Interest	2,473	324	527	3,324
Delinquent Special Assessments	-	55,090	-	55,090
Other Special Assessments Receivable	-	257,498	-	257,498
Due from Other Governmental Units	-	352,452	-	352,452
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u><u>\$ 1,806,976</u></u>	<u><u>\$ 1,599,275</u></u>	<u><u>\$ 604,944</u></u>	<u><u>\$ 4,011,195</u></u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 2,428	\$ -	\$ 216,920	\$ 219,348
Deposits	-	-	129,875	129,875
Total Liabilities	<u>2,428</u>	<u>-</u>	<u>346,795</u>	<u>349,223</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	312,588	-	312,588
Unavailable Revenue - Other	-	351,742	-	351,742
Total Deferred Inflows of Resources	<u>-</u>	<u>664,330</u>	<u>-</u>	<u>664,330</u>
FUND BALANCE				
Restricted:				
Debt Service	-	934,945	-	934,945
Parkland Acquisitions and Improvement	1,260,564	-	-	1,260,564
Assigned:				
Emergency Warning Siren Operation	177,961	-	-	177,961
Road Maintenance	113,684	-	-	113,684
Tree Replacement	252,339	-	-	252,339
Capital Plan Improvements	-	-	233,635	233,635
Capital Projects	-	-	24,514	24,514
Total Fund Balance	<u>1,804,548</u>	<u>934,945</u>	<u>258,149</u>	<u>2,997,642</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u><u>\$ 1,806,976</u></u>	<u><u>\$ 1,599,275</u></u>	<u><u>\$ 604,944</u></u>	<u><u>\$ 4,011,195</u></u>

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ 50,000	\$ 129,965	\$ -	\$ 179,965
Special Assessments	-	47,148	-	47,148
Intergovernmental Revenue	81,556	65,667	-	147,223
Charges for Services	251,600	-	-	251,600
Other Revenue:				
Investment Earnings	23,031	6,488	20,188	49,707
Miscellaneous Revenue	388,513	31,319	-	419,832
Total Revenue	<u>794,700</u>	<u>280,587</u>	<u>20,188</u>	<u>1,095,475</u>
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	18,410	18,410
Public Works				
Other	143,149	-	-	143,149
Capital Outlay:				
Other	49,169	-	847,553	896,722
Debt Service:				
Principal Retirement	-	187,849	-	187,849
Interest and Fiscal Charges	-	77,520	-	77,520
Total Debt Service	<u>-</u>	<u>265,369</u>	<u>-</u>	<u>265,369</u>
Total Expenditures	<u>192,318</u>	<u>265,369</u>	<u>865,963</u>	<u>1,323,650</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	602,382	15,218	(845,775)	(228,175)
OTHER FINANCE SOURCES (USES)				
Debt Proceeds	-	555,000	-	555,000
Premium on Debt Issued	-	53,911	-	53,911
Transfers In	-	25,355	100,000	125,355
Transfers Out	(25,355)	-	(87,497)	(112,852)
Proceeds form Sale of Capital Assets	-	-	120,000	120,000
Total Other Finance Sources (Uses)	<u>(25,355)</u>	<u>634,266</u>	<u>132,503</u>	<u>741,414</u>
NET CHANGE IN FUND BALANCES	577,027	649,484	(713,272)	513,239
FUND BALANCES				
Beginning of Year	<u>1,227,521</u>	<u>285,461</u>	<u>971,421</u>	<u>2,484,403</u>
End of Year	<u>\$ 1,804,548</u>	<u>\$ 934,945</u>	<u>\$ 258,149</u>	<u>\$ 2,997,642</u>

NONMAJOR SPECIAL REVENUE FUNDS

Nonmajor special revenue funds are used to account for revenue derived from specific revenue sources that are legally restricted to expenditures for specific purposes.

Emergency Warning Siren Fund – Used to account for amounts received and related expenditures for the replacement of the City's emergency warning siren system.

Park Fund – Used to account for received park dedication fees to be used for land acquisition and park development.

Road Maintenance Fund – Used to account for amounts received and related expenditures for various road maintenance projects of the City.

Tree Replacement Fund – Used to account for amounts received and related expenditures for various tree replacement projects of the City.

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**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
ASSETS					
Cash and Investments	\$ 177,723	\$ 1,259,109	\$ 115,670	\$ 252,001	\$ 1,804,503
Receivables:					
Accrued Interest	238	1,708	189	338	2,473
Total Assets	<u>\$ 177,961</u>	<u>\$ 1,260,817</u>	<u>\$ 115,859</u>	<u>\$ 252,339</u>	<u>\$ 1,806,976</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ -	\$ 253	\$ 2,175	\$ -	\$ 2,428
FUND BALANCE					
Restricted:					
Parkland Acquisitions and Improvement	-	1,260,564	-	-	1,260,564
Assigned:					
Emergency Warning Siren Operation	177,961	-	-	-	177,961
Road Maintenance	-	-	113,684	-	113,684
Tree Replacement	-	-	-	252,339	252,339
Total Fund Balance	<u>177,961</u>	<u>1,260,564</u>	<u>113,684</u>	<u>252,339</u>	<u>1,804,548</u>
Total Liabilities and Fund Balance	<u>\$ 177,961</u>	<u>\$ 1,260,817</u>	<u>\$ 115,859</u>	<u>\$ 252,339</u>	<u>\$ 1,806,976</u>

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
REVENUE					
Property Taxes	\$ -	\$ -	\$ 50,000	\$ -	\$ 50,000
Intergovernmental Revenue	-	-	81,556	-	81,556
Gifts and Contributions	-	-	-	251,600	251,600
Other Revenue:					
Investment Earnings	2,892	16,888	2,512	739	23,031
Miscellaneous Revenue	7,040	381,473	-	-	388,513
Total Revenue	<u>9,932</u>	<u>398,361</u>	<u>134,068</u>	<u>252,339</u>	<u>794,700</u>
EXPENDITURES					
Public Works					
Other	-	19,148	124,001	-	143,149
Capital Outlay	-	49,169	-	-	49,169
Total Expenditures	<u>-</u>	<u>68,317</u>	<u>124,001</u>	<u>-</u>	<u>192,318</u>
EXCESS OF REVENUE OVER EXPENDITURES	9,932	330,044	10,067	252,339	602,382
OTHER FINANCE USES					
Transfers Out	-	-	(25,355)	-	(25,355)
NET CHANGE IN FUND BALANCES	9,932	330,044	(15,288)	252,339	577,027
FUND BALANCES					
Beginning of Year	<u>168,029</u>	<u>930,520</u>	<u>128,972</u>	<u>-</u>	<u>1,227,521</u>
End of Year	<u>\$ 177,961</u>	<u>\$ 1,260,564</u>	<u>\$ 113,684</u>	<u>\$ 252,339</u>	<u>\$ 1,804,548</u>

**CITY OF MINNETRISTA
EMERGENCY WARNING SIREN FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Over (Under) Final Budget
REVENUE			
Investment Earnings	\$ 1,000	\$ 2,892	\$ 1,892
Miscellaneous Revenue	2,000	7,040	5,040
Total Revenue	<u>3,000</u>	<u>9,932</u>	<u>6,932</u>
EXPENDITURES			
Capital Outlay:			
Other	2,000	-	(2,000)
	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 1,000</u></u>	9,932	<u><u>\$ 8,932</u></u>
FUND BALANCES			
Beginning of Year		<u>168,029</u>	
End of Year		<u><u>\$ 177,961</u></u>	

**CITY OF MINNETRISTA
PARK DEVELOPMENT AND ACQUISITION FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Over (Under) Final Budget
REVENUE			
Investment Earnings	\$ 10,000	\$ 16,888	\$ 6,888
Miscellaneous Revenue	50,000	381,473	331,473
Total Revenue	<u>60,000</u>	<u>398,361</u>	<u>338,361</u>
EXPENDITURES			
Current:			
Parks and Recreation:			
Other	-	19,148	19,148
Capital Outlay:			
Other	<u>164,000</u>	<u>49,169</u>	<u>(114,831)</u>
Total Expenditures	<u>164,000</u>	<u>68,317</u>	<u>(95,683)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (124,000)</u></u>	330,044	<u><u>\$ 454,044</u></u>
FUND BALANCES			
Beginning of Year		<u>930,520</u>	
End of Year		<u><u>\$ 1,260,564</u></u>	

**CITY OF MINNETRISTA
ROAD MAINTENANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Intergovernmental Revenue	80,000	80,000	81,556	1,556
Investment Earnings	1,000	1,000	2,512	1,512
Total Revenue	<u>131,000</u>	<u>131,000</u>	<u>134,068</u>	<u>3,068</u>
EXPENDITURES				
Streets:				
Other	<u>145,000</u>	<u>145,000</u>	<u>124,001</u>	<u>(20,999)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(14,000)	(14,000)	10,067	24,067
OTHER FINANCE USES				
Net Transfers	<u>-</u>	<u>-</u>	<u>(25,355)</u>	<u>(25,355)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (14,000)</u></u>	<u><u>\$ (14,000)</u></u>	<u>(15,288)</u>	<u><u>\$ (1,288)</u></u>
FUND BALANCES				
Beginning of Year			<u>128,972</u>	
End of Year			<u><u>\$ 113,684</u></u>	

**CITY OF MINNETRISTA
TREE REPLACEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Contributions	\$ -	\$ -	\$ 251,600	\$ 251,600
Investment Earnings	-	-	739	739
Total Revenue	-	-	252,339	252,339
NET CHANGE IN FUND BALANCES	\$ -	\$ -	252,339	\$ 252,339
FUND BALANCES				
Beginning of Year			-	
End of Year			\$ 252,339	

NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal charges on various City bond issues.

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Mound Fire Improvement Bonds of 2003 (514)	Enchanted Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007 (526)	G.O. Improvement Bonds of 2012 (529)	Totals
ASSETS					
Cash and Investments	\$ 9,387	\$ 111,356	\$ 52,559	\$ 103,965	\$ 277,267
Cash and Investments Held by Trustee	-	-	656,644	-	656,644
Receivables:					
Accrued Interest	-	149	70	105	324
Delinquent Special Assessments	-	23	-	55,067	55,090
Other Special Assessments Receivable	-	16,597	240,901	-	257,498
Due from Other Governmental Units	387	202	118	351,745	352,452
Total Assets	<u>\$ 9,774</u>	<u>\$ 128,327</u>	<u>\$ 950,292</u>	<u>\$ 510,882</u>	<u>\$ 1,599,275</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Special Assessment	\$ -	\$ 16,620	\$ 240,901	\$ 55,067	\$ 312,588
Unavailable Revenue - Other	-	-	-	351,742	351,742
Total Deferred Inflows of Resources	<u>-</u>	<u>16,620</u>	<u>240,901</u>	<u>406,809</u>	<u>664,330</u>
FUND BALANCE					
Restricted:					
Debt Service	<u>9,774</u>	<u>111,707</u>	<u>709,391</u>	<u>104,073</u>	<u>934,945</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 9,774</u>	<u>\$ 128,327</u>	<u>\$ 950,292</u>	<u>\$ 510,882</u>	<u>\$ 1,599,275</u>

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2014**

	Mound Fire Improvement Bonds of 2003 (514)	Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007 (526)	G.O. Improvement Bonds of 2012 (529)	Totals
REVENUE					
Property Taxes	\$ 71,916	\$ 36,075	\$ 21,974	\$ -	\$ 129,965
Special Assessments	-	5,574	34,755	6,819	47,148
Intergovernmental Revenue	-	-	-	65,667	65,667
Other Revenue:					
Investment Earnings	-	1,874	2,071	2,543	6,488
Miscellaneous Revenue	-	-	-	31,319	31,319
Total Revenue	<u>71,916</u>	<u>43,523</u>	<u>58,800</u>	<u>106,348</u>	<u>280,587</u>
EXPENDITURES					
Debt Service:					
Principal Retirement	67,849	35,000	40,000	45,000	187,849
Interest and Fiscal Charges	-	7,970	56,709	12,841	77,520
Total Debt Service	<u>67,849</u>	<u>42,970</u>	<u>96,709</u>	<u>57,841</u>	<u>265,369</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	4,067	553	(37,909)	48,507	15,218
OTHER FINANCE SOURCES					
Proceeds from Issuance of Debt	-	-	555,000	-	555,000
Premium on Issued Debt	-	-	53,911	-	53,911
Transfers In	-	-	-	25,355	25,355
Total Other Finance Sources	<u>-</u>	<u>-</u>	<u>608,911</u>	<u>25,355</u>	<u>634,266</u>
NET CHANGE IN FUND BALANCES	4,067	553	571,002	73,862	649,484
FUND BALANCES					
Beginning of Year	<u>5,707</u>	<u>111,154</u>	<u>138,389</u>	<u>30,211</u>	<u>285,461</u>
End of Year	<u>\$ 9,774</u>	<u>\$ 111,707</u>	<u>\$ 709,391</u>	<u>\$ 104,073</u>	<u>\$ 934,945</u>

CITY OF MINNETRISTA
MOUND FIRE IMPROVEMENT BONDS OF 2003 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,916	\$ (84)
EXPENDITURES				
Debt Service:				
Principal Retirement	<u>72,000</u>	<u>72,000</u>	<u>67,849</u>	<u>(4,151)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	4,067	<u>\$ 4,067</u>
FUND BALANCES				
Beginning of Year			<u>5,707</u>	
End of Year			<u>\$ 9,774</u>	

**CITY OF MINNETRISTA
 BRIDGE IMPROVEMENT BONDS OF 2003 FUND
 SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (GAAP BASIS)
 YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 36,600	\$ 36,600	\$ 36,075	\$ (525)
Special Assessments	6,000	6,000	5,574	(426)
Investment Earnings	1,000	1,000	1,874	874
Total Revenue	<u>43,600</u>	<u>43,600</u>	<u>43,523</u>	<u>(77)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	-
Interest and Fiscal Charges	-	7,970	7,970	-
Total Debt Service	<u>35,000</u>	<u>42,970</u>	<u>42,970</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 8,600</u>	<u>\$ 630</u>	553	<u>\$ (77)</u>
FUND BALANCES				
Beginning of Year			<u>111,154</u>	
End of Year			<u>\$ 111,707</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2007 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 22,000	\$ 22,000	\$ 21,974	\$ (26)
Special Assessments	10,000	10,000	34,755	24,755
Investment Earnings	2,000	2,000	2,071	71
Total Revenue	<u>34,000</u>	<u>34,000</u>	<u>58,800</u>	<u>24,800</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	30,573	30,573	56,709	26,136
Total Debt Service	<u>70,573</u>	<u>70,573</u>	<u>96,709</u>	<u>26,136</u>
Deficiency of Revenue				
Under Expenditures	(36,573)	(36,573)	(37,909)	(1,336)
OTHER FINANCE SOURCES				
Debt Proceeds	-	-	555,000	555,000
Premium on Issued Debt	-	-	53,911	53,911
Total Other Finance Sources	<u>-</u>	<u>-</u>	<u>608,911</u>	<u>608,911</u>
NET CHANGE IN FUND BALANCES	<u>\$ (36,573)</u>	<u>\$ (36,573)</u>	571,002	<u>\$ 607,575</u>
FUND BALANCES				
Beginning of Year			<u>138,389</u>	
End of Year			<u>\$ 709,391</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2014B FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 401,466	\$ 401,466	\$ 400,998	\$ (468)
Investment Earnings	1,000	1,000	(345)	(1,345)
Miscellaneous Revenue	19,665	19,665	19,664	(1)
Total Revenue	422,131	422,131	420,317	(1,814)
EXPENDITURES				
Debt Service:				
Principal Retirement	195,000	195,000	4,965,000	4,770,000
Interest and Fiscal Charges	206,943	206,943	710,018	503,075
Total Debt Service	401,943	401,943	5,675,018	5,273,075
Excess (Deficiency) of Revenue Over (Under) Expenditures	20,188	20,188	(5,254,701)	(5,274,889)
OTHER FINANCE SOURCES (USES)				
Debt Proceeds	-	-	4,595,000	4,595,000
Debt Premium Proceeds	-	-	272,471	272,471
Total Other Finance Sources (Uses)	-	-	4,867,471	4,867,471
NET CHANGE IN FUND BALANCES	<u>\$ 20,188</u>	<u>\$ 20,188</u>	(387,230)	<u>\$ (407,418)</u>
FUND BALANCES				
Beginning of Year			681,234	
End of Year			<u>\$ 294,004</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2010 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	<u>Budgeted Amounts</u>			<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUE				
Property Taxes	\$ 122,609	\$ 122,609	\$ 122,466	\$ (143)
Special Assessments	90,000	90,000	265,744	175,744
Investment Earnings	2,500	2,500	11,323	8,823
Miscellaneous Revenue	20,000	20,000	14,434	(5,566)
Total Revenue	<u>235,109</u>	<u>235,109</u>	<u>413,967</u>	<u>178,858</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	140,000	140,000	140,000	-
Interest and Fiscal Charges	86,156	86,156	85,605	(551)
Total Debt Service	<u>226,156</u>	<u>226,156</u>	<u>225,605</u>	<u>(551)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 8,953</u>	<u>\$ 8,953</u>	188,362	<u>\$ 179,409</u>
FUND BALANCES				
Beginning of Year			<u>789,065</u>	
End of Year			<u>\$ 977,427</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2012 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 20,000	\$ 20,000	\$ 6,819	\$ (13,181)
Intergovernmental Revenue	-	-	65,667	65,667
Investment Earnings	-	-	2,543	2,543
Miscellaneous Revenue	-	-	31,319	31,319
Total Revenue	<u>20,000</u>	<u>20,000</u>	<u>106,348</u>	<u>86,348</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	20,000	20,000	45,000	25,000
Interest and Fiscal Charges	5,355	5,355	12,841	7,486
Total Debt Service	<u>25,355</u>	<u>25,355</u>	<u>57,841</u>	<u>32,486</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,355)	(5,355)	48,507	53,862
OTHER FINANCE SOURCES				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,355</u>	<u>355</u>
NET CHANGE IN FUND BALANCES	<u>\$ 19,645</u>	<u>\$ 19,645</u>	<u>73,862</u>	<u>\$ 54,217</u>
FUND BALANCES				
Beginning of Year			<u>30,211</u>	
End of Year			<u>\$ 104,073</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2013A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 386,000	\$ 386,000	\$ 1,077,050	\$ 691,050
Investment Earnings	-	-	1,962	1,962
Total Revenue	<u>386,000</u>	<u>386,000</u>	<u>1,079,012</u>	<u>693,012</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	-	-	980,000	980,000
Interest and Fiscal Charges	<u>96,000</u>	<u>96,000</u>	<u>109,659</u>	<u>13,659</u>
Total Debt Service	<u>96,000</u>	<u>96,000</u>	<u>1,089,659</u>	<u>993,659</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	290,000	290,000	(10,647)	(300,647)
OTHER FINANCE SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>87,497</u>	<u>87,497</u>
NET CHANGE IN FUND BALANCES	<u>\$ 290,000</u>	<u>\$ 290,000</u>	76,850	<u>\$ (213,150)</u>
FUND BALANCES				
Beginning of Year			<u>649,329</u>	
End of Year			<u>\$ 726,179</u>	

NONMAJOR CAPITAL PROJECT FUNDS

Nonmajor capital project funds are used to account for the financial resources to be used for the acquisition or construction of major capital facilities.

Capital Improvement Fund – Used to account for the resources accumulated and capital expenditures for projects which are a part of the City's Capital Improvement Plan.

Street Improvement Fund – Used to account for the resources accumulated and capital expenditures related to various street improvement projects.

Highway 7/KPR Capital Projects Fund – Used to account for the resources accumulated and capital expenditures related to the Highway 7/Kings Point Road Roundabout Project.

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2014**

	Capital Improvement (401)	Street Improvement (490)	Highway 7/ KPR (497)	Totals
ASSETS				
Cash and Investments	\$ 237,701	\$ 155,076	\$ 211,640	\$ 604,417
Receivables:				
Accrued Interest	319	208	-	527
Total Assets	<u>\$ 238,020</u>	<u>\$ 155,284</u>	<u>\$ 211,640</u>	<u>\$ 604,944</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 4,385	\$ 895	\$ 211,640	\$ 216,920
Deposits	-	129,875	-	129,875
Total Liabilities	<u>4,385</u>	<u>130,770</u>	<u>211,640</u>	<u>346,795</u>
FUND BALANCE				
Assigned:				
Capital Plan Improvements	233,635	-	-	233,635
Capital Projects	-	24,514	-	24,514
Total Fund Balance	<u>233,635</u>	<u>24,514</u>	<u>-</u>	<u>258,149</u>
Total Liabilities and Fund Balance	238,020	155,284	211,640	604,944

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2014**

	Capital Improvement (401)	Street Improvement (490)	Highway 7/ KPR (497)	Totals
REVENUE				
Other Revenue:				
Investment Earnings	\$ 5,265	\$ 1,855	\$ 13,068	\$ 20,188
EXPENDITURES				
General Government				
Administration	3,084	14,966	360	18,410
Capital Outlay:				
Other	295,597	-	551,956	847,553
Total Expenditures	298,681	14,966	552,316	865,963
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(293,416)	(13,111)	(539,248)	(845,775)
OTHER FINANCE SOURCES (USES)				
Transfers In	100,000	-	-	100,000
Transfers Out	-	-	(87,497)	(87,497)
Proceeds from Sale of Capital Assets	120,000	-	-	120,000
Total Other Finance Sources (Uses)	220,000	-	(87,497)	132,503
NET CHANGE IN FUND BALANCE	(73,416)	(13,111)	(626,745)	(713,272)
FUND BALANCES				
Beginning of Year	307,051	37,625	626,745	971,421
End of Year	\$ 233,635	\$ 24,514	\$ -	\$ 258,149

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 5,265	\$ 2,265
EXPENDITURES				
General Government:				
Administration	-	-	3,084	3,084
Capital Outlay:				
Other	(300,000)	300,000	295,597	(4,403)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	303,000	(297,000)	(293,416)	3,584
OTHER FINANCE SOURCES				
Transfers In	-	100,000	100,000	-
Proceeds form Sale of Capital Assets	100,000	100,000	120,000	20,000
Total Other Finance Sources	100,000	200,000	220,000	20,000
NET CHANGE IN FUND BALANCES	<u>\$ 403,000</u>	<u>\$ (97,000)</u>	(73,416)	<u>\$ 23,584</u>
FUND BALANCES				
Beginning of Year			307,051	
End of Year			<u>\$ 233,635</u>	

STATISTICAL SECTION (UNAUDITED)

This part of Minnetrista, Minnesota's Comprehensive Annual Financial Report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about City's overall financial health.

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City'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 the City which the City's financial activities take place.

Operating Information

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

Sources: Unless otherwise noted, the information in these schedules is derived from the CAFR for the relevant year.

**CITY OF MINNETRISTA
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities:										
Net Investment in Capital Assets	\$ 10,697,835	\$ 14,619,088	\$ 17,005,628	\$ 17,155,765	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011	\$ 16,231,151
Restricted	1,911,860	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419
Unrestricted	2,524,411	2,901,925	524,825	134,772	2,439,958	2,597,269	2,797,210	2,726,677	1,857,939	2,991,147
Total Governmental Activities Net Position	<u>\$ 15,134,106</u>	<u>\$ 18,582,336</u>	<u>\$ 20,486,636</u>	<u>\$ 20,261,802</u>	<u>\$ 21,022,529</u>	<u>\$ 22,784,369</u>	<u>\$ 22,388,875</u>	<u>\$ 22,226,520</u>	<u>\$ 27,711,897</u>	<u>\$ 29,869,717</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 8,865,789	\$ 10,360,220	\$ 10,533,641	\$ 11,026,422	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847	\$ 11,169,939
Unrestricted	3,577,168	4,273,515	4,604,997	4,466,518	3,430,159	3,360,577	3,583,305	4,042,164	4,495,729	4,962,343
Total Business-Type Activities Net Position	<u>\$ 12,442,957</u>	<u>\$ 14,633,735</u>	<u>\$ 15,138,638</u>	<u>\$ 15,492,940</u>	<u>\$ 15,163,684</u>	<u>\$ 14,729,416</u>	<u>\$ 14,833,565</u>	<u>\$ 14,818,933</u>	<u>\$ 15,059,576</u>	<u>\$ 16,132,282</u>
Primary Government:										
Net Investment in Capital Assets	\$ 19,563,624	\$ 24,979,308	\$ 27,539,269	\$ 28,182,187	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858	\$ 27,401,090
Restricted	1,911,860	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419
Unrestricted	6,101,579	7,175,440	5,129,822	4,601,290	5,870,117	5,957,846	6,380,515	6,768,841	6,353,668	7,953,490
Total Primary Government Net Position	<u>\$ 27,577,063</u>	<u>\$ 33,216,071</u>	<u>\$ 35,625,274</u>	<u>\$ 35,754,742</u>	<u>\$ 36,186,213</u>	<u>\$ 37,513,785</u>	<u>\$ 37,222,440</u>	<u>\$ 37,045,453</u>	<u>\$ 42,771,473</u>	<u>\$ 46,001,999</u>

**CITY OF MINNETRISTA
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses:										
Governmental Activities:										
General Government	\$ 1,029,858	\$ 1,222,367	\$ 1,281,429	\$ 1,184,154	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188	\$ 1,019,379
Public Safety	1,919,182	1,990,624	2,214,155	2,421,020	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287	2,515,524
Public Works	1,871,319	1,604,585	1,769,776	2,093,346	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994	2,226,393
Parks and Recreation	130,789	132,879	159,350	245,390	167,405	187,391	218,600	192,206	198,709	253,802
Interest and Fiscal Charges	175,264	170,660	156,650	173,255	375,092	346,216	386,100	411,838	604,518	1,029,562
Total Governmental Activities Expenses	5,126,412	5,121,115	5,581,360	6,117,165	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696	7,044,660
Business-Type Activities:										
Water	606,474	576,741	587,923	619,499	588,448	543,151	593,418	686,378	778,481	687,528
Sewer	563,784	678,729	675,917	735,947	744,469	686,443	804,553	754,958	823,690	888,377
Storm Water	161,748	133,497	154,752	186,620	195,835	162,901	198,138	204,343	208,830	216,860
Recycling	77,987	80,552	72,016	84,005	85,590	86,293	92,938	97,054	98,893	112,990
Cable TV	-	-	-	-	-	-	-	-	-	45,659
Total Business-Type Activities Expenses	1,409,993	1,469,519	1,490,608	1,626,071	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894	1,951,414
Total Primary Government Expenses	<u>\$ 6,536,405</u>	<u>\$ 6,590,634</u>	<u>\$ 7,071,968</u>	<u>\$ 7,743,236</u>	<u>\$ 8,313,222</u>	<u>\$ 7,988,827</u>	<u>\$ 7,862,521</u>	<u>\$ 8,507,803</u>	<u>\$ 8,105,590</u>	<u>\$ 8,996,074</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 67,329	\$ 37,386	\$ 122,348	\$ 49,705	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342	\$ 841,958
Public Safety	1,003,667	952,434	838,865	751,002	671,373	559,168	575,752	560,023	195,221	178,786
Public Works	35,655	16,789	25,941	23,445	34,254	-	-	-	233	251,784
Operating Grants and Contributions	273,945	474,371	129,734	102,241	106,321	186,286	233,568	200,604	440,828	835,875
Capital Grants and Contributions	46,590	3,918,094	1,944,639	413,575	1,004,261	1,415,745	403,713	1,378,968	5,383,439	2,968,198
Total Governmental Activities Program Revenues	1,427,186	5,399,074	3,061,527	1,339,968	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063	5,076,601
Business-Type Activities:										
Charges for Services:										
Water	466,867	547,824	919,868	794,468	568,261	567,648	590,895	696,488	1,174,714	1,683,013
Sewer	572,988	547,265	553,178	536,113	525,082	578,391	608,277	668,048	709,365	850,803
Storm Water	78,528	77,760	81,812	86,885	89,017	98,454	94,213	176,956	181,069	187,059
Recycling	80,524	81,546	84,917	90,140	92,087	101,582	97,355	95,609	98,460	105,512
Cable TV	-	-	-	-	-	-	-	-	-	86,034
Operating Grants and Contributions	15,086	14,627	15,473	18,562	18,727	19,709	19,657	29,778	21,452	34,215
Capital Grants and Contributions	93,073	1,539,136	88,719	333,044	774,551	1,911	1,791	1,668	-	3,207
Total Business-Type Activities Program Revenues	1,307,066	2,808,158	1,743,967	1,859,212	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060	2,949,843
Total Primary Government Program Revenues	<u>\$ 2,734,252</u>	<u>\$ 8,207,232</u>	<u>\$ 4,805,494</u>	<u>\$ 3,199,180</u>	<u>\$ 3,916,916</u>	<u>\$ 3,570,934</u>	<u>\$ 2,737,794</u>	<u>\$ 4,128,929</u>	<u>\$ 8,839,123</u>	<u>\$ 8,026,444</u>

**CITY OF MINNETRISTA
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net Revenue (Expense):										
Governmental Activities	\$ (3,699,226)	\$ 277,959	\$ (2,519,833)	\$ (4,777,197)	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367	\$ (1,968,059)
Business-Type Activities	(102,927)	1,338,639	253,359	233,141	453,383	(111,093)	(276,859)	(74,186)	275,166	998,429
Total Primary Government Net Expense	<u>\$ (3,802,153)</u>	<u>\$ 1,616,598</u>	<u>\$ (2,266,474)</u>	<u>\$ (4,544,056)</u>	<u>\$ (4,396,306)</u>	<u>\$ (4,417,893)</u>	<u>\$ (5,124,727)</u>	<u>\$ (4,378,874)</u>	<u>\$ 733,533</u>	<u>\$ (969,630)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 2,993,382	\$ 3,641,062	\$ 4,155,617	\$ 4,364,500	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282	\$ 3,891,397
Investment Earnings	73,777	164,152	229,173	165,774	105,724	67,523	57,354	61,284	(34,452)	119,528
Capital Contribution	-	-	-	-	-	-	-	-	1,171,000	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	180	114,954
Miscellaneous	285,305	10,816	39,343	22,089	10,247	23,827	66,684	202,226	-	-
Transfers	-	(645,759)	-	-	890,000	460,000	(332,027)	-	-	-
Total Governmental Activities	3,352,464	3,170,271	4,424,133	4,552,363	5,610,416	5,087,287	3,875,658	4,142,333	5,027,010	4,125,879
Business-Type Activities:										
Investment Earnings	64,876	206,380	251,544	121,161	107,361	56,521	48,981	59,554	(34,523)	74,277
Transfers	225	645,759	-	-	(890,000)	(460,000)	323,027	-	-	-
Total Business-Type Activities	65,101	852,139	251,544	121,161	(782,639)	(403,479)	372,008	59,554	(34,523)	74,277
Total Primary Government	<u>\$ 3,417,565</u>	<u>\$ 4,022,410</u>	<u>\$ 4,675,677</u>	<u>\$ 4,673,524</u>	<u>\$ 4,827,777</u>	<u>\$ 4,683,808</u>	<u>\$ 4,247,666</u>	<u>\$ 4,201,887</u>	<u>\$ 4,992,487</u>	<u>\$ 4,200,156</u>
Change in Net Position:										
Governmental Activities	\$ (346,762)	\$ 3,448,230	\$ 1,904,300	\$ (224,834)	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377	\$ 2,157,820
Business-Type Activities	(37,826)	2,190,778	504,903	354,302	(329,256)	(514,572)	95,149	(14,632)	240,643	1,072,706
Total Primary Government	<u>\$ (384,588)</u>	<u>\$ 5,639,008</u>	<u>\$ 2,409,203</u>	<u>\$ 129,468</u>	<u>\$ 431,471</u>	<u>\$ 265,915</u>	<u>\$ (877,061)</u>	<u>\$ (176,987)</u>	<u>\$ 5,726,020</u>	<u>\$ 3,230,526</u>

**CITY OF MINNETRISTA
FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Reserved	\$ -	\$ -	\$ 5,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,518,043	1,655,209	1,994,014	2,200,846	2,371,750	2,185,484	-	-	-	-
Assigned	-	-	-	-	-	-	154,422	120,243	280,680	150,000
Unassigned	-	-	-	-	-	-	2,246,964	2,550,994	2,440,056	2,543,786
Total General Fund	<u>\$ 1,518,043</u>	<u>\$ 1,655,209</u>	<u>\$ 1,999,388</u>	<u>\$ 2,200,846</u>	<u>\$ 2,371,750</u>	<u>\$ 2,185,484</u>	<u>\$ 2,401,386</u>	<u>\$ 2,671,237</u>	<u>\$ 2,720,736</u>	<u>\$ 2,693,786</u>
All Other Governmental Funds:										
Reserved	\$ 1,918,794	\$ 1,007,738	\$ -	\$ -	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	64,708	116,688	2,480,240	2,543,175	922,785	914,997	-	-	-	-
Debt Service Funds	-	-	347,949	386,397	572,332	795,832	-	-	-	-
Capital Project Funds	3,004,012	4,167,008	2,106,119	1,296,478	2,600,504	2,457,566	-	-	-	-
Restricted	-	-	-	-	-	-	2,004,013	2,158,391	3,488,442	5,008,847
Committed	-	-	-	-	-	-	156,038	184,223	-	-
Assigned	-	-	-	-	-	-	2,357,044	2,258,497	2,258,497	802,133
Unassigned	-	-	-	-	-	-	(282,835)	(420,625)	-	-
Total All Other Governmental Funds	<u>\$ 4,987,514</u>	<u>\$ 5,291,434</u>	<u>\$ 4,934,308</u>	<u>\$ 4,226,050</u>	<u>\$ 4,501,388</u>	<u>\$ 4,574,163</u>	<u>\$ 4,234,260</u>	<u>\$ 4,180,486</u>	<u>\$ 5,746,939</u>	<u>\$ 5,810,980</u>

Source: City's financial records.

Note: The City began to use new categories when it implemented GASB 54 in fiscal year 2011.
Prior years were not retroactively reclassified.

**CITY OF MINNETRISTA
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)**

<u>Fiscal Year</u>	<u>Property Taxes</u>
2005	\$ 2,993,382
2006	3,641,062
2007	4,155,617
2008	4,364,500
2009	4,604,445
2010	4,535,937
2011	4,083,647
2012	3,878,823
2013	3,863,571
2014	3,878,323

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues:										
Taxes	\$ 2,993,382	\$ 3,656,743	\$ 4,132,861	\$ 4,316,069	\$ 4,561,767	\$ 4,517,943	\$ 4,197,308	\$ 3,906,517	\$ 3,913,257	\$ 3,908,750
Licenses and Permits	592,564	516,728	500,209	392,803	330,125	240,645	291,747	274,871	394,487	666,305
Intergovernmental	140,528	118,074	141,821	111,723	261,861	127,516	422,015	810,238	1,359,991	286,418
Charges for Services	549,173	539,410	833,691	589,644	376,146	326,057	405,543	370,856	259,168	513,250
Investment Earnings	134,895	278,409	394,863	251,864	178,768	61,129	81,714	93,763	(34,452)	119,528
Special Assessments	52,885	20,944	158,438	143,739	82,628	226,342	140,448	217,265	1,001,429	1,956,154
Miscellaneous	556,736	478,701	1,780,974	376,076	81,938	191,042	289,703	667,328	522,016	709,520
Total Revenues	5,020,163	5,609,009	7,942,857	6,181,918	5,873,233	5,690,674	5,828,478	6,340,838	7,415,896	8,159,925
Expenditures:										
General Government	972,220	1,148,270	1,189,173	1,353,054	1,094,775	1,162,534	1,143,459	1,088,050	1,057,405	1,167,794
Public Safety	1,825,672	2,283,361	2,569,088	2,272,375	5,527,291	3,193,979	2,205,315	2,082,473	1,980,708	2,240,017
Public Works	717,855	1,103,035	2,445,937	2,043,553	2,676,506	4,507,049	1,662,321	738,076	963,487	1,135,254
Parks and Recreation	82,845	103,274	1,798,332	367,085	882,755	116,293	149,007	288,780	111,257	126,927
Other	1,128,385	35,492	39,306	36,254	57,221	31,438	46,137	114,923	12,184	10,838
Capital Outlay	-	-	-	-	-	-	-	1,839,919	6,552,680	1,800,066
Debt Service:										
Principal	536,988	658,294	687,623	539,041	580,460	312,753	387,335	343,179	499,048	1,307,849
Interest	95,735	99,042	121,280	141,275	241,786	355,172	384,548	413,908	537,735	1,078,085
Total Expenditures	5,359,700	5,430,768	8,850,739	6,752,637	11,060,794	9,679,218	5,978,122	6,909,308	11,714,504	8,866,830
Excess (Deficiency) of Revenues Over (Under) Expenditures	(339,537)	178,241	(907,882)	(570,719)	(5,187,561)	(3,988,544)	(149,644)	(568,470)	(4,298,608)	(706,905)
Other Financing Sources (Uses):										
Bonds Issued	648,450	260,000	890,000	-	5,600,304	3,866,350	15,950	770,000	7,695,000	5,150,000
Premium on Bonds Issued	-	-	-	-	26,134	304	-	-	-	326,382
Payment of Refunded Bonds	-	-	-	-	-	-	-	-	-	(4,965,000)
Sales of Capital Assets	-	2,845	4,935	63,919	7,365	8,399	9,693	14,547	-	120,250
Transfers In	-	1,494,270	923	-	1,842,320	944,021	-	192,332	653,908	403,104
Transfers Out	-	(1,494,270)	(923)	-	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)	(403,104)
Total Other Financing Sources (Uses)	648,450	262,845	894,935	63,919	5,633,803	3,875,053	25,643	784,547	6,026,924	631,632
Net Change in Fund Balances	\$ 308,913	\$ 441,086	\$ (12,947)	\$ (506,800)	\$ 446,242	\$ (113,491)	\$ (124,001)	\$ 216,077	\$ 1,728,316	\$ (75,273)
Debt Service as a Percentage of Noncapital Expenditures	11.8%	13.9%	9.1%	10.1%	7.4%	6.9%	12.9%	14.9%	20.1%	34.3%

CITY OF MINNETRISTA
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended December 31,	Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value* as a Percentage of Actual Value
	Real Estate	Personal Property	Total			
2005	\$ 9,525,020	\$ 267,589	\$ 9,792,609	30.19	\$ 1,002,426,600	0.98
2006	11,539,167	306,221	11,845,388	30.69	1,117,065,800	1.06
2007	13,732,388	116,580	13,848,968	29.93	1,295,154,600	1.07
2008	15,462,321	113,482	15,575,803	27.73	1,442,627,300	1.08
2009	16,452,171	125,101	16,577,272	27.47	1,528,370,300	1.08
2010	16,388,056	163,470	16,551,526	27.07	1,528,605,700	1.08
2011	14,746,292	151,993	14,898,285	27.30	1,382,773,800	1.08
2012	13,732,806	154,033	13,886,839	27.44	1,294,326,273	1.07
2013	12,732,540	168,869	12,901,409	29.55	1,206,365,054	1.07
2014	12,650,081	169,765	12,819,846	29.76	1,200,801,283	1.07

* Includes tax exempt property.

Note 1: Property in the county is reassessed annually.

Note 2: Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates are per \$1,000 of assessed value.

**CITY OF MINNETRISTA
DIRECT AND OVERLAPPING TAX RATES
LAST TEN FISCAL YEARS**

Fiscal Year	City of Minnetrista			Overlapping Rates						Total Direct and Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	County			**School District Averages			
				Operating Tax Rate	Debt Service Tax Rate	Total County Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total School Tax Rate	
2005	23.780	6.410	30.190	41.354	2.816	44.170	6.340	14.770	21.110	95.470
2006	24.159	6.531	30.690	37.594	3.422	41.016	N/A	N/A	25.430	97.136
2007	24.090	5.840	29.930	N/A	N/A	39.110	N/A	N/A	28.060	97.100
2008	23.710	4.023	27.733	N/A	N/A	38.571	N/A	N/A	23.970	90.274
2009	23.040	4.425	27.465	N/A	N/A	40.413	N/A	N/A	23.279	91.157
2010	22.659	4.408	27.067	N/A	N/A	42.640	N/A	N/A	26.030	95.737
2011	23.286	4.010	27.296	N/A	N/A	45.840	N/A	N/A	26.258	99.394
2012	22.807	4.633	27.440	N/A	N/A	48.231	N/A	N/A	22.780	98.451
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136
2014	24.737	5.024	29.761	N/A	N/A	49.959	N/A	N/A	31.883	111.603

** Average of four school districts that serve the City.

N/A – Not Available

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners (e.g. the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

Source: County Board of Equalization and Assessment

**CITY OF MINNETRISTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	2014			2005		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
JP Morgan Chase Bank NA	\$ 78,313	1	0.6 %	\$ 65,047	1	0.8 %
Individual	52,563	2	0.4	28,353	3	0.3
Woodland Cove LLC	47,750	3	0.4	—	—	—
Minnesota MC Holdings Corp	46,688	4	0.4	—	—	—
Individual	44,425	5	0.3	—	—	—
Bahram Akradi LLC	41,725	6	0.3	—	—	—
Individual	40,125	7	0.3	—	—	—
Burl Oaks Golf Club	38,830	8	0.3	—	—	—
Individual	36,625	9	0.3	44,850	2	0.5
Individual	36,063	10	0.3	—	—	—
Total	<u>\$ 463,107</u>		<u>3.6 %</u>	<u>\$ 138,250</u>		<u>1.7 %</u>

Source: Hennepin County Assessor's Office and City of Minnetrista Bond Books

**CITY OF MINNETRISTA
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2005	\$ 2,980,529	\$ 2,928,250	98.2	\$ 47,728	\$ 2,975,978	99.8 %
2006	3,673,564	3,656,743	99.5	14,981	3,671,724	99.9
2007	4,188,079	4,132,861	98.7	55,218	4,188,079	100.0
2008	4,376,111	4,309,282	98.5	66,573	4,375,855	100.0
2009	4,614,798	4,421,182	95.8	187,547	4,608,729	99.9
2010	4,557,871	4,423,556	97.1	133,204	4,556,760	100.0
2011	4,133,111	4,053,877	98.1	72,326	4,126,203	99.8
2012	3,878,973	3,819,672	98.5	47,010	3,866,682	99.7
2013	3,863,571	3,825,771	99.0	21,091	3,846,862	99.6
2014	3,878,323	3,857,974	99.5	—	3,857,974	99.5

**CITY OF MINNETRISTA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Per Capita (1)	Percentage of Personal Income
	G.O. Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds and Loans			
2005	\$ 2,120,000	\$ 440,000	\$ 2,290,000	\$ 4,850,000	875	— %
2006	1,825,000	410,000	2,230,000	4,465,000	781	—
2007	1,200,000	1,270,000	2,170,000	4,640,000	786	—
2008	745,000	1,220,000	1,070,000	3,035,000	487	—
2009	5,775,000	1,165,000	1,070,304	8,010,304	1,272	—
2010	5,575,000	4,380,000	1,560,841	11,515,841	1,804	3.3
2011	5,340,000	4,315,000	1,445,791	11,100,791	1,721	—
2012	5,155,000	5,015,000	2,090,364	12,260,364	1,872	—
2013	4,965,000	12,445,000	1,900,364	19,310,364	2,867	—
2014	4,595,000	11,760,000	1,699,364	18,054,364	2,657	—

(1) See the Schedule of Demographic Statistics on page 85 for population and personal income data.

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2005	\$ 2,120,000	\$ 1,526,651	\$ 593,349	0.06 %	107
2006	1,825,000	234,598	1,590,402	0.14	278
2007	1,200,000	347,949	852,051	0.07	144
2008	745,000	56,346	688,654	0.05	110
2009	5,775,000	652,187	5,122,813	0.34	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.34	726
2012	5,155,000	667,623	4,487,377	0.35	685
2013	12,445,000	1,870,981	10,574,019	0.88	1,570
2014	11,760,000	3,748,283	8,011,717	0.67	1,179

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 76 for property value data.

(2) Population data can be found in the Schedule of Demographic Statistics on page 85.

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2014**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 17,979,364	100.00 %	\$ 17,979,364
Overlapping:			
School Districts:			
ISD No. 110*	46,785,000	18.93	8,854,061
ISD No. 111*	73,330,000	14.72	10,792,929
ISD No. 879**	20,840,000	0.38	79,734
ISD No. 277	30,040,000	31.75	9,537,700
Hennepin County:			
General	766,200,000	1.03	7,891,860
Three Rivers Park District	64,495,000	1.40	902,930
Regional Rail Authority	36,205,000	1.40	506,870
Metropolitan Council	220,775,000	0.47	1,037,643
Total Overlapping Debt			<u>39,603,727</u>
Total Direct and Overlapping Debt			<u><u>\$ 57,583,091</u></u>

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Note 2: Gross debt totals exclude revenue and special assessment bonds.

Source: Hennepin County Auditor Office

*Carver County Auditor Office

**Wright County Auditor Office

**CITY OF MINNETRISTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Debt limit	\$ 24,441,818	\$ 26,748,406	\$ 31,134,364	\$ 30,567,406	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952	\$ 36,024,038
Total net debt applicable to limit	2,560,000	2,235,000	2,470,000	1,965,000	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019	846,717
Legal debt margin	<u>\$ 21,881,818</u>	<u>\$ 24,513,406</u>	<u>\$ 28,664,364</u>	<u>\$ 28,602,406</u>	<u>\$ 38,766,008</u>	<u>\$ 40,574,489</u>	<u>\$ 36,479,540</u>	<u>\$ 34,342,411</u>	<u>\$ 33,096,933</u>	<u>\$ 35,177,321</u>
Total net debt applicable to the limit as a percentage of debt limit	10.47%	8.36%	7.93%	6.43%	15.18%	11.52%	11.38%	11.56%	8.55%	2.35%

Legal Debt Margin Calculation for Fiscal Year 2014

Market value	\$ 1,200,801,283
Debt limit (3% of market value)	36,024,038
Debt applicable to limit	
General obligation bonds	16,355,000
Less special assessment bonds	(11,760,000)
Less amount set aside for repayment of G.O. debt	<u>(3,748,283)</u>
Total net debt applicable to limit	<u>846,717</u>
Legal debt margin	<u>\$ 35,177,321</u>

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Water Revenue Bonds						Special Assessment Bonds				
	Water Charges and Other	Less Operating Expenses*	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2005	\$ 494,551	\$ 296,032	\$ 198,519	\$ 60,000	\$ 110,695	1.16	\$ 56,722	\$ 30,000	\$ 25,071	1.03	
2006	597,603	324,549	273,054	60,000	98,031	1.73	20,944	30,000	16,153	0.45	
2007	627,992	322,364	305,628	60,000	98,015	1.93	158,438	30,000	15,478	3.48	
2008	615,784	281,232	334,552	80,000	39,720	2.79	143,739	55,000	50,325	1.36	
2009	588,746	324,375	264,371	80,000	40,345	2.20	82,628	55,000	50,326	0.78	
2010	495,680	283,505	212,175	85,000	37,271	1.74	226,342	55,000	48,475	2.19	
2011	517,710	288,565	229,145	85,000	34,456	1.92	134,974	65,000	124,737	0.71	
2012	609,554	416,562	192,992	90,000	31,858	1.58	213,928	70,000	141,400	1.01	
2013	546,875	558,280	(11,405)	95,000	27,818	(0.09)	1,004,594	265,000	301,523	1.77	
2014	754,900	435,808	319,092	95,000	24,682	2.67	1,959,199	1,100,000	326,188	1.37	

* Does not include depreciation.

Note 1: Details regarding the City's outstanding debt can be found in the notes to basic financial statements. Water charges and other includes investment earnings. Operating expenses do not include interest or depreciation.

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS**

<u>Fiscal Year Ending December 31,</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Estimated Completed Housing Units (1)</u>	<u>Average Unemployment Hennepin County (3)</u>
2005	5,542	\$ —	\$ —	2,118	3.7 %
2006	5,715	—	—	2,179	3.6
2007	5,902	—	—	2,220	4.1
2008	6,234	—	—	2,307	4.9
2009	6,296	—	—	2,342	7.5
2010	6,384	54,300	346,651	2,364	6.6
2011	6,450	—	—	2,393	6.1
2012	6,549	—	—	2,426	5.3
2013	6,735	—	—	2,466	5.0
2014	6,796	—	—	2,565	4.2

Data sources:

- (1) Metropolitan Council, except for 2010 population U.S. Census Bureau.
- (2) U.S. Census Bureau. Information only available for census years.
- (3) Hennepin County.

**CITY OF MINNETRISTA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer		Employees*	Rank
ISD No. 277 – Westonka School District	K–12 education	299 **	1
Burl Oaks Golf Club	Golf course	65	2
Al & Alma's Supper Club and Charters	Supper Club and Chartered Cruises	50	3
Jubilee Foods	Grocery Store	45	4
City of Mound	Municipal government	42	5
Lakeview Golf	Public Golf Course	40	6
Scotty B's Restaurant	Restaurant	40	7
City of Minnetrista	Municipal government	33	8
YMCA- Camp Christmas Tree	Day Camp and Outdoor Recreation Activities	30	9
Concept Landscaping	Landscape and Lakeshore Contr	25	10
		<u>669</u>	

* Includes full-time, part-time, and seasonal employees. Total employees is not available.

** Includes all employees of the school district, not all work within the City.

Source: Infogroup (www.salesgenie.com). Information for 2004 is not available.

**CITY OF MINNETRISTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
General Government	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Public Safety:										
Police										
Officers	11.0	11.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0
Civilians	2.6	2.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6	3.8
Highways and Streets	6.0	6.5	6.5	6.5	6.5	6.5	3.5	3.5	3.5	3.5
Parks and Recreation	–	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>29.6</u>	<u>31.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>

Source: City of Minnetrista records

**CITY OF MINNETRISTA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Police:										
Physical Arrests	59	46	40	81	82	119	100	119	134	116
Parking Violations	178	263	279	234	326	235	223	235	218	239
Traffic Violations	2,901	2,814	1,478	3,332	3,419	3,572	3,523	3,572	2,821	2,704
Highways and Streets:										
Street Seal Coated (Miles)	4.50	1.90	2.70	7.70	5.91	5.05	4.67	3.39	2.64	2.64
Blacktop Used in "Tons" for Repair of Potholes	1,024	1,411	1,428	677	800	993	1,186	378	301	724
Water:										
New Connections	15	155	41	64	42	43	25	28	29	57
Average Daily Consumption (Thousands of Gallons)	302	322	396	360	386	361	358	392	409	352
Wastewater:										
(Thousands of Gallons)	251	245	277	284	272	236	233	197	139	139

Source: Various city departments

**CITY OF MINNETRISTA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	9	10	13	13	13	13	12	13	13	13
Highways and Streets:										
Streets (Miles)	56	60	60	60	60	60	64	63	63	63
Traffic Signals	–	1	1	1	1	1	2	2	2	2
Parks and Recreation:										
Parks Acreage	73	75	75	75	75	75	75	75	75	76
Parks	20	21	21	21	21	21	21	21	21	22
Water:										
Water Mains (Miles)	18	18	18	18	18	31	29	29	29	29
Fire Hydrants	223	257	262	289	289	309	296	296	296	296
Sewer:										
Sanitary Sewers (Miles)	23	23	23	23	23	28	35	35	35	35
Storm Sewers (Miles)	12	12	12	12	12	12	14	14	14	14

Note 1: No capital asset indicators are available for the general government functions.

Source: Various city departments

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