

City of Minnetrista Minnesota



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2018

CITY OF MINNETRISTA, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2018

**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
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Minnetrista, MN 55364-9552
Email: minnetrista@ci.minnetrista.mn.us

May 6, 2019

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, 2018 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, 2018. 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, Director of Administration, Community Development Director, 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 116 new single-family homes in 2018 with a total housing value of \$54,822,346.

The Minnetrista Public Safety Department operates with 13 licensed police officers, including: 1 Public Safety Director, 1 Lieutenant, 2 Sergeants, and 9 officers. In addition, there are 1.90 full-time equivalent support staff, two Community Service Officers, three Reserves, and 13 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 7,526 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 2018. Continued controlled growth is expected for 2019 and beyond.

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 2018 and going forward.

Development Market Conditions During 2018

Growth has really picked up during the last few years due to market conditions in the housing market improving. There are developments and proposed developments coming in and being discussed in 2019 and beyond. Building permit revenue should be comparable but somewhat less in the upcoming year (2019) in comparison to a very strong 2018. The City is projecting 75-100 new homes a year for the next several years.

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. 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.

Budget Policy

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.

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, 2017. 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,



Brian Grimm
Finance Director



Mike Barone
City Administrator

**CITY OF MINNETRISTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2018**

CITY COUNCIL AND OTHER OFFICIALS

Lisa Whalen
Shannon Bruce
Mike Molitor
Pam Mortenson
John Tschomperlin

Mayor
Council Member
Council Member
Council Member
Council Member

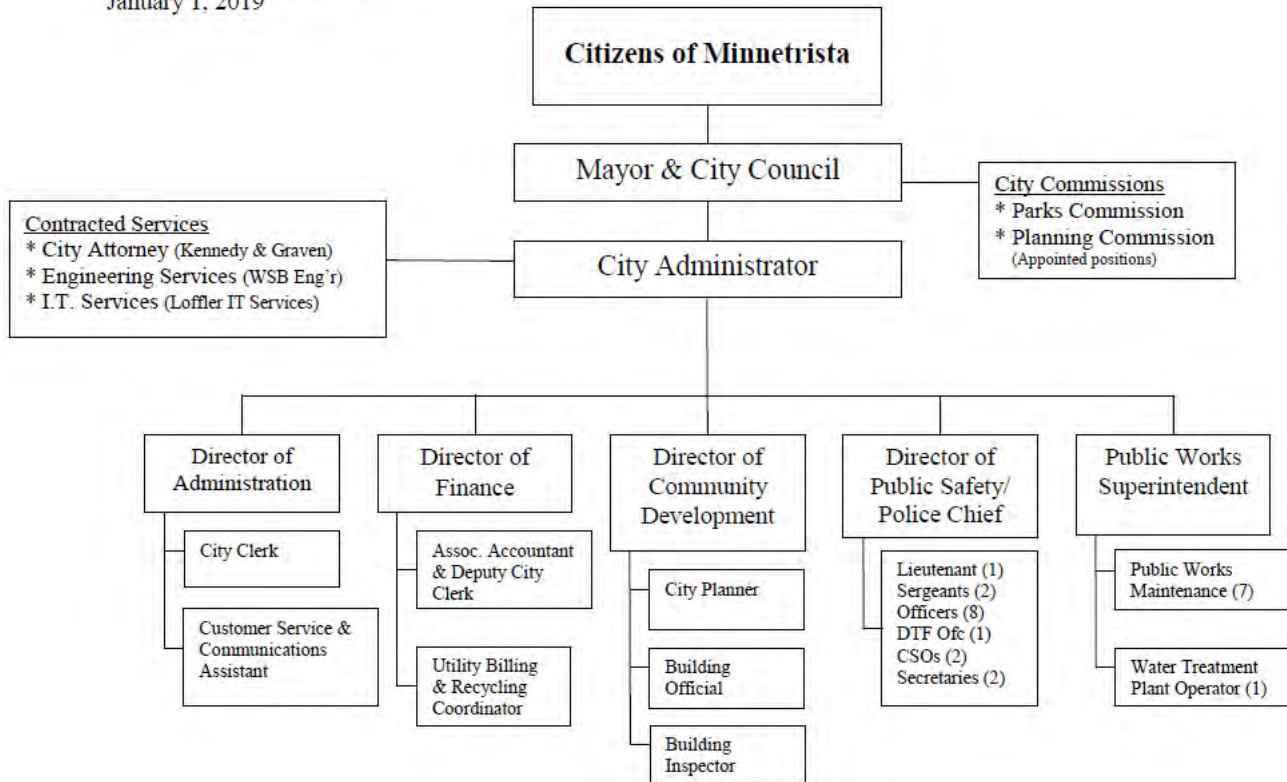
CITY OFFICIALS

Michael Barone
Brian Grimm
Paul Falls

City Administrator
Finance Director
Director of Public Safety

**CITY OF MINNETRISTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2018**

**City of Minnetrista
Organization Chart**
January 1, 2019



**CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2018**



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, 2017

Christopher P. Morrell

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, 2018, 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, 2018, 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.

Emphasis of a Matter

For the year ended December 31, 2018, the City restated beginning governmental activities net position to correct errors in previously issued financial statements (see Note 11). Also, during the year ended December 31, 2018, the City adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. As a result of the implementation of this standard, the City reported a restatement for the change in accounting principle (see Note 11). Our auditors' opinion was not modified with respect to the restatements.

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, schedule of changes in the City's total OPEB liability and related ratios, schedule of the City's proportionate share of net pension liability, and schedule of the City's pension contributions, 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 relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Other Matters (Continued)

Other Information (Continued)

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2019, 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 solely 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 the effectiveness of City of Minnetrista's 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 6, 2019

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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, 2018. 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 \$1,052,918 during the year to \$33,374,691 at year-end. A total of \$893,807 of this increase related to restatements of beginning net position related to the implementation of GASBS No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions*, and a change in how the City accounts for State Municipal Construction Aid (see Note 11).
- The net position of the City's business-type activities by increased \$192,047 during the year to \$22,875,285. A total of \$33,487 of this increase related to restatements of beginning net position related to the implementation of GASBS No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions* (see Note 11).
- The fund balance of the General Fund decreased by \$52,226 (or 2%) during the year to \$2,845,022 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$9,236,837 .
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating loss of \$456,280.

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, deferred outflows, liabilities, and deferred inflows, with the difference between the total assets and deferred outflows and liabilities and deferred inflows 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).

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Government-Wide Financial Statements (Continued) – 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.

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 funds, 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 nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements 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, recycling, and cable.

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.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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 nonmajor funds are presented immediately following the notes to basic financial statements.

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

	Governmental Activities	
	2018	2017
Current and Other Assets	\$ 15,200,564	\$ 14,849,998
Capital Assets	38,326,987	38,446,256
Total Assets	53,527,551	53,296,254
Deferred Outflows of Resources	1,868,038	2,310,622
Noncurrent Liabilities Outstanding	18,271,106	19,643,466
Other Liabilities	1,381,700	1,168,370
Total Liabilities	19,652,806	20,811,836
Deferred Inflows of Resources	2,368,092	2,473,267
Net Position:		
Net Investment in Capital Assets	23,462,495	23,024,394
Restricted	10,127,484	8,767,298
Unrestricted	(215,288)	530,081
Total Net Position	\$ 33,374,691	\$ 32,321,773
	Business-Type Activities	
	2018	0
Current and Other Assets	\$ 5,695,007	\$ 5,420,733
Capital Assets	28,915,254	29,657,186
Total Assets	34,610,261	35,077,919
Deferred Outflows of Resources	74,229	87,636
Noncurrent Liabilities Outstanding	11,452,359	12,238,372
Other Liabilities	279,632	187,686
Total Liabilities	11,731,991	12,426,058
Deferred Inflows of Resources	77,214	56,259
Net Position:		
Net Investment in Capital Assets	17,783,999	17,722,284
Unrestricted	5,091,286	4,960,954
Total Net Position	\$ 22,875,285	\$ 22,683,238

The City's net investment in capital assets is 73% 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.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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 (\$10,127,484) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$4,875,998) 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.

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			
	2018	2017	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,454,939	\$ 1,045,708	\$ 409,231	39 %
Operating Grants and Contributions	465,156	327,664	137,492	42
Capital Grants and Contributions	1,135,793	6,519,798	(5,384,005)	(83)
General Revenues:				
Property Taxes	4,464,200	4,275,961	188,239	4
Unrestricted Investment Earnings	128,750	84,864	43,886	52
Gain on Sale of Capital Assets	-	47,870	(47,870)	(100)
Miscellaneous	-	340	(340)	(100)
Total Revenues	7,648,838	12,302,205	(4,653,367)	(38)
EXPENSES				
General Government	1,182,492	1,299,321	(116,829)	(9)
Public Safety	3,009,188	3,100,825	(91,637)	(3)
Public Works	2,614,558	2,688,371	(73,813)	(3)
Parks and Recreation	282,717	260,196	22,521	9
Interest on Long-Term Debt	400,772	595,435	(194,663)	(33)
Total Expenses	7,489,727	7,944,148	(454,421)	(6)
CHANGE IN NET POSITION BEFORE TRANSFERS	159,111	4,358,057	(4,198,946)	(96)
Transfers	-	200,000	(200,000)	(100)
CHANGE IN NET POSITION	159,111	4,558,057	(4,398,946)	97
Net Position - Beginning of Year	32,321,773	27,763,716	4,558,057	16
Prior Period Restatement (See Note 11)	893,807	-	893,807	-
Net Position - Beginning of Year, as Restated	33,215,580	27,763,716	5,451,864	20
NET POSITION - END OF YEAR	<u>\$ 33,374,691</u>	<u>\$ 32,321,773</u>	<u>\$ 1,052,918</u>	3

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Overall revenues decreased 38% between 2017 and 2018. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year with about a 4% increase. Capital grants and contributions in the amount of \$1,135,739 is the biggest reason for this decrease in overall revenues, with a decrease in these revenues from 2017 in the amount of \$5,384,005. In 2018, the City did not request a draw of eligible municipal state aid dollars for street improvement projects, as had been done in 2017. The city also received less contributed capital in 2018 based on the timing of developments and when these projects are completed to accept the associated contributed capital.

Expenses decreased 6% between 2017 and 2018. The decrease is due to a decrease in long-term debt expense related partially to some debt refunding/refinancing in 2017. Otherwise most expenses remained relatively consistent by function between the two years with mainly slight decreases (General Government, Public Safety and Public Works) and a slight increase for Parks and Recreation.

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

	Business-Type Activities			
	2018	2017	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,825,498	\$ 2,752,830	\$ 72,668	3 %
Operating Grants and Contributions	19,509	21,869	(2,360)	(11)
Capital Grants and Contributions	465,268	3,629,055	(3,163,787)	(87)
General Revenues:				
Unrestricted Investment Earnings	68,089	55,318	12,771	23
Total Revenues	3,378,364	6,459,072	(3,080,708)	(48)
EXPENSES				
Water Operating	1,634,763	900,399	734,364	82
Sewer Operating	1,101,419	978,903	122,516	13
Storm Water	335,745	331,965	3,780	1
Recycling	147,877	133,800	14,077	11
Total Expenses	3,219,804	2,345,067	874,737	37
CHANGE IN NET POSITION BEFORE TRANSFERS	158,560	4,114,005	(3,955,445)	(96)
Transfers	-	(200,000)	200,000	(100)
CHANGE IN NET POSITION	158,560	3,914,005	(3,755,445)	(96)
Net Position - Beginning of Year	22,683,238	18,769,233	3,914,005	21
Prior Period Restatement (See Note 11)	33,487	-	33,487	-
Net Position - Beginning of Year, as Restated	22,716,725	18,769,233	3,947,492	21
NET POSITION - END OF YEAR	<u>\$ 22,875,285</u>	<u>\$ 22,683,238</u>	<u>\$ 192,047</u>	1

The business-type activities, primarily the City's utility operations, experienced a decreases in revenues, primarily due to Capital Grants decreasing by 87% in the current year. Capital grants decreased due to the City's utilities receiving \$3,628,891 in contributed capital in 2017.

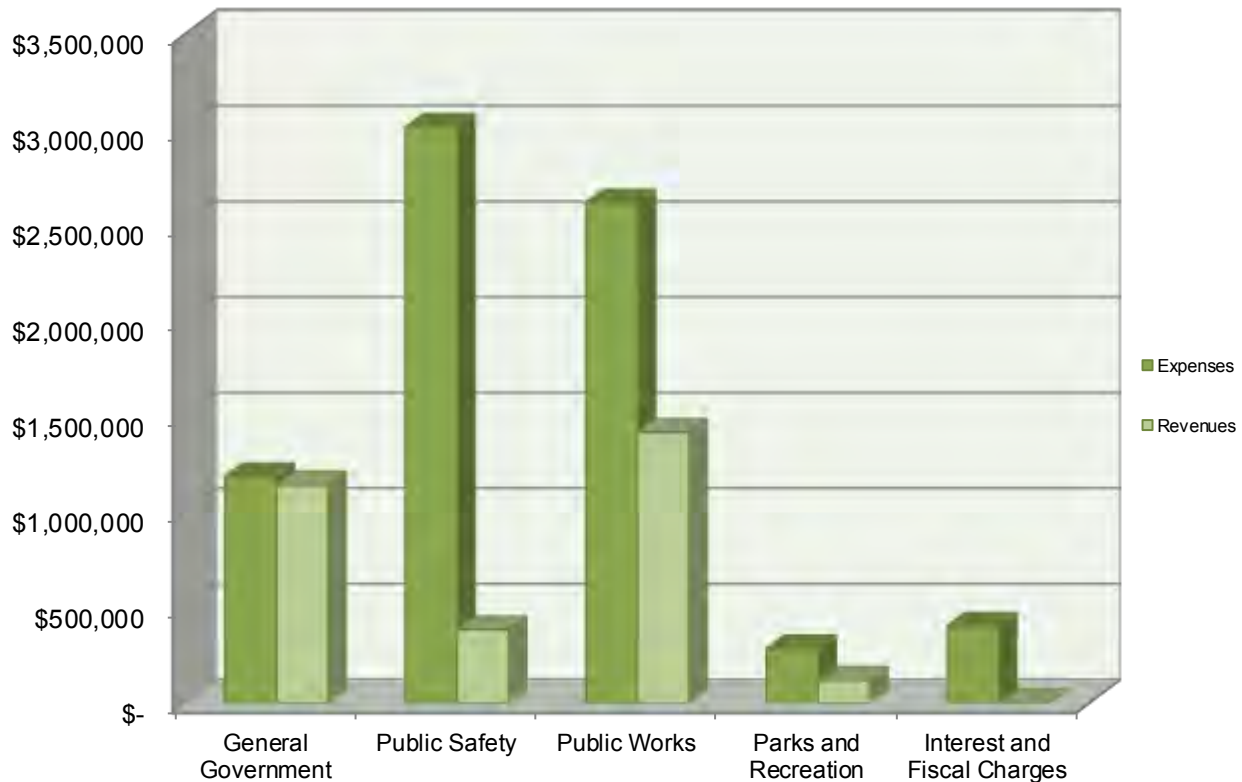
**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Charges for Services increased 3% during 2018 due to Water and Sewer Area and Connection Charges being still significant as well as an increase of 4% to the water utility base and tiered rates. On the expense side, expenses increased across all funds due to a total increase in depreciation expense in business-type activities of \$638,533 from 2017 to 2018. This was related to depreciation on the significant amounts of new capital assets added at the end of 2017 for two water treatment plants and the associated water main to connect them. The City continues to make significant investment in its water system but during 2018 no major water infrastructure improvements were added. The increase within expenses and the decrease within revenues caused a change in net position of \$158,560 which was around a 1% change from prior years ending net position

Governmental Activities

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

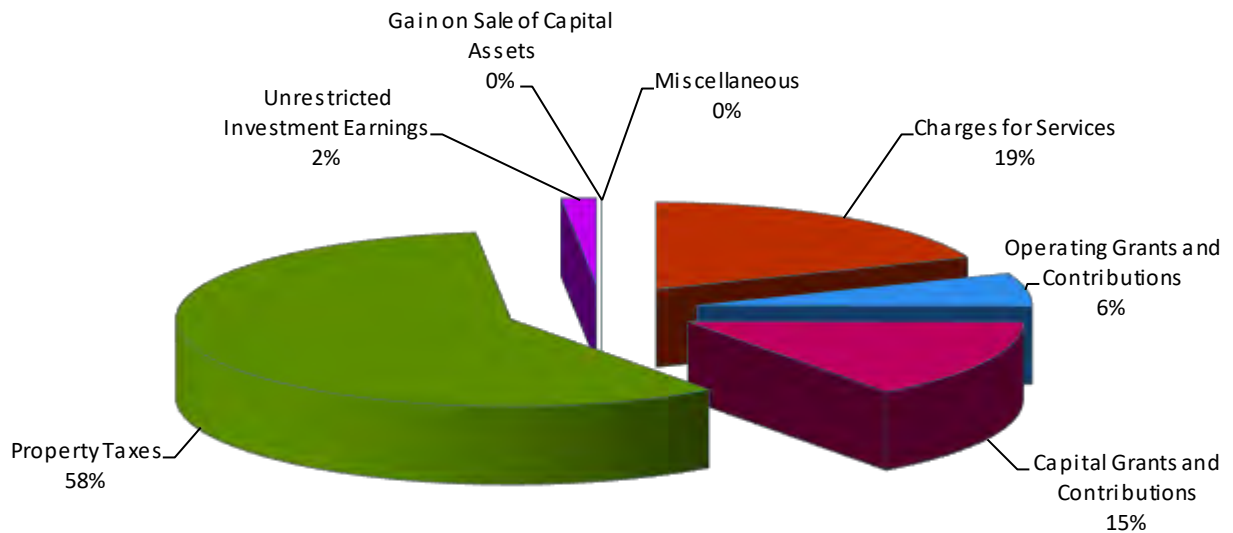
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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

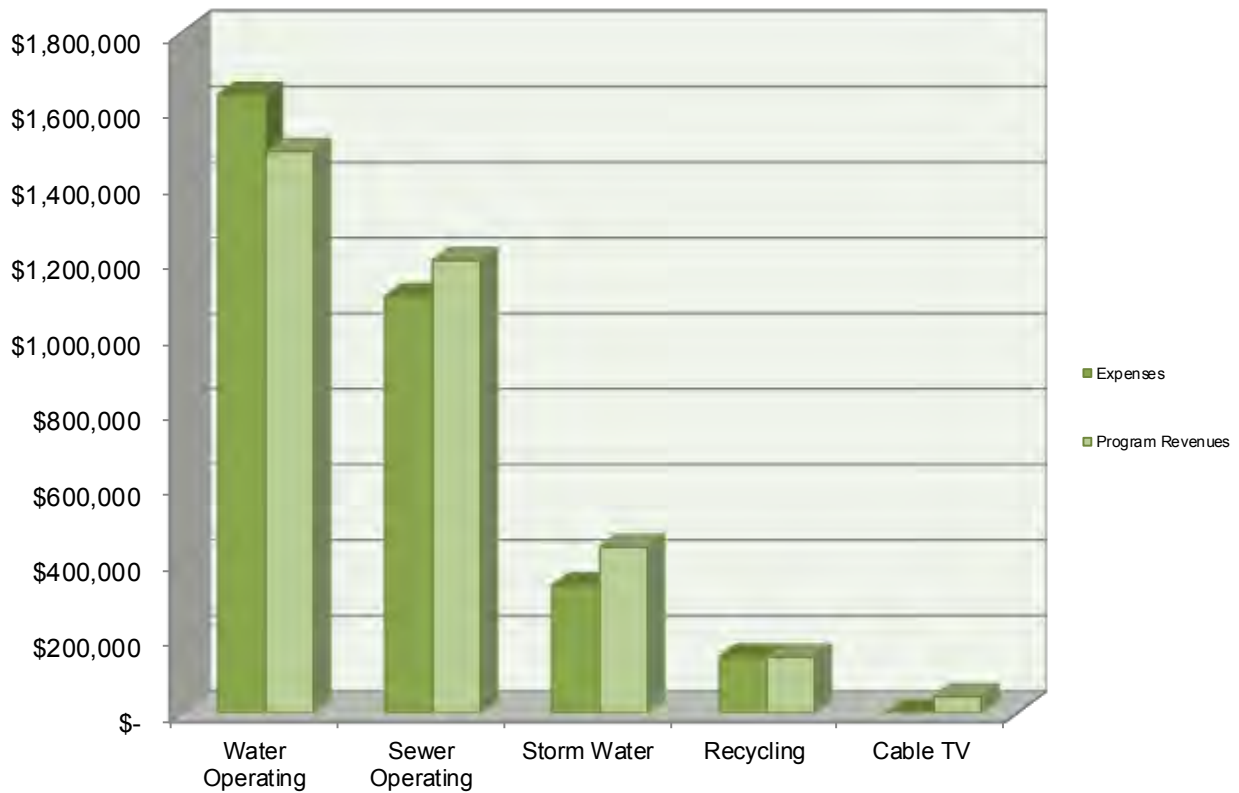


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Business-Type Activities

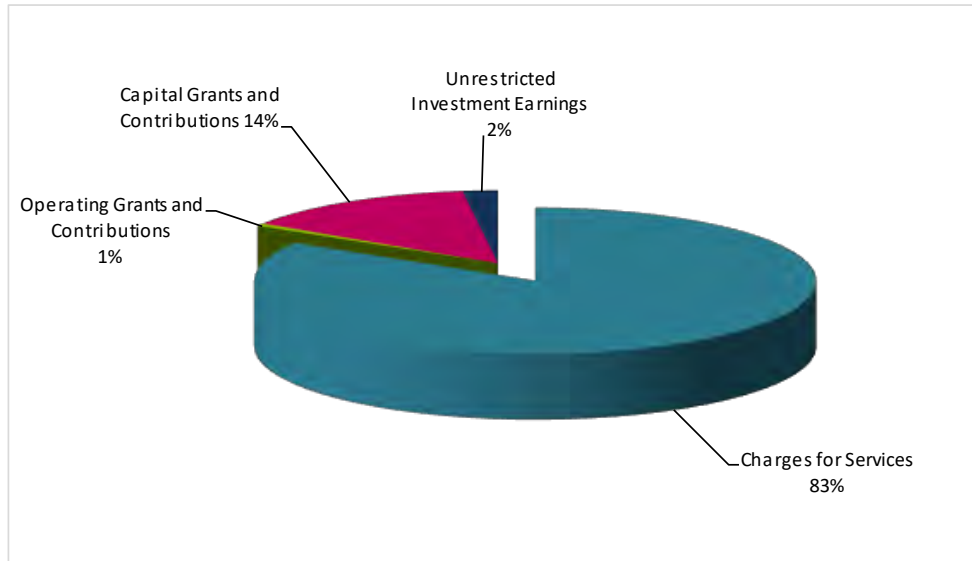
Business-Type Activities net position was consistent with prior year due to what was mentioned above. One of the biggest expenses is depreciation (noncash expense) within the water, sewer, and surface water funds. Operating costs in total across all utility funds increased \$874,737 as overall usage and numbers of users increased from 2017.

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

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 2018 was property taxes at 67% of the total revenue, followed by licenses and permits at 18%. The total fund balance decreased during the current fiscal year 2018, resulting from an excess of expenditures over revenues of \$132,226 combined with transfers in from the 2017 Street Projects fund of \$80,000 for administrative charges on the water treatment infrastructure project. The unassigned fund balance of \$2,360,966 at the end of 2018 represents 48% of total General Fund expenditures for the year 2018.

Other Major Governmental Funds

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 2018 was \$1,361,376, which increased \$368,946 during the year due to special assessment collections exceeding the required debt service payments.

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 2018 was \$538,469, which increased \$175,290 during the year due to special assessment collections exceeding the required debt service payments.

The 2017 Street Project fund was created for the capital projects related to the street construction of Halstead Drive and Enchanted Lane. The ending fund balance for 2018 was \$119,647, which decreased \$1,104,490 during the year due to the Halstead Drive and Enchanted Lane projects wrapping up which caused capital outlay to exceed revenues. There was also a budgeted transfer to the General Fund for an administrative charge for all of the general fund time spent with both projects.

The Street Improvement fund was created to account for the resources accumulated and capital expenditures related to various street improvement projects. The ending fund balance for 2018 was \$29,732, which increased \$4,881 during the year due to 2018 investment earnings.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$22,875,285 at December 31, 2018. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- The general fund revenues were more than the final revenue budget by \$239,758. The biggest positive budget variance for revenue categories were within licenses and permits. Overall total variance for revenues was about 5%.
- Total General Fund Expenditures were \$69,846 under budget. Most of the budget surplus occurred in the General Government, which had expenditures under budget in the amount of \$55,902. Public Works expenditures also came in under budget in the amount of \$17,378 and Parks and Recreation ended the year under budget \$4,190. These budget surpluses were slightly offset by expenditures being over budget within Public Safety in the amount of \$2,831 and miscellaneous expenditures ending the year over budget \$4,693. The total actual costs in the general fund came in about 1.4% less than the budgeted amount. Department managers watch their overall department budgets closely in conjunction with the Finance Director. This helps attribute to the slight variability in actual costs to budget. The small positive variance in comparing actual costs to budgeted costs can be attributed to professional services and personal services costs coming in slightly better than budgeted in some departments.

Capital Assets

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

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 4,733,976	\$ 4,406,661	\$ -	\$ -	\$ 4,733,976	\$ 4,406,661
Construction in Progress	3,960,746	2,874,925	63,288	39,135	4,024,034	2,914,060
Buildings and Building Improvements	6,881,591	6,881,591	-	-	6,881,591	6,881,591
Improvements Other than Buildings	2,263,214	2,581,719	-	-	2,263,214	2,581,719
Streets and Infrastructure	43,428,076	42,951,818	40,203,068	39,738,560	83,631,144	82,690,378
Equipment and Furniture	5,711,515	5,541,194	1,037,173	930,591	6,748,688	6,471,785
Total Capital Assets	66,979,118	65,237,908	41,303,529	40,708,286	108,282,647	105,946,194
Less: Accumulated Depreciation	(28,652,131)	(26,791,652)	(12,388,275)	(11,051,100)	(41,040,406)	(37,842,752)
Total Capital Assets, Net	<u>\$ 38,326,987</u>	<u>\$ 38,446,256</u>	<u>\$ 28,915,254</u>	<u>\$ 29,657,186</u>	<u>\$ 67,242,241</u>	<u>\$ 68,103,442</u>

Additional details of capital asset activity for the year can be found in Note 5 of the notes to basic financial statements.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2018**

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, and compensated absences payable outstanding of \$27,316,444. 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	
	2018	2017	2018	2017	2018	2017
General Obligation Bonds	\$ 11,270,000	\$ 11,630,000	\$ -	\$ -	\$ 11,270,000	\$ 11,630,000
General Obligation Revenue Bonds	3,635,000	3,885,000	11,013,544	11,753,790	14,648,544	15,638,790
General Obligation Equipment Certs	602,000	739,000	-	-	602,000	739,000
Compensated Absences	302,748	272,317	17,654	14,439	320,402	286,756
Bond Premium (Discount), Net	357,787	391,999	117,711	133,416	475,498	525,415
Total Outstanding Debt	<u>\$ 16,167,535</u>	<u>\$ 16,918,316</u>	<u>\$ 11,148,909</u>	<u>\$ 11,901,645</u>	<u>\$ 27,316,444</u>	<u>\$ 28,819,961</u>

Additional details of long-term debt activity for the year can be found in Note 6 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, 2018**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 10,216,430	\$ 5,035,375	\$ 15,251,805
Accounts Receivable	50,526	481,734	532,260
Property Taxes Receivable	31,747	-	31,747
Special Assessments Receivable	3,531,584	94,394	3,625,978
Accrued Interest Receivable	29,633	14,694	44,327
Due from Other Governments	1,254,072	5,244	1,259,316
Prepaid Items	86,572	63,566	150,138
Capital Assets:			
Nondepreciable:			
Land	4,733,976	-	4,733,976
Construction in Progress	3,960,746	63,288	4,024,034
Depreciable:			
Buildings and Building Improvements	6,881,591	41,240,241	48,121,832
Improvements Other than Buildings	2,263,214	-	2,263,214
Streets and Infrastructure	43,428,076	-	43,428,076
Equipment and Furniture	5,711,515	-	5,711,515
Total Capital Assets	66,979,118	41,303,529	108,282,647
Less: Accumulated Depreciation	(28,652,131)	(12,388,275)	(41,040,406)
Total Capital Assets, Net	38,326,987	28,915,254	67,242,241
Total Assets	53,527,551	34,610,261	88,137,812
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	1,868,038	74,229	1,942,267
LIABILITIES			
Accounts and Contracts Payable	374,375	211,784	586,159
Accrued Salaries and Fringes	82,141	9,271	91,412
Accrued Interest Payable	169,778	58,577	228,355
Other Liabilities	109,962	-	109,962
Deposits	592,856	-	592,856
Unearned Revenue	39,829	-	39,829
Due to Other Governmental Units	12,759	-	12,759
Long-Term Liabilities:			
Due Within One Year	1,223,000	794,000	2,017,000
Due in More Than One Year	14,944,535	10,354,909	25,299,444
Net Pension Liability	2,024,282	290,647	2,314,929
Total Other Postemployment Benefits Liability	79,289	12,803	92,092
Total Liabilities	19,652,806	11,731,991	31,384,797
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	2,362,054	76,239	2,438,293
Deferred Inflows - OPEB	6,038	975	7,013
Total Deferred Inflows of Resources	2,368,092	77,214	2,445,306
NET POSITION			
Net Investment in Capital Assets	23,462,495	17,783,999	41,246,494
Restricted for:			
Debt Service	7,952,987	-	7,952,987
Unexpended Municipal Construction Aid	937,253	-	937,253
Road Maintenance	333,431	-	333,431
Park Improvement	903,813	-	903,813
Unrestricted	(215,288)	5,091,286	4,875,998
Total Net Position	\$ 33,374,691	\$ 22,875,285	\$ 56,249,976

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2018**

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	\$ 1,182,492	\$ 1,090,940	\$ 48,997	\$ -	\$ (42,555)	\$ -	\$ (42,555)
Public Safety	3,009,188	211,599	172,004	-	(2,625,585)	-	(2,625,585)
Public Works	2,614,558	152,400	126,331	1,135,793	(1,200,034)	-	(1,200,034)
Parks and Recreation	282,717	-	117,824	-	(164,893)	-	(164,893)
Interest and Fiscal Charges	400,772	-	-	-	(400,772)	-	(400,772)
Total Governmental Activities	7,489,727	1,454,939	465,156	1,135,793	(4,433,839)	-	(4,433,839)
Business-Type Activities:							
Water Operating	1,634,763	1,333,584	-	151,935	-	(149,244)	(149,244)
Sewer Operating	1,101,419	993,426	-	203,467	-	95,474	95,474
Storm Water	335,745	328,426	-	109,866	-	102,547	102,547
Recycling	147,877	127,647	19,509	-	-	(721)	(721)
Cable TV	-	42,415	-	-	-	42,415	42,415
Total Business-Type Activities	3,219,804	2,825,498	19,509	465,268	-	90,471	90,471
Total Primary Government	\$ 10,709,531	\$ 4,280,437	\$ 484,665	\$ 1,601,061	(4,433,839)	90,471	(4,343,368)
GENERAL REVENUES							
Property Taxes, Levied for General Purposes					4,464,200	-	4,464,200
Unrestricted Investment Earnings					128,750	68,089	196,839
Total General Revenues and Transfers					4,592,950	68,089	4,661,039
CHANGE IN NET POSITION					159,111	158,560	317,671
Net Position - Beginning of Year					32,321,773	22,683,238	55,005,011
Prior Period Restatement, See Note 11					893,807	33,487	927,294
Net Position - Beginning, as Restated					33,215,580	22,716,725	55,932,305
NET POSITION - END OF YEAR					\$ 33,374,691	\$ 22,875,285	\$ 56,249,976

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018**

ASSETS	General Fund	Debt Service		Capital Projects		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)	Street Improvement (490)	2017 Street Project (499)		
Cash and Investments	\$ 3,283,325	\$ 1,356,400	\$ 536,284	\$ 308,491	\$ 304,839	\$ 4,427,091	\$ 10,216,430
Receivables:							
Miscellaneous Receivables	50,526	-	-	-	-	-	50,526
Accrued Interest	9,578	3,956	1,564	791	882	12,862	29,633
Delinquent Taxes	31,747	-	-	-	-	-	31,747
Delinquent Special Assessments	-	-	-	-	-	46,160	46,160
Other Special Assessments Receivable	-	1,540,305	941,897	-	-	1,003,222	3,485,424
Prepays	86,572	-	-	-	-	-	86,572
Due from Other Governmental Units	52,734	1,020	621	937,253	-	262,444	1,254,072
Total Assets	\$ 3,514,482	\$ 2,901,681	\$ 1,480,366	\$ 1,246,535	\$ 305,721	\$ 5,751,779	\$ 15,200,564
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ 77,257	\$ -	\$ -	\$ 37,897	\$ 186,074	\$ 73,147	\$ 374,375
Accrued Salaries Payable	82,141	-	-	-	-	-	82,141
Due to Other Governmental Units	12,759	-	-	-	-	-	12,759
Other Liabilities	109,962	-	-	-	-	-	109,962
Deposits	315,765	-	-	241,653	-	35,438	592,856
Unearned Revenue	39,829	-	-	-	-	-	39,829
Total Liabilities	637,713	-	-	279,550	186,074	108,585	1,211,922
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	31,747	-	-	-	-	-	31,747
Unavailable Revenue - Special Assessments	-	1,540,305	941,897	-	-	1,049,382	3,531,584
Unavailable Revenue - Other	-	-	-	937,253	-	251,221	1,188,474
Total Deferred Inflows of Resources	31,747	1,540,305	941,897	937,253	-	1,300,603	4,751,805
FUND BALANCE							
Nonspendable:							
Prepays	86,572	-	-	-	-	-	86,572
Restricted:							
Debt Service	-	1,361,376	538,469	-	-	2,440,115	4,339,960
Parkland Acquisitions and Improvement	-	-	-	-	-	903,813	903,813
Road Maintenance	-	-	-	-	-	333,431	333,431
Committed:							
Emergency Warning Siren Operation	-	-	-	-	-	209,840	209,840
Tree Replacement	-	-	-	-	-	361,640	361,640
Assigned:							
Subsequent Year Budget	397,484	-	-	-	-	-	397,484
Capital Plan Improvements	-	-	-	29,732	-	93,752	123,484
Capital Projects	-	-	-	-	119,647	-	119,647
Unassigned	2,360,966	-	-	-	-	-	2,360,966
Total Fund Balance	2,845,022	1,361,376	538,469	29,732	119,647	4,342,591	9,236,837
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,514,482	\$ 2,901,681	\$ 1,480,366	\$ 1,246,535	\$ 305,721	\$ 5,751,779	\$ 15,200,564

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, 2018**

Total Fund Balances for Governmental Funds	\$	9,236,837
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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	\$	4,733,976	
Construction in Progress		3,960,746	
Buildings and Building Improvements		6,881,591	
Improvements Other than Buildings		2,263,214	
Streets and Infrastructure		43,428,076	
Equipment and Furniture		5,711,515	
Total Capital Assets		66,979,118	
Less: Accumulated Depreciation		(28,652,131)	38,326,987

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.		4,751,805
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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.		(169,778)
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The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the statement of net position. Balances at year-end are:

Net Pension Liability	(2,024,282)	
Deferred Inflows of Resources - Pensions	(2,362,054)	
Deferred Outflows of Resources - Pensions	1,868,038	(2,518,298)

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	(14,905,000)	
Equipment Certificates Payable	(602,000)	
Unamortized Premiums	(364,397)	
Unamortized Discounts	6,610	
Total Other Postemployment Benefits Liability	(79,289)	
Deferred Inflows - OPEB	(6,038)	
Compensated Absence Payable	(302,748)	(16,252,862)

Total Net Position of Governmental Activities	\$	33,374,691
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CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2018

	General Fund	Debt Service		Capital Projects		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)	Street Improvement (490)	2017 Street Project (499)		
REVENUE							
Property Taxes	\$ 3,207,516	\$ -	\$ -	\$ -	\$ -	\$ 1,256,395	\$ 4,463,911
Special Assessments	3,772	450,415	275,070	-	-	387,323	1,116,580
Licenses and Permits	883,738	-	-	-	-	-	883,738
Intergovernmental Revenue	180,861	-	-	-	-	90,518	271,379
Charges for Services	301,873	-	-	-	-	-	301,873
Fines and Forfeitures	53,445	-	-	-	-	-	53,445
Gifts and Contributions	-	-	-	-	-	152,400	152,400
Other Revenue:							
Investment Earnings	38,370	16,731	6,156	4,881	6,923	55,689	128,750
Miscellaneous Revenue	123,623	-	-	-	92,500	179,149	395,272
Total Revenue	4,793,198	467,146	281,226	4,881	99,423	2,121,474	7,767,348
EXPENDITURES							
Current:							
General Government	1,087,723	-	-	-	-	3,328	1,091,051
Public Safety	2,688,397	-	-	-	-	-	2,688,397
Public Works	961,680	-	-	-	9,705	98,530	1,069,915
Parks and Recreation	157,331	-	-	-	-	-	157,331
Other	30,293	-	-	-	-	-	30,293
Total Current Expenditures	4,925,424	-	-	-	9,705	101,858	5,036,987
Capital Outlay							
Public Works	-	-	-	-	1,114,208	-	1,114,208
Other	-	-	-	-	-	245,768	245,768
Total Capital Outlay	-	-	-	-	1,114,208	245,768	1,359,976
Debt Service:							
Principal Retirement	-	55,000	60,000	-	-	694,095	809,095
Interest and Fiscal Charges	-	43,200	45,936	-	-	312,255	401,391
Total Debt Service	-	98,200	105,936	-	-	1,006,350	1,210,486
Total Expenditures	4,925,424	98,200	105,936	-	1,123,913	1,353,976	7,607,449
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(132,226)	368,946	175,290	4,881	(1,024,490)	767,498	159,899
OTHER FINANCE SOURCES (USES)							
Transfers In	80,000	-	-	-	-	39,408	119,408
Transfers Out	-	-	-	-	(80,000)	(39,408)	(119,408)
Total Other Finance Sources (Uses)	80,000	-	-	-	(80,000)	-	-
NET CHANGE IN FUND BALANCES	(52,226)	368,946	175,290	4,881	(1,104,490)	767,498	159,899
FUND BALANCES							
Beginning of Year	2,897,248	992,430	363,179	24,851	1,224,137	3,575,093	9,076,938
End of Year	\$ 2,845,022	\$ 1,361,376	\$ 538,469	\$ 29,732	\$ 119,647	\$ 4,342,591	\$ 9,236,837

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, 2018**

Net Change in Fund Balances - Total Governmental Funds \$ 159,899

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)	\$ 1,264,951	
Capital Contributions	476,258	
Depreciation Expense	<u>(1,860,478)</u>	(119,269)

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:

Amortization of Bond Premium	34,808	
Amortization of Bond Discount	(596)	
Repayment of Bond Principal	747,000	
Change in Accrued Interest Expense	<u>(33,593)</u>	747,619

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, 2017	5,346,573	
Deferred Inflows of Resources - December 31, 2018	<u>4,751,805</u>	(594,768)

In the statement of activities, compensated absences and other postemployment benefits related items 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 2018, compensated absence payable and other postemployment benefits payable changed.

(40,131)

Pension expenses in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources.

5,761

Change in Net Position of Governmental Activities

\$ 159,111

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2018**

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,493,859	\$ 1,654,178	\$ 440,882	\$ 238,418	\$ 208,038	\$ 5,035,375
Receivables:						
Accounts Receivable (Net of Allowance)	126,055	231,048	93,550	31,081	-	481,734
Accrued Interest	7,261	4,811	1,292	723	607	14,694
Delinquent Special Assessments	-	-	10,953	10,268	-	21,221
Special Assessments	39,453	33,720	-	-	-	73,173
Prepays	15,713	43,141	4,712	-	-	63,566
Due from Other Governmental Units	2,797	1,315	584	548	-	5,244
Total Current Assets	2,685,138	1,968,213	551,973	281,038	208,645	5,695,007
CAPITAL ASSETS						
Construction in Progress	54,164	9,124	-	-	-	63,288
Buildings and Improvements	24,070,748	12,584,118	4,585,375	-	-	41,240,241
Less: Accumulated Depreciation	(4,630,305)	(6,013,933)	(1,744,037)	-	-	(12,388,275)
Net Capital Assets	19,494,607	6,579,309	2,841,338	-	-	28,915,254
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pensions	40,182	25,965	5,827	2,255	-	74,229
Total Assets and Deferred Outflows of Resources	\$ 22,219,927	\$ 8,573,487	\$ 3,399,138	\$ 283,293	\$ 208,645	\$ 34,684,490
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	\$ 48,701	\$ 109,655	\$ 53,360	\$ 68	\$ -	\$ 211,784
Accrued Salaries Payable	5,846	2,966	459	-	-	9,271
Compensated Absences Payable	4,329	4,055	1,616	-	-	10,000
Accrued Interest Payable	53,883	4,694	-	-	-	58,577
Bonds Payable	734,000	50,000	-	-	-	784,000
Total Current Liabilities	846,759	171,370	55,435	68	-	1,073,632
NONCURRENT LIABILITIES						
Compensated Absences Payable	3,314	3,103	1,237	-	-	7,654
Total OPEB Liability	6,927	4,468	1,015	393	-	12,803
Net Pension Liability	157,334	101,666	22,816	8,831	-	290,647
Bonds Payable	9,917,255	430,000	-	-	-	10,347,255
Total Noncurrent Liabilities	10,084,830	539,237	25,068	9,224	-	10,658,359
Total Liabilities	10,931,589	710,607	80,503	9,292	-	11,731,991
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pensions	41,270	26,668	5,985	2,316	-	76,239
Deferred Inflows - OPEB	528	340	77	30	-	975
Total Deferred Inflows of Resources	41,798	27,008	6,062	2,346	-	77,214
NET POSITION						
Net Investment in Capital Assets	8,843,352	6,099,309	2,841,338	-	-	17,783,999
Unrestricted	2,403,188	1,736,563	471,235	271,655	208,645	5,091,286
Total Net Position	11,246,540	7,835,872	3,312,573	271,655	208,645	22,875,285
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,219,927	\$ 8,573,487	\$ 3,399,138	\$ 283,293	\$ 208,645	\$ 34,684,490

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, 2018

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
OPERATING REVENUE						
Sales and User Fees	\$ 1,166,875	\$ 977,674	\$ 328,426	\$ 114,879	\$ 42,415	\$ 2,630,269
OPERATING EXPENSES						
Personnel Services	306,443	212,145	60,299	17,477	-	596,364
Professional Services	26,813	100,825	46,222	-	-	173,860
Operating and Maintenance Supplies	22,291	113,077	30,857	-	-	166,225
Utilities	297,385	14,938	-	-	-	312,323
Depreciation	821,901	334,662	180,612	-	-	1,337,175
Maintenance and Repairs	6,309	3,858	-	-	-	10,167
Insurance	15,518	3,149	-	-	-	18,667
Other Expenses	4,848	318,765	17,755	130,400	-	471,768
Total Operating Expenses	<u>1,501,508</u>	<u>1,101,419</u>	<u>335,745</u>	<u>147,877</u>	<u>-</u>	<u>3,086,549</u>
OPERATING INCOME (LOSS)	(334,633)	(123,745)	(7,319)	(32,998)	42,415	(456,280)
NONOPERATING REVENUE (EXPENSES)						
Area Charges	162,434	15,752	-	-	-	178,186
Special Assessments for Capital Purposes	774	165	-	-	-	939
Investment Earnings	33,421	22,430	6,087	3,296	2,855	68,089
Interest Expense	(133,255)	-	-	-	-	(133,255)
Intergovernmental Grants	151,341	-	109,866	19,509	-	280,716
Miscellaneous Revenue	4,095	203,302	-	12,768	-	220,165
Total Nonoperating Revenue (Expenses)	<u>218,810</u>	<u>241,649</u>	<u>115,953</u>	<u>35,573</u>	<u>2,855</u>	<u>614,840</u>
CHANGES IN NET POSITION	(115,823)	117,904	108,634	2,575	45,270	158,560
NET POSITION						
Beginning of Year	11,346,739	7,704,169	3,201,231	267,724	163,375	22,683,238
Prior Period Restatement for Implementation of GASB Standard (See Note 11)	15,624	13,799	2,708	1,356	-	33,487
Beginning of Year, as Restated	<u>11,362,363</u>	<u>7,717,968</u>	<u>3,203,939</u>	<u>269,080</u>	<u>163,375</u>	<u>22,716,725</u>
End of Year	<u>\$ 11,246,540</u>	<u>\$ 7,835,872</u>	<u>\$ 3,312,573</u>	<u>\$ 271,655</u>	<u>\$ 208,645</u>	<u>\$ 22,875,285</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2018**

	Business-Type Activities - Enterprise Funds					
	Water	Sewer	Storm Water	Recycling	Cable TV	Total
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 1,180,071	\$ 976,475	\$ 319,669	\$ 112,596	\$ 42,415	\$ 2,631,226
Cash Paid to Suppliers	(407,718)	(497,273)	(59,251)	(130,403)	-	(1,094,645)
Cash Paid to Employees	(289,981)	(202,777)	(50,199)	(14,938)	-	(557,895)
Other Receipts	4,095	-	-	12,768	-	16,863
Net Cash Provided (Used) by Operating Activities	486,467	276,425	210,219	(19,977)	42,415	995,549
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees Received	162,434	15,752	-	-	-	178,186
Special Assessments for Capital Purposes	2,556	1	-	-	-	2,557
Proceeds from Issuance of Bonds	28,754	-	-	-	-	28,754
Principal Payments on Bonds	(719,000)	(50,000)	-	-	-	(769,000)
Interest Payments on Bonds	(152,682)	-	-	-	-	(152,682)
Acquisition of Capital Assets	(220,623)	(212,426)	(162,194)	-	-	(595,243)
Net Cash Provided (Used) by Capital and Related Financing Activities	(898,561)	(246,673)	(162,194)	-	-	(1,307,428)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received on Investments	32,480	20,924	5,442	3,143	2,627	64,616
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants Received	151,341	-	109,866	19,509	-	280,716
Refunds and Reimbursements	-	203,302	-	-	-	203,302
Net Cash Provided by Noncapital Financing Activities	151,341	203,302	109,866	19,509	-	484,018
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(228,273)	253,978	163,333	2,675	45,042	236,755
Cash and Cash Equivalents - Beginning of the Year	2,722,132	1,400,200	277,549	235,743	162,996	4,798,620
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 2,493,859</u>	<u>\$ 1,654,178</u>	<u>\$ 440,882</u>	<u>\$ 238,418</u>	<u>\$ 208,038</u>	<u>\$ 5,035,375</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (334,633)	\$ (123,745)	\$ (7,319)	\$ (32,998)	\$ 42,415	\$ (456,280)
Adjustments to Operating Income (Loss):						
Noncash Expenses Included in Net Income:						
Depreciation	821,901	334,662	180,612	-	-	1,337,175
Miscellaneous Income	4,095	-	-	12,768	-	16,863
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	20,422	5,290	(5,873)	420	-	20,259
Due from Other Governmental Units	(2,482)	(1,313)	(583)	(547)	-	(4,925)
Prepaid Assets	(15,000)	(16,909)	(4,712)	-	-	(36,621)
Special Assessments Receivable for Delinquent Utility Bills	(4,744)	(5,176)	(2,301)	(2,156)	-	(14,377)
Deferred Outflows	8,552	6,162	(1,213)	(94)	-	13,407
Increase (Decrease) in:						
Accounts Payable	(19,554)	74,248	40,295	(3)	-	94,986
Accrued Salaries Payable	281	337	64	-	-	682
Compensated Absences Payable	1,304	1,301	610	-	-	3,215
Other Postemployment Benefits	320	206	47	18	-	591
Net Pension Liability	(4,507)	(5,022)	7,492	1,656	-	(381)
Deferred Inflows	10,512	6,384	3,100	959	-	20,955
Net Cash Provided (Used) by Operating Activities	<u>\$ 486,467</u>	<u>\$ 276,425</u>	<u>\$ 210,219</u>	<u>\$ (19,977)</u>	<u>\$ 42,415</u>	<u>\$ 995,549</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2018**

	<u>Land Use (801)</u>
ASSETS	
Special Assessments Receivable	\$ 8,213
Land Use Receivable	<u>57,162</u>
Total Assets	<u><u>\$ 65,375</u></u>
LIABILITIES	
Accounts and Contracts Payable	\$ 39,455
Disbursements in Excess of Cash Deposits	23,920
Developer Payable	<u>2,000</u>
Total Liabilities	<u><u>\$ 65,375</u></u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

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, 2018**

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 5). Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 nonmajor governmental funds is reported in a single column in the fund financial statements.

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 nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds 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 nonoperating revenues and expenses.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

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.

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 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.

Street Improvement Fund – This fund is used to account for the resources accumulated and capital expenditures related to various street improvement projects.

2017 Street Projects Fund – This fund is used to account for the resources accumulated and capital expenditures for the 2017 street projects.

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, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (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.

Investments are stated at fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost.

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.

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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."

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 acquisition 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

Capital assets are recorded in the government-wide and proprietary fund financial statements, but are not reported in the governmental fund financial statements. 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 paycheck, 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.

The police department's full-time union employees accrue vacation up to a maximum of 120 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 120 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 three 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type of item, deferred outflows related to pensions, which qualify for reporting in this category. See Note 7 for additional detail.

In addition to liabilities, the 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 three types of items which qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting and is therefore 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. The City also reports deferred inflows related to pensions on its statements of net position. See Note 7 for additional detail. Additionally, City reports deferred inflows related to other postemployment benefits on its statements of net position. See Note 8 for additional detail.

N. Net Position/Fund Balance

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position/Fund Balance (Continued)

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.

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgets and Budgetary Accounting (Continued)

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 2018, a budget was not adopted for the Street Improvement Capital Project Fund.

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 2018.

Q. Change in Accounting Principles

In 2018, the City implemented Governmental Accounting Standards (GASB) Statement No. 75, *Accounting and Financial Reporting of Postemployment Benefits Other Than Pension*, in 2018. The City restated beginning net position to implement this statement. See Note 11 for more details.

In addition, the City also implemented (GASB) Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. There were no significant effects on the financial statements as a result of implementing this statement.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

Expenditures in Excess of Appropriations

Expenditures exceeded budgeted amounts in the following funds at December 31, 2018:

Fund	Budget	Expenditures	Excess
Special Revenue Funds:			
Tree Replacement	\$ -	\$ 13,129	\$ 13,129
Debt Service Funds:			
Mound Fire Improvement Bonds of 2003	68,217	68,330	113
G.O. Improvement Bonds of 2010A	229,406	229,889	\$ 483
G.O. Improvement Bonds of 2012A	60,830	61,576	746
G.O. Improvement Bonds of 2013A	97,239	98,200	961
G.O. Improvement Bonds of 2013B	104,978	105,936	958

NOTE 3 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 529,609
Investments	14,721,896
Cash on Hand	300
Total	<u>\$ 15,251,805</u>

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

Statement of Net Position:

Cash and Investments -	
Statement of Net Position	\$ 15,251,805

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits (Continued)

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.

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 \$505,689 while the balance on the bank records was \$504,609. At December 31, 2018, 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:

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 544,846
Federal Home Loan Mtg Corp.	1,384,376
Federal Ntl Mortgage Association	280,141
Negotiable Certificates of Deposit	6,805,253
Municipal Bonds	200,756
	<u>\$ 9,215,372</u>
<u>Investment Type</u>	<u>Amortized Cost</u>
MN Municipal Money Market (4M)	\$ 5,007,759
Other Money Markets	498,765
MN Municipal Money Market (4M)	<u>\$ 5,506,524</u>

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 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.

A schedule of the maturities and ratings of the City's investments as of December 31, 2018 is as follows:

Investment Type	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	\$ 544,846	\$ -	\$ 544,846	\$ -	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	1,384,376	-	1,143,998	240,378	Aaa/AA+	Moody's/S&P
Federal Ntl Mortgage Association	280,141	-	280,141	-	Aaa/AAA	Moody's/S&P
Negotiable Certificates of Deposit	6,805,253	1,899,799	4,905,454	-	N/R	N/A
Municipal Bonds	200,756	-	-	200,756	AA/BBB	Moody's/S&P
Money Market	498,765	498,765	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	5,007,759	-	5,007,759	-	N/R	N/A
	<u>\$ 14,721,896</u>	<u>\$ 2,398,564</u>	<u>\$ 11,882,198</u>	<u>\$ 441,134</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Custodial Credit Risk – For investment, the custodial credit risk 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.

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, 2018, 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 Mtg Corp.	\$ 1,384,376	9.4%
Money Market-4M Fund	5,007,759	34.0%

Fair Value Measurements

The City uses fair value measurements to record fair value adjustments to certain asset and liabilities and to determine fair value disclosures.

The City follows an accounting standard which defines fair value, establishes framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements. In accordance with this standard, the City has categorized its investments, based on the priority of inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quotes and prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

Level 1 – Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities.

Level 2 – Financial assets and liabilities are valued based on quoted prices for similar assets or inputs that are observable, either directly or indirectly, for substantially the full term through corroboration with observable market data.

Level 3 – Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset.

Investment Type	Level 1	Level 2	Level 3	Total
US Agencies:				
Federal Home Loan Bank	\$ -	\$ 544,846	\$ -	\$ 544,846
Federal Home Loan Mtg Corp.	-	1,384,376	-	1,384,376
Federal Ntl Mortgage Association	-	280,141	-	280,141
Negotiable Certificates of Deposit	-	6,805,253	-	6,805,253
Municipal Bonds	-	200,756	-	200,756
Total	<u>\$ -</u>	<u>\$ 9,215,372</u>	<u>\$ -</u>	<u>9,215,372</u>
Investments Measured at Amortized Cost				5,506,524
Total				<u>\$ 14,721,896</u>

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Transfers

The following is a summary of transfers made by the City during 2018:

Fund	Transfer In	Transfer Out
General Fund	\$ 80,000	\$ -
Park Development Fund	-	14,383
Road Maintenance	-	25,025
G.O. Improvement Bonds of 2010A	14,383	-
G.O. Improvement Bonds of 2012A	25,025	-
2017 Street Project	-	80,000
Total	<u>\$ 119,408</u>	<u>\$ 119,408</u>

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

The \$80,000 transfer from the 2017 Street Project Fund to the General Fund was for the purpose of refunding administrative charges on the water treatment infrastructure project. The \$14,383 transfer from the Park Development Fund to the G.O. Improvement Bonds of 2010A Fund related to the payment of related annual debt service expenditures. The \$25,025 transfer from the Road Maintenance Fund to the G.O. Improvements Bonds of 2012A Fund related to the payment of related annual debt service expenditures.

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,406,661	\$ -	\$ -	\$ 327,315	\$ 4,733,976
Construction in Progress	2,874,925	1,085,821	-	-	3,960,746
Total Capital Assets, Not Being Depreciated	7,281,586	1,085,821	-	327,315	8,694,722
Capital Assets, Being Depreciated:					
Land Improvements	2,581,719	8,810	-	(327,315)	2,263,214
Buildings and Building Improvements	6,881,591	-	-	-	6,881,591
Infrastructure	42,951,818	476,257	-	-	43,428,075
Vehicles and Equipment	5,541,194	170,321	-	-	5,711,515
Total Capital Assets, Being Depreciated	57,956,322	655,388	-	(327,315)	58,284,395
Accumulated Depreciation for:					
Land Improvements	(985,764)	(95,520)	-	-	(1,081,284)
Buildings and Building Improvements	(2,014,905)	(167,820)	-	-	(2,182,725)
Infrastructure	(19,937,236)	(1,306,605)	-	-	(21,243,841)
Vehicles and Equipment	(3,853,747)	(290,533)	-	-	(4,144,280)
Total Accumulated Depreciation	(26,791,652)	(1,860,478)	-	-	(28,652,130)
Total Capital Assets, Being Depreciated, Net	31,164,670	(1,205,090)	-	(327,315)	29,632,265
Governmental Activities Capital Assets, Net	\$ 38,446,256	\$ (119,269)	\$ -	\$ -	\$ 38,326,987

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Construction in Progress	\$ 39,135	\$ 24,153	\$ -	-	\$ 63,288
Capital Assets, Being Depreciated:					
Infrastructure	39,738,560	464,508	-	-	40,203,068
Machinery and Equipment	930,591	106,582	-	-	1,037,173
Total Capital Assets, Being Depreciated	40,669,151	571,090	-	-	41,240,241
Accumulated Depreciation for:					
Infrastructure	(10,618,783)	(1,283,879)	-	-	(11,902,662)
Machinery and Equipment	(432,317)	(53,296)	-	-	(485,613)
Total Accumulated Depreciation	(11,051,100)	(1,337,175)	-	-	(12,388,275)
Total Capital Assets, Being Depreciated, Net	29,618,051	(766,085)	-	-	28,851,966
Business-Type Activities Capital Assets, Net	\$ 29,657,186	\$ (741,932)	\$ -	\$ -	\$ 28,915,254

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018

NOTE 5 CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 42,791
Public Safety	270,372
Streets	1,439,214
Parks and Recreation	108,101
Total Depreciation Expense, Governmental Activities	<u>\$ 1,860,478</u>

Business-Type Activities:

Water Operating	\$ 821,901
Sewer Operating	334,662
Storm Water	180,612
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,337,175</u>

NOTE 6 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2018:

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 2010A	09/16/10	\$ 3,270,000	2.00-3.50%	02/01/31	\$ 2,395,000
G.O. Improvement Bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	475,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	435,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	3,635,000
G.O. Improvement Refunding Bonds 2017B	10/12/17	2,845,000	1.15-2.45%	02/01/29	2,790,000
G.O. Refunding Bonds 2017C	10/12/17	2,370,000	1.35-3.05%	02/01/30	2,310,000
G.O. Equipment Certificates 2015A	02/25/15	331,000	1.99%	02/01/20	137,000
G.O. Equipment Certificates 2016A	06/09/16	375,000	3.00%	02/01/21	230,000
G.O. Bonds 2017A	10/12/17	235,000	3.00%	02/01/23	3,100,000
Total Bonds					<u>15,507,000</u>
Unamortized Bond Premiums					364,397
Unamortized Bond Discounts					(6,610)
Compensated Absences					302,748
Total Governmental Activities					<u>\$ 16,167,535</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	\$ 480,000
G.O. Refunding Bonds of 2014A	09/11/14	525,000	3.00%	12/01/19	110,000
G.O. Water Revenue Bonds 2016A	06/09/16	2,620,000	2.00-3.00%	02/01/31	2,310,000
Total Bonds					<u>2,900,000</u>
PFA Drinking Water Revolving Loan 2010	Various	719,813	1.189%	08/20/24	300,364
PFA Drinking Water Revolving Loan 2016	Various	9,074,697	1.000%	08/20/35	7,813,180
Unamortized Bond Premiums					117,711
Compensated Absences					17,654
Total Business-Type Activities					<u>\$ 11,148,909</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

A. Components of 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 and Enterprise Funds will pay for the corresponding compensated absences, OPEB, and net pension 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	\$ 11,630,000	\$ -	\$ (360,000)	\$ 11,270,000	\$ 690,000
G.O. Capital Improvement Bonds	3,885,000	-	(250,000)	3,635,000	255,000
G.O. Equipment Certificates	739,000	-	(137,000)	602,000	188,000
Unamortized Bond Discounts	(7,206)	-	596	(6,610)	-
Unamortized Bond Premiums	399,205	-	(34,808)	364,397	-
Total Bonds Payable	16,645,999	-	(781,212)	15,864,787	1,133,000
Compensated Absences	272,317	225,320	(194,889)	302,748	90,000
Total Governmental Activities	16,918,316	225,320	(976,101)	16,167,535	1,223,000
Business-Type Activities:					
G.O. Revenue Bonds	3,200,000	-	(300,000)	2,900,000	310,000
PFA Drinking Water Revolving Loan	8,553,790	28,754	(469,000)	8,113,544	474,000
Unamortized Bond Premiums	133,416	-	(15,705)	117,711	-
Total Bonds and Loans	11,887,206	28,754	(784,705)	11,131,255	784,000
Compensated Absences	14,439	20,824	(17,609)	17,654	10,000
Total Business-Type Activities	11,901,645	49,578	(802,314)	11,148,909	794,000
Total Debt	<u>\$ 28,819,961</u>	<u>\$ 274,898</u>	<u>\$ (1,778,415)</u>	<u>\$ 27,316,444</u>	<u>\$ 2,017,000</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.

General Obligation Capital Improvement Bonds – These bonds were issued in 2014 to refund previously outstanding EDA Lease Revenue Bonds.

General Obligation Equipment Certificates – These certificates were issued to finance various equipment and motor vehicle purchases in the Capital Improvement Fund.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt (Continued)

General Obligation 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.

PFA Drinking Water Revolving Loans – 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. The City entered into an additional Drinking Water Revolving Loan in 2016 through Minnesota PFA for up to \$9,074,697. The total amount outstanding on the loans at December 31, 2018 was \$8,113,544

C. Future Minimum Debt Payments

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

<u>Year Ending December 31,</u>	Governmental Activities			
	Bonds Payable			
	Principal	Interest		
2019	\$ 1,133,000	\$ 406,649		
2020	1,229,000	379,808		
2021	1,185,000	350,816		
2022	1,135,000	322,290		
2023	1,160,000	292,491		
2024-2028	5,905,000	984,543		
2029-2033	2,855,000	267,988		
2034-2038	905,000	69,675		
Totals	\$ 15,507,000	\$ 3,074,260		

<u>Year Ending December 31,</u>	Business-Type Activities				
	Bonds Payable		Loans Payable		Totals
	Principal	Interest	Principal	Interest	
2019	\$ 310,000	\$ 69,040	\$ 474,000	\$ 81,701	\$ 934,741
2020	205,000	60,365	478,000	76,849	820,214
2021	210,000	54,740	483,000	71,976	819,716
2022	215,000	48,865	488,000	67,052	818,917
2023	225,000	42,710	493,000	62,077	822,787
2024-2028	1,140,000	121,758	2,330,000	237,681	3,829,439
2029-2033	595,000	17,960	2,394,000	120,850	3,127,810
2034-2038	-	-	973,544	14,490	988,034
Totals	\$ 2,900,000	\$ 415,438	\$ 8,113,544	\$ 732,676	\$ 12,161,658

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City of Minnetrista participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA's defined-benefit pension plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356. PERA's defined-benefit pension plans are tax-qualified plans under Section 401(a) of the Internal Revenue Code.

1. General Employees Retirement Fund (GERF)

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). All full-time and certain part-time employees of the City are covered by the General Employees Plan. General Employees Plan members belong to either the Coordinated Plan. Coordinated Plan members are covered by Social Security.

2. Public Employees Police and Fire Fund (PEPFF)

The PEPFF, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the PEPFF also covers police officers and firefighters belonging to a local relief association that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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.

1. GERF Benefits

General Employees Plan benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated Plan members. Members hired prior to July 1, 1989, receive the higher of Method 1 or Method 2 formulas. Only Method 2 is used for members hired after June 30, 1989. Under Method 1, the accrual rate for Coordinated members is 1.2% of average salary for each of the first 10 years of service and 1.7% of average salary for each additional year. Under Method 2, the accrual rate for Coordinated members is 1.7% of average salary for all years of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

B. Benefits Provided (Continued)

1. GERP Benefits (Continued)

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. If the General Employees Plan is at least 90% funded for two consecutive years, benefit recipients are given a 2.5% increase. If the plan has not exceeded 90% funded, or have fallen below 80%, benefit recipients are given a 1% increase. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30, will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30, will receive a pro rata increase.

2. PEPFF Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. A full, unreduced pension is earned when members are age 55 and vested, or for members who were first hired prior to July 1, 1989, when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. Police and Fire Plan benefit recipients receive a future annual 1.0% increase. An annual adjustment will equal 2.5% any time the plan exceeds a 90% funded ratio for two consecutive years. If the adjustment is increased to 2.5% and the funded ratio falls below 80% for one year or 85% for two consecutive years, the postretirement benefit increase will be lowered to 1%. A benefit recipient who has been receiving a benefit for at least 12 full months as of June 30 will receive a full increase. Members receiving benefits for at least one month but less than 12 full months as of June 30 will receive a pro rata increase. For retirements after May 31, 2014, the first increase will be delayed two years.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

C. Contributions

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. GERF Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2018 and the City was required to contribute 7.50% for Coordinated Plan members. The City's contributions to the General Employees Fund for the year ended December 31, 2018 were \$114,742. The City's contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.80% of their annual covered salary in calendar year 2018. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2018. The City contributions to the PEPFF for the year ended December 31, 2018 were \$180,459. The City contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. GERF Pension Costs

At December 31, 2018, the City reported a liability of \$1,214,923 for its proportionate share of the GERF's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million to the fund during PERA's fiscal year ended June 30, 2018. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$39,798. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.0219% which was an increase of .0015% from its proportion measured as of June 30, 2017.

For the year ended December 31, 2018, the City recognized pension expense of \$176,444 for its proportionate share of the GERF's pension expense. In addition, the City recognized an additional \$9,286 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERF during the City's calendar year ended December 31, 2018.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

1. GERS Pension Costs (Continued)

At December 31, 2018, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 32,157	\$ 35,434
Changes in Actuarial Assumptions	116,056	136,509
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	124,146
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	104,795	22,594
City Contributions Subsequent to the Measurement Date	57,270	-
Total	<u>\$ 310,278</u>	<u>\$ 318,683</u>

A total of \$57,270 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	Pension Expenses Amount
2019	\$ 89,348
2020	(54,045)
2021	(75,619)
2022	(25,359)
2023	-
Thereafter	-

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

2. PEPFF Pension Costs

At December 31, 2018, the City reported a liability of \$1,100,006 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2017 through June 30, 2018, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2018, the City's proportion was 0.1032%. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014. At June 30, 2018, the City's proportionate share was .1032% which was an increase of .0032% from its proportion measured as of June 30, 2017. The City also recognized \$9,288 for the year ended December 31, 2018 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the Police and Fire Fund each year, starting in fiscal year 2014.

For the year ended December 31, 2018, the City recognized pension expense of \$155,624 for its proportionate share of the PEPFF's pension expense.

At December 31, 2018, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 44,336	\$ 269,859
Changes in Actuarial Assumptions	1,367,581	1,619,352
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	230,399
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	129,229	-
City Contributions Subsequent to the Measurement Date	90,843	-
Total	<u>\$ 1,631,989</u>	<u>\$ 2,119,610</u>

A total of \$90,843 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

D. Pension Costs (Continued)

2. PEPFF Pension Costs (Continued)

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ 5,036
2020	(46,040)
2021	(129,511)
2022	(413,984)
2023	6,035
Thereafter	-

For the year ended December 31, 2018 the City had the following recorded in relation to all of the plans in which it participates:

	<u>GERF</u>	<u>PEPFF</u>	<u>Total</u>
Net Pension Liability	\$ 1,214,923	\$ 1,100,006	\$ 2,314,929
Deferred Inflows of Resources	318,683	2,119,610	2,438,293
Deferred Outflows of Resources	310,278	1,631,989	1,942,267
Pension Expense	185,730	164,912	350,642

E. Actuarial Assumptions

The total pension liability in the June 30, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per Year
Active Member Payroll Growth	3.25% per Year
Investment Rate of Return	7.50%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP 2014 tables for all plans for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases after retirement for retirees are assumed to be 1.25% per year for the General Employees Plan, 1.0% per year for the Police and Fire Plan, and 2.0% per year for the Correctional Plan.

Actuarial assumptions used in the June 30, 2018 valuation were based on the results of actuarial experience studies. The most recent six-year experience study in the General Employees Plan was completed in 2015. The most recent four-year experience study for Police and Fire Plan was completed in 2016.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

E. Actuarial Assumptions (Continued)

The following changes in actuarial assumptions occurred in 2018:

General Employees Fund

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed post-retirement benefit increase was changed from 1.0% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Police and Fire Fund

- The morality projection scale was changed from MP-2016 to MP-2017.
- As set by statute, the assumed post-retirement benefit increase was changed from 1.0% per year through 2064 and 2.5% per year, thereafter, to 1.0% for all years, with no trigger.

The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	5.10%
International Equity	17	5.30%
Bonds	20	0.75%
Alternative Assets	25	5.90%
Cash	2	0.00%
Totals	100 %	

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)

F. Discount Rate

The discount rate used to measure the total pension liability in 2017 was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net positions of the General Employees Fund and the Police and Fire Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Pension Liability Sensitivity

The following presents the City's proportionate share of the net pension liability for all plans it participates in, calculated using the discount rate disclosed in the preceding paragraph, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate 1 percentage point lower or 1 percentage point higher than the current discount rate:

GERF PENSION LIABILITY		1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description				
City's Proportionate Share of the GERF				
Net Pension Liability		\$ 1,974,404	\$ 1,214,923	\$ 587,992
PEPFF PENSION LIABILITY		1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description				
City's Proportionate Share of the PEPFF				
Net Pension Liability		\$ 2,358,481	\$ 1,100,006	\$ 59,299

H. Pension Plan Fiduciary Net Position

Detailed information about each pension plan's fiduciary net position is available in a separately issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at www.mnpera.org; by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088; or by calling (651) 296-7460 or 1-800-652-9026.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

At December 31, 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As the City has fewer than one hundred plan members, it has elected to calculate its total OPEB liability and related information using the alternative measurement permitted by GASB Statement No. 45.

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.

Employees covered by benefit terms. At December 31, 2018, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	-
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	-
Active Plan Members	35
Total	<u>35</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Contributions and 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 2018, the City contributed \$-0- to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2018, there were no retirees receiving health benefits from the City's health plans.

C. Total OPEB Liability

The City's Total OPEB liability was measured as of January 1, 2017 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation date:</u>	January 1, 2017
<u>Measurement date:</u>	December 31, 2018
<u>Methods and assumptions used to determine the contribution rates:</u>	
Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	Investment gains/losses are amortized over 5 years and liability gains/losses are amortized over Average Working Lifetime
Inflation	2.75%
Healthcare cost trend rate	8.50% for 2017, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary increases	3.50%
Discount rate	4.09% (20-year municipal bond index)
Retirement age	Age 55 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	RP-2014 with MP-2016 generational improvements

Discount Rate

The City's OPEB plan is not funded by a trust, and therefore, the City's uses the 20-year municipal bond index rate to develop its long-term rate of return and discount rate. This rate was 4.09% in the current actuarial valuation, which was updated from the 4.00% used in the prior actuarial valuation.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB Liability were as follows for 2018:

	Increase (Decrease) Total OPEB Liability (a)
Balances at 12/31/17	<u>\$ 87,838</u>
Changes for the Year:	
Service Cost	8,424
Interest	3,311
Differences Between Expected and Actual Experience	-
Contributions - Employer	-
Net Investment Income	-
Benefit Payments	-
Changes in Assumptions	<u>(7,481)</u>
Net Changes	<u>4,254</u>
Balances at 12/31/18	<u><u>\$ 92,092</u></u>

The following changes in assumptions occurred between the current and prior actuarial valuations:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 4.00% to 4.09%.
- The actuarial Cost Methods was updated along with the implementation of GASB Statement No. 75 to the Entry Age Normal level percent of pay method, with investment gains/losses being amortized over 5 years, liability gains/losses are amortized over the assumed average working lifetime, and plan changes are recognized immediately. Previously, under GASB Statement No. 45, the Entry Age Normal actuarial cost method was used, and the unfunded actuarial accrued liability was being amortized as a level percent of payroll over a 30-year period.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Sensitivity of Total OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.09%) or 1-percentage-point higher (5.09%) than the current discount rate:

	1% Decrease (3.09)%	Discount Rate (4.09)%	1% Increase (5.09)%
Net OPEB Liability (Asset)	\$ 103,833	\$ 92,092	\$ 81,604

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.5% decreasing to 4.0%) or 1-percentage-point higher (9.5% decreasing to 6.0%) than the current healthcare cost trend rates:

	1% Decrease (7.5% Decreasing to 4%)	Healthcare Cost Trend Rates (8.5% Decreasing to 5%)	1% Increase (9.5% Decreasing to 6%)
Net OPEB liability (asset)	\$ 76,789	\$ 92,092	\$ 110,773

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$11,267. At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions	-	7,013
Net Difference Between Projected and Actual Earnings on OPEB Plan Investments	-	-
Total	<u>\$ -</u>	<u>\$ 7,013</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2019	\$ (468)
2020	(468)
2021	(468)
2022	(468)
2023	(468)
Thereafter	(4,673)

NOTE 9 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, 2018 are as follows:

- A. **Restricted for Debt Service** – This represents amounts which are restricted for future debt payments.
- 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. **Restricted for Road Maintenance** – Represents amounts assigned by the City Council to be used for various road maintenance projects.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 9 FUND BALANCES (CONTINUED)

- D. **Committed for Emergency Warning Siren** – Represents amounts committed by the City Council for the replacement of the emergency warning siren system.
- E. **Committed for Tree Replacement** – Represents amounts committed 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 10 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.

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 2018, the City received \$211,599 from the City of St. Bonifacius for public safety services.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 \$446,309 for fire protection services in 2018.

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 \$68,330 for 2018 are included in debt service principal \$(62,095) and interest \$(6,235) 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 2018 as follows:

Project	Final Contracted Amount	Expended Through 12/31/2018	Remaining Commitment
Halstead Improvement Project	\$ 2,533,178	\$ 2,328,228	\$ 204,950
Enchanted Lane Improvement Project	836,119	721,201	114,918
Total	<u>\$ 3,369,298</u>	<u>\$ 3,049,430</u>	<u>\$ 319,868</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2018**

NOTE 11 PRIOR PERIOD ADJUSTMENT

The City restated beginning net position of governmental activities related to a receivable for the City's unexpended State municipal construction aid allocations as of December 31, 2017. In the governmental funds, the receivable would have been offset by deferred inflows of resources as the receivable was not considered available. Accordingly it has no effect on the beginning fund balances. However, these receivables needed to be recognized as revenue in the prior year in governmental activities in the government-wide financial statements.

During the year ended December 31, 2018 the City also adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. This pronouncement requires the restatement of the December 31, 2017 net position of the governmental activities.

As a result, the City's net position as of December 31, 2017 has been restated to reflect this receivable and the recognition of the related revenues and to reflect the recognition of the restated total OPEB liability as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position, December 31, 2017, as Previously Reported	\$ 32,321,773	\$ 22,683,238
Unexpended Allocations as of December 31, 2017	605,698	-
Cumulative Affect of Implementation of GASB Statement No. 75, <i>Accounting and Financial Reporting of Postemployment Benefits Other Than Pensions</i>	288,109	33,487
Net Position, December 31, 2017, as Restated	<u><u>\$ 33,215,580</u></u>	<u><u>\$ 22,716,725</u></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, 2018

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 3,211,041	\$ 3,211,041	\$ 3,207,516	\$ (3,525)
Special Assessments	5,000	5,000	3,772	(1,228)
Licenses and Permits	657,500	657,500	883,738	226,238
Intergovernmental Revenue	156,800	156,800	180,861	24,061
Charges for Services	312,599	312,599	301,873	(10,726)
Fines and Forfeits	50,500	50,500	53,445	2,945
Other Revenue:				
Investment Earnings	50,000	50,000	38,370	(11,630)
Miscellaneous Revenue	110,000	110,000	123,623	13,623
Total Revenue	<u>4,553,440</u>	<u>4,553,440</u>	<u>4,793,198</u>	<u>239,758</u>
EXPENDITURES				
General Government:				
Mayor and City Council	34,798	34,798	31,334	(3,464)
Administration	542,859	542,859	517,743	(25,116)
Elections	14,250	14,250	13,621	(629)
Assessing	140,000	140,000	138,000	(2,000)
Legal	111,000	111,000	107,298	(3,702)
Planning	219,118	219,118	205,957	(13,161)
Government Building	81,500	81,500	73,770	(7,730)
Total General Government	<u>1,143,525</u>	<u>1,143,525</u>	<u>1,087,723</u>	<u>(55,802)</u>
Public Safety:				
Police	1,992,045	1,992,045	2,007,024	14,979
Fire	448,676	448,676	446,354	(2,322)
Inspection and Zoning	244,845	244,845	235,019	(9,826)
Total Public Safety	<u>2,685,566</u>	<u>2,685,566</u>	<u>2,688,397</u>	<u>2,831</u>
Public Works:				
Other	979,058	979,058	961,680	(17,378)
Parks and Recreation:				
Other	161,521	161,521	157,331	(4,190)
Miscellaneous:				
Other	<u>25,600</u>	<u>25,600</u>	<u>30,293</u>	<u>4,693</u>
Total Expenditures	<u>4,995,270</u>	<u>4,995,270</u>	<u>4,925,424</u>	<u>(69,846)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(441,830)</u>	<u>(441,830)</u>	<u>(132,226)</u>	<u>309,604</u>
OTHER FINANCE SOURCES				
Transfers In	<u>80,000</u>	<u>80,000</u>	<u>80,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (361,830)</u>	<u>\$ (361,830)</u>	<u>(52,226)</u>	<u>\$ 309,604</u>
FUND BALANCES				
Beginning of Year			2,897,248	
End of Year			<u>\$ 2,845,022</u>	

CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2018

	2018
Total OPEB Liability	
Service Cost	\$ 8,424
Interest	3,311
Changes of Benefit Terms	-
Difference Between Expected and Actual Experience	-
Changes of Assumptions	(7,481)
Benefit Payments	-
Net Change in Total OPEB Liability	4,254
Total OPEB Liability - Beginning	87,838
Total OPEB Liability - Ending	\$ 92,092
Total OPEB Liability	\$ 92,092
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%
Covered Employee Payroll	\$ 2,500,000
City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	3.68%

Additional data will be presented as it becomes available and eventually ten years of data will be presented.

Notes to schedule

Valuation date: January 1, 2017
Measurement date: December 31, 2018

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry age
Amortization method	level percentage of payroll, closed
Amortization period	Investment gains/losses are amortized over 5 years and liability gains/losses are amortized over Average Working Lifetime
Inflation	2.75%
Healthcare cost trend rate	8.50% for 2017, decreasing 0.50% per year to an ultimate rate of 5.00%
Salary increases	3.50%
Discount rate	4.09% (20-year municipal bond index)
Retirement age	Age 55 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	RP-2014 with MP-2016 generational improvements

Changes in Assumptions:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 4.00% to 4.09%.
- The actuarial Cost Methods was updated along with the implementation of GASB Statement No. 75 to the Entry Age Normal level percent of pay method, with investment gains/losses being amortized over 5 years, liability gains/losses are amortized over the assumed average working lifetime, and plan changes are recognized immediately. Previously, under GASB Statement No. 45, the Entry Age Normal actuarial cost method was used, and the unfunded actuarial accrued liability was being amortized as a level percent of payroll over a 30-year period.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2018**

GERF Schedule of the City's Proportionate Share of the Net Pension Liability

	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
City's Proportion of the Net Pension Liability	0.0219%	0.0204%	0.0212%	0.0183%	0.0186%
City's Proportionate Share of the Net Pension Liability	\$ 1,214,923	\$ 1,302,323	\$ 1,721,335	\$ 948,401	\$ 873,735
State's Proportionate Share of the Net Pension Liability Associated with the City	39,798	16,384	-	-	-
Total	<u>\$ 1,254,721</u>	<u>\$ 1,318,707</u>	<u>\$ 1,721,335</u>	<u>\$ 948,401</u>	<u>\$ 873,735</u>
City's Covered Payroll	\$ 1,492,082	\$ 1,319,516	\$ 1,317,129	\$ 1,077,624	\$ 1,008,276
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	84.09%	99.94%	130.69%	88.01%	86.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	79.53%	75.90%	68.91%	78.20%	78.70%

PEPFF Schedule of the City's Proportionate Share of the Net Pension Liability

	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
City's Proportion of the Net Pension Liability	0.1032%	0.1000%	0.0940%	0.0920%	0.0910%
City's Proportionate Share of the Net Pension Liability	\$ 1,100,006	\$ 1,350,119	\$ 3,772,384	\$ 1,045,335	\$ 982,837
City's Covered Payroll	\$ 1,087,631	\$ 1,024,530	\$ 904,985	\$ 845,708	\$ 788,333
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	101.14%	131.78%	416.84%	123.60%	124.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	88.84%	85.40%	63.88%	86.61%	87.10%

Additional data will be presented as it becomes available and eventually ten years of data will be presented.

**CITY OF MINNETRISTA
PERA SCHEDULE OF CITY CONTRIBUTIONS
DECEMBER 31, 2018**

GERF Schedule of City Contributions

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 114,742	\$ 105,809	\$ 94,798	\$ 92,221	\$ 73,100
Contributions in Relation to the Statutorily Required Contribution	<u>(114,742)</u>	<u>(105,809)</u>	<u>(94,798)</u>	<u>(92,221)</u>	<u>(73,100)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,529,893	\$ 1,410,787	\$ 1,263,973	\$ 1,229,613	\$ 1,008,276
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.25%

PEPFF Schedule of City Contributions

	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 180,459	\$ 172,220	\$ 151,797	\$ 144,518	\$ 127,710
Contributions in Relation to the Statutorily Required Contribution	<u>(180,459)</u>	<u>(172,220)</u>	<u>(151,797)</u>	<u>(144,518)</u>	<u>(127,710)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,113,944	\$ 1,063,086	\$ 937,019	\$ 892,086	\$ 788,333
Contributions as a Percentage of Covered Payroll	16.20%	16.20%	16.20%	16.20%	16.20%

Additional data will be presented as it becomes available and eventually ten years of data will be presented.

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

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**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

	Special Revenue	Debt Service	Capital Project	Totals
ASSETS				
Cash and Investments	\$ 1,905,843	\$ 2,422,379	\$ 98,869	\$ 4,427,091
Receivables:				
Accrued Interest	5,566	7,013	283	12,862
Delinquent Special Assessments	-	46,160	-	46,160
Other Special Assessments Receivable	-	1,003,222	-	1,003,222
Due from Other Governmental Units	-	262,444	-	262,444
Total Assets	<u>\$ 1,911,409</u>	<u>\$ 3,741,218</u>	<u>\$ 99,152</u>	<u>\$ 5,751,779</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 67,247	\$ 500	\$ 5,400	\$ 73,147
Deposits	35,438	-	-	35,438
Total Liabilities	<u>102,685</u>	<u>500</u>	<u>5,400</u>	<u>108,585</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	1,049,382	-	1,049,382
Unavailable Revenue - Other	-	251,221	-	251,221
Total Deferred Inflows of Resources	<u>-</u>	<u>1,300,603</u>	<u>-</u>	<u>1,300,603</u>
FUND BALANCE				
Restricted:				
Debt Service	-	2,440,115	-	2,440,115
Parkland Acquisitions and Improvement	903,813	-	-	903,813
Road Maintenance	333,431	-	-	333,431
Committed:				
Emergency Warning Siren Operation	209,840	-	-	209,840
Tree Replacement	361,640	-	-	361,640
Assigned:				
Capital Plan Improvements	-	-	93,752	93,752
Total Fund Balance	<u>1,808,724</u>	<u>2,440,115</u>	<u>93,752</u>	<u>4,342,591</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,911,409</u>	<u>\$ 3,741,218</u>	<u>\$ 99,152</u>	<u>\$ 5,751,779</u>

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ 350,000	\$ 906,395	\$ -	\$ 1,256,395
Special Assessments	-	387,323	-	387,323
Intergovernmental Revenue	90,518	-	-	90,518
Gifts and Contributions	152,400	-	-	152,400
Other Revenue:				
Investment Earnings	26,493	28,045	1,151	55,689
Miscellaneous Revenue	126,270	50,879	2,000	179,149
Total Revenue	<u>745,681</u>	<u>1,372,642</u>	<u>3,151</u>	<u>2,121,474</u>
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	3,328	3,328
Public Works				
Other	98,530	-	-	98,530
Capital Outlay:				
Other	27,961	-	217,807	245,768
Debt Service:				
Principal Retirement	-	694,095	-	694,095
Interest and Fiscal Charges	-	312,255	-	312,255
Total Expenditures	<u>126,491</u>	<u>1,006,350</u>	<u>221,135</u>	<u>1,353,976</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	619,190	366,292	(217,984)	767,498
OTHER FINANCE SOURCES (USES)				
Transfers In	-	39,408	-	39,408
Transfers Out	(39,408)	-	-	(39,408)
Total Other Finance Sources (Uses)	<u>(39,408)</u>	<u>39,408</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	579,782	405,700	(217,984)	767,498
FUND BALANCES				
Beginning of Year	<u>1,228,942</u>	<u>2,034,415</u>	<u>311,736</u>	<u>3,575,093</u>
End of Year	<u>\$ 1,808,724</u>	<u>\$ 2,440,115</u>	<u>\$ 93,752</u>	<u>\$ 4,342,591</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 Development 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.

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2018**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
ASSETS					
Cash and Investments	\$ 209,230	\$ 901,177	\$ 434,848	\$ 360,588	\$ 1,905,843
Receivables:					
Accrued Interest	610	2,636	1,268	1,052	5,566
Total Assets	<u>\$ 209,840</u>	<u>\$ 903,813</u>	<u>\$ 436,116</u>	<u>\$ 361,640</u>	<u>\$ 1,911,409</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ -	\$ -	\$ 67,247	\$ -	\$ 67,247
Deposits	-	-	35,438	-	35,438
Total Liabilities	-	-	102,685	-	102,685
FUND BALANCE					
Restricted:					
Parkland Acquisitions and Improvement	-	903,813	-	-	903,813
Road Maintenance	-	-	333,431	-	333,431
Committed:					
Emergency Warning Siren Operation	209,840	-	-	-	209,840
Tree Replacement	-	-	-	361,640	361,640
Total Fund Balance	<u>209,840</u>	<u>903,813</u>	<u>333,431</u>	<u>361,640</u>	<u>1,808,724</u>
Total Liabilities and Fund Balance	<u>\$ 209,840</u>	<u>\$ 903,813</u>	<u>\$ 436,116</u>	<u>\$ 361,640</u>	<u>\$ 1,911,409</u>

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
REVENUE					
Property Taxes	\$ -	\$ -	\$ 350,000	\$ -	\$ 350,000
Intergovernmental Revenue	-	-	90,518	-	90,518
Gifts and Contributions	-	-	-	152,400	152,400
Other Revenue:					
Investment Earnings	2,850	12,742	5,355	5,546	26,493
Miscellaneous Revenue	2,496	117,824	5,950	-	126,270
Total Revenue	<u>5,346</u>	<u>130,566</u>	<u>451,823</u>	<u>157,946</u>	<u>745,681</u>
EXPENDITURES					
Public Works:					
Other	-	-	98,530	-	98,530
Capital Outlay	-	14,832	-	13,129	27,961
Total Expenditures	<u>-</u>	<u>14,832</u>	<u>98,530</u>	<u>13,129</u>	<u>126,491</u>
EXCESS OF REVENUE OVER EXPENDITURES	5,346	115,734	353,293	144,817	619,190
OTHER FINANCE USES					
Transfers Out	-	(14,383)	(25,025)	-	(39,408)
NET CHANGE IN FUND BALANCES	5,346	101,351	328,268	144,817	579,782
FUND BALANCES					
Beginning of Year	204,494	802,462	5,163	216,823	1,228,942
End of Year	<u>\$ 209,840</u>	<u>\$ 903,813</u>	<u>\$ 333,431</u>	<u>\$ 361,640</u>	<u>\$ 1,808,724</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, 2018**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings	\$ 1,000	\$ 2,850	\$ 1,850
Miscellaneous Revenue	<u>2,000</u>	<u>2,496</u>	<u>496</u>
Total Revenue	3,000	5,346	2,346
EXPENDITURES			
Capital Outlay:			
Other	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 1,000</u></u>	5,346	<u><u>\$ 4,346</u></u>
FUND BALANCES			
Beginning of Year		<u>204,494</u>	
End of Year		<u><u>\$ 209,840</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, 2018**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings	\$ 14,688	\$ 12,742	\$ (1,946)
Miscellaneous Revenue	100,000	117,824	17,824
Total Revenue	<u>114,688</u>	<u>130,566</u>	<u>15,878</u>
EXPENDITURES			
Capital Outlay:			
Other	<u>165,000</u>	<u>14,832</u>	<u>(150,168)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(50,312)	115,734	166,046
OTHER FINANCE USES			
Transfers Out	<u>(14,500)</u>	<u>(14,383)</u>	<u>117</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (64,812)</u></u>	101,351	<u><u>\$ 166,163</u></u>
FUND BALANCES			
Beginning of Year		<u>802,462</u>	
End of Year		<u><u>\$ 903,813</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, 2018**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 350,000	\$ 350,000	\$ 350,000	\$ -
Intergovernmental Revenue	85,000	85,000	90,518	5,518
Investment Earnings	3,000	3,000	5,355	2,355
Miscellaneous Revenue	-	-	5,950	5,950
Total Revenue	<u>438,000</u>	<u>438,000</u>	<u>451,823</u>	<u>13,823</u>
EXPENDITURES				
Streets:				
Other	<u>420,000</u>	<u>420,000</u>	<u>98,530</u>	<u>(321,470)</u>
EXCESS OF REVENUE OVER EXPENDITURES	18,000	18,000	353,293	335,293
OTHER FINANCE USES				
Transfers Out	<u>(25,000)</u>	<u>(25,000)</u>	<u>(25,025)</u>	<u>(25)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (7,000)</u>	<u>\$ (7,000)</u>	328,268	<u>\$ 335,268</u>
FUND BALANCES				
Beginning of Year			<u>5,163</u>	
End of Year			<u>\$ 333,431</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, 2018**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Contributions	\$ -	\$ -	\$ 152,400	\$ 152,400
Investment Earnings	2,500	2,500	5,546	3,046
Total Revenue	2,500	2,500	157,946	155,446
EXPENDITURES				
Capital Outlay	-	-	13,129	13,129
NET CHANGE IN FUND BALANCES	<u>\$ 2,500</u>	<u>\$ 2,500</u>	144,817	<u>\$ 142,317</u>
FUND BALANCES				
Beginning of Year			216,823	
End of Year			<u>\$ 361,640</u>	

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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, 2018**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
ASSETS								
Cash and Investments	\$ 17,484	\$ 150,240	\$ 394,386	\$ 984,897	\$ 117,456	\$ 297,461	\$ 460,455	\$ 2,422,379
Receivables:								
Accrued Interest	-	436	1,150	2,873	343	868	1,343	7,013
Delinquent Special Assessments	-	38,925	-	6,651	-	-	584	46,160
Other Special Assessments Receivable	-	-	-	389,820	26,400	-	587,002	1,003,222
Due from Other Governmental Units	787	224	4,023	1,873	251,221	2,782	1,534	262,444
Total Assets	<u>\$ 18,271</u>	<u>\$ 189,825</u>	<u>\$ 399,559</u>	<u>\$ 1,386,114</u>	<u>\$ 395,420</u>	<u>\$ 301,111</u>	<u>\$ 1,050,918</u>	<u>\$ 3,741,218</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ -	\$ -	\$ 500
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Special Assessment	-	38,925	-	396,471	26,400	-	587,586	1,049,382
Unavailable Revenue - Other	-	-	-	-	251,221	-	-	251,221
Total Deferred Inflows of Resources	-	38,925	-	396,471	277,621	-	587,586	1,300,603
FUND BALANCE								
Restricted:								
Debt Service	18,271	150,900	399,559	989,143	117,799	301,111	463,332	2,440,115
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 18,271</u>	<u>\$ 189,825</u>	<u>\$ 399,559</u>	<u>\$ 1,386,114</u>	<u>\$ 395,420</u>	<u>\$ 301,111</u>	<u>\$ 1,050,918</u>	<u>\$ 3,741,218</u>

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2018**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
REVENUE								
Property Taxes	\$ 71,510	\$ 20,360	\$ 365,495	\$ 121,774	\$ -	\$ 252,767	\$ 74,489	\$ 906,395
Special Assessments	-	157,975	-	66,886	11,839	-	150,623	387,323
Other Revenue:								
Investment Earnings	13	1,494	3,902	12,445	1,300	3,154	5,737	28,045
Miscellaneous Revenue	-	-	19,664	-	31,215	-	-	50,879
Total Revenue	<u>71,523</u>	<u>179,829</u>	<u>389,061</u>	<u>201,105</u>	<u>44,354</u>	<u>255,921</u>	<u>230,849</u>	<u>1,372,642</u>
EXPENDITURES								
Debt Service:								
Principal Retirement	62,095	40,000	250,000	155,000	50,000	137,000	-	694,095
Interest and Fiscal Charges	<u>6,235</u>	<u>17,029</u>	<u>116,610</u>	<u>74,889</u>	<u>11,576</u>	<u>11,398</u>	<u>74,518</u>	<u>312,255</u>
Total Debt Service	<u>68,330</u>	<u>57,029</u>	<u>366,610</u>	<u>229,889</u>	<u>61,576</u>	<u>148,398</u>	<u>74,518</u>	<u>1,006,350</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	3,193	122,800	22,451	(28,784)	(17,222)	107,523	156,331	366,292
OTHER FINANCE SOURCES								
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,383</u>	<u>25,025</u>	<u>-</u>	<u>-</u>	<u>39,408</u>
NET CHANGE IN FUND BALANCES	3,193	122,800	22,451	(14,401)	7,803	107,523	156,331	405,700
FUND BALANCES								
Beginning of Year	<u>15,078</u>	<u>28,100</u>	<u>377,108</u>	<u>1,003,544</u>	<u>109,996</u>	<u>193,588</u>	<u>307,001</u>	<u>2,034,415</u>
End of Year	<u>\$ 18,271</u>	<u>\$ 150,900</u>	<u>\$ 399,559</u>	<u>\$ 989,143</u>	<u>\$ 117,799</u>	<u>\$ 301,111</u>	<u>\$ 463,332</u>	<u>\$ 2,440,115</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, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,510	\$ (490)
EXPENDITURES				
Debt Service:				
Principal Retirement	68,217	68,217	62,095	(6,122)
Interest and Fiscal Charges	-	-	6,235	6,235
Total Debt Service	68,217	68,217	68,330	113
NET CHANGE IN FUND BALANCES	<u>\$ 3,783</u>	<u>\$ 3,783</u>	3,180	<u>\$ (603)</u>
FUND BALANCES				
Beginning of Year			15,078	
End of Year			<u>\$ 18,258</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2007A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 20,500	\$ 20,500	\$ 20,360	\$ (140)
Special Assessments	33,000	33,000	157,975	124,975
Investment Earnings	1,000	1,000	1,494	494
Total Revenue	<u>54,500</u>	<u>54,500</u>	<u>179,829</u>	<u>125,329</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	17,150	17,150	17,029	(121)
Total Debt Service	<u>57,150</u>	<u>57,150</u>	<u>57,029</u>	<u>(121)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (2,650)</u>	<u>\$ (2,650)</u>	122,800	<u>\$ 125,450</u>
FUND BALANCES				
Beginning of Year			<u>28,100</u>	
End of Year			<u>\$ 150,900</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, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 368,000	\$ 368,000	\$ 365,495	\$ (2,505)
Investment Earnings	1,000	1,000	3,902	2,902
Miscellaneous Revenue	19,665	19,665	19,664	(1)
Total Revenue	<u>388,665</u>	<u>388,665</u>	<u>389,061</u>	<u>396</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	250,000	250,000	250,000	-
Interest and Fiscal Charges	121,400	121,400	116,610	(4,790)
Total Debt Service	<u>371,400</u>	<u>371,400</u>	<u>366,610</u>	<u>(4,790)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 17,265</u>	<u>\$ 17,265</u>	22,451	<u>\$ 5,186</u>
FUND BALANCES				
Beginning of Year			<u>377,108</u>	
End of Year			<u>\$ 399,559</u>	

**CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2010A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 122,609	\$ 122,609	\$ 121,774	\$ (835)
Special Assessments	85,000	85,000	66,886	(18,114)
Investment Earnings	8,000	8,000	12,445	4,445
Total Revenue	<u>215,609</u>	<u>215,609</u>	<u>201,105</u>	<u>(14,504)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	155,000	155,000	155,000	-
Interest and Fiscal Charges	74,406	74,406	74,889	483
Total Debt Service	<u>229,406</u>	<u>229,406</u>	<u>229,889</u>	<u>483</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(13,797)	(13,797)	(28,784)	(14,987)
OTHER FINANCE SOURCES				
Transfers In	<u>14,500</u>	<u>14,500</u>	<u>14,383</u>	<u>(117)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 703</u>	<u>\$ 703</u>	(14,401)	<u>\$ (15,104)</u>
FUND BALANCES				
Beginning of Year			<u>1,003,544</u>	
End of Year			<u>\$ 989,143</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2012A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Special Assessments	\$ 10,000	\$ 10,000	\$ 11,839	\$ 1,839
Investment Earnings	-	-	1,300	1,300
Miscellaneous Revenue	31,500	31,500	31,215	(285)
Total Revenue	41,500	41,500	44,354	2,854
EXPENDITURES				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	10,830	10,830	11,576	746
Total Debt Service	60,830	60,830	61,576	746
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(19,330)	(19,330)	(17,222)	2,108
OTHER FINANCE SOURCES				
Transfers In	25,000	25,000	25,025	25
NET CHANGE IN FUND BALANCES	\$ 5,670	\$ 5,670	7,803	\$ 2,133
FUND BALANCES				
Beginning of Year			109,996	
End of Year			\$ 117,799	

CITY OF MINNETRISTA
G.O. EQUIPMENT CERTIFICATES OF 2015A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 254,500	\$ 254,500	\$ 252,767	\$ (1,733)
Investment Earnings	500	500	3,154	2,654
Total Revenue	<u>255,000</u>	<u>255,000</u>	<u>255,921</u>	<u>921</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	137,000	137,000	137,000	-
Interest and Fiscal Charges	<u>22,003</u>	<u>22,003</u>	<u>11,398</u>	<u>(10,605)</u>
Total Debt Service	<u>159,003</u>	<u>159,003</u>	<u>148,398</u>	<u>(10,605)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 95,997</u>	<u>\$ 95,997</u>	107,523	<u>\$ 11,526</u>
FUND BALANCES				
Beginning of Year			<u>193,588</u>	
End of Year			<u>\$ 301,111</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, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Special Assessments	\$ 320,000	\$ 320,000	\$ 450,415	\$ 130,415
Investment Earnings	6,500	6,500	16,731	10,231
Total Revenue	326,500	326,500	467,146	140,646
EXPENDITURES				
Debt Service:				
Principal Retirement	-	55,000	55,000	-
Interest and Fiscal Charges	44,978	42,239	43,200	961
Total Debt Service	44,978	97,239	98,200	961
NET CHANGE IN FUND BALANCES	<u>\$ 281,522</u>	<u>\$ 229,261</u>	368,946	<u>\$ 139,685</u>
FUND BALANCES				
Beginning of Year			992,430	
End of Year			<u>\$ 1,361,376</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2013B FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Special Assessments	\$ 240,000	\$ 240,000	\$ 275,070	\$ 35,070
Investment Earnings	2,500	2,500	6,156	3,656
Total Revenue	242,500	242,500	281,226	38,726
EXPENDITURES				
Debt Service:				
Principal Retirement	-	60,000	60,000	-
Interest and Fiscal Charges	-	44,978	45,936	958
Total Debt Service	-	104,978	105,936	958
NET CHANGE IN FUND BALANCES	<u>\$ 242,500</u>	<u>\$ 137,522</u>	175,290	<u>\$ 37,768</u>
FUND BALANCES				
Beginning of Year			<u>363,179</u>	
End of Year			<u>\$ 538,469</u>	

CITY OF MINNETRISTA
2017 STREET PROJECT DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 75,000	\$ 75,000	\$ 74,489	\$ (511)
Special Assessments	50,000	50,000	150,623	100,623
Investment Earnings	-	-	5,737	5,737
Total Revenue	<u>125,000</u>	<u>125,000</u>	<u>230,849</u>	<u>105,849</u>
EXPENDITURES				
Debt Service:				
Interest and Fiscal Charges	<u>-</u>	<u>73,534</u>	<u>74,518</u>	<u>984</u>
NET CHANGE IN FUND BALANCES	<u>\$ 125,000</u>	<u>\$ 51,466</u>	<u>156,331</u>	<u>\$ 104,865</u>
FUND BALANCES				
Beginning of Year			<u>307,001</u>	
End of Year			<u>\$ 463,332</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.

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
BALANCE SHEET
DECEMBER 31, 2018**

	Capital Improvement (401)
	<u> </u>
ASSETS	
Cash and Investments	\$ 98,869
Accrued Interest	<u>283</u>
Total Assets	<u><u>\$ 99,152</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts and Contracts Payable	\$ 5,400
FUND BALANCE	
Assigned:	
Capital Plan Improvements	<u>93,752</u>
Total Liabilities and Fund Balance	<u><u>\$ 99,152</u></u>

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2018**

	Capital Improvement (401)
REVENUE	
Investment Earnings	\$ 1,151
Miscellaneous Revenue	<u>2,000</u>
Total Revenue	<u>3,151</u>
EXPENDITURES	
General Government:	
Administration	3,328
Capital Outlay:	
Other	<u>217,807</u>
Total Expenditures	<u>221,135</u>
NET CHANGE IN FUND BALANCE	(217,984)
FUND BALANCES	
Beginning of Year	<u>311,736</u>
End of Year	<u><u>\$ 93,752</u></u>

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2018**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 1,151	\$ (849)
Miscellaneous Revenue	-	-	2,000	2,000
Total Revenue	<u>2,000</u>	<u>2,000</u>	<u>3,151</u>	<u>1,151</u>
EXPENDITURES				
General Government:				
Administration	-	-	3,328	3,328
Capital Outlay:				
Other	<u>291,450</u>	<u>291,450</u>	<u>217,807</u>	<u>(73,643)</u>
Total Expenditures	<u>291,450</u>	<u>291,450</u>	<u>221,135</u>	<u>(70,315)</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(289,450)	(289,450)	(217,984)	71,466
OTHER FINANCE SOURCES				
Issuance of Equipment Certificates	<u>230,000</u>	<u>230,000</u>	-	(230,000)
NET CHANGE IN FUND BALANCES	<u>\$ (59,450)</u>	<u>\$ (59,450)</u>	(217,984)	<u>\$ (158,534)</u>
FUND BALANCES				
Beginning of Year			<u>311,736</u>	
End of Year			<u>\$ 93,752</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities:										
Net Investment in Capital Assets	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011	\$ 16,231,151	\$ 16,563,080	\$ 16,599,988	\$ 23,024,394	\$ 23,462,495
Restricted	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298	10,127,484
Unrestricted	2,439,958	2,597,269	2,797,210	2,726,677	1,857,939	2,991,147	1,857,033	3,457,549	530,081	(215,288)
Total Governmental Activities Net Position	<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>	<u>\$ 27,691,550</u>	<u>\$ 27,763,716</u>	<u>\$ 32,321,773</u>	<u>\$ 33,374,691</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847	\$ 11,169,939	\$ 12,775,949	\$ 11,846,587	\$ 17,722,284	\$ 17,783,999
Unrestricted	3,430,159	3,360,577	3,583,305	4,042,164	4,495,729	4,962,343	3,833,870	6,922,646	4,960,954	5,091,286
Total Business-Type Activities Net Position	<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>	<u>\$ 16,609,819</u>	<u>\$ 18,769,233</u>	<u>\$ 22,683,238</u>	<u>\$ 22,875,285</u>
Primary Government:										
Net Investment in Capital Assets	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858	\$ 27,401,090	\$ 29,339,029	\$ 28,446,575	\$ 40,746,678	\$ 41,246,494
Restricted	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298	10,127,484
Unrestricted	5,870,117	5,957,846	6,380,515	6,768,841	6,353,668	7,953,490	5,690,903	10,380,195	5,491,035	4,875,998
Total Primary Government Net Position	<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>	<u>\$ 44,301,369</u>	<u>\$ 46,532,949</u>	<u>\$ 55,005,011</u>	<u>\$ 56,249,976</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses:										
Governmental Activities:										
General Government	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188	\$ 1,019,379	\$ 1,013,834	\$ 1,374,469	\$ 1,299,321	\$ 1,182,492
Public Safety	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287	2,515,524	2,592,622	3,199,782	3,100,825	3,009,188
Public Works	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994	2,226,393	2,403,548	2,516,668	2,688,371	2,614,558
Parks and Recreation	167,405	187,391	218,600	192,206	198,709	253,802	225,307	239,887	260,196	282,717
Interest and Fiscal Charges	375,092	346,216	386,100	411,838	604,518	1,029,562	477,254	433,674	595,435	400,772
Total Governmental Activities Expenses	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696	7,044,660	6,712,565	7,764,480	7,944,148	7,489,727
Business-Type Activities:										
Water	588,448	543,151	593,418	686,378	778,481	687,528	746,686	965,379	900,399	1,634,763
Sewer	744,469	686,443	804,553	754,958	823,690	888,377	838,815	850,928	978,903	1,101,419
Storm Water	195,835	162,901	198,138	204,343	208,830	216,860	264,832	255,656	331,965	335,745
Recycling	85,590	86,293	92,938	97,054	98,893	112,990	119,733	131,935	133,800	147,877
Cable TV	-	-	-	-	-	45,659	3,548	-	-	-
Total Business-Type Activities Expenses	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894	1,951,414	1,973,614	2,203,898	2,345,067	3,219,804
Total Primary Government Expenses	<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>	<u>\$ 8,686,179</u>	<u>\$ 9,968,378</u>	<u>\$ 10,289,215</u>	<u>\$ 10,709,531</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342	\$ 841,958	\$ 925,087	\$ 867,659	\$ 828,270	\$ 1,090,940
Public Safety	671,373	559,168	575,752	560,023	195,221	178,786	189,649	204,286	217,406	211,599
Public Works	34,254	-	-	-	233	251,784	134	190	32	152,400
Operating Grants and Contributions	106,321	186,286	233,568	200,604	440,828	835,875	507,773	277,650	327,664	465,156
Capital Grants and Contributions	1,004,261	1,415,745	403,713	1,378,968	5,383,439	2,968,198	384,022	340,638	6,519,798	1,135,793
Total Governmental Activities Program Revenues	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063	5,076,601	2,006,665	1,690,423	7,893,170	3,055,888
Business-Type Activities:										
Charges for Services:										
Water	568,261	567,648	590,895	696,488	1,174,714	1,683,013	1,177,345	994,989	1,365,113	1,333,584
Sewer	525,082	578,391	608,277	668,048	709,365	850,803	830,784	877,481	929,997	993,426
Storm Water	89,017	98,454	94,213	176,956	181,069	187,059	224,120	261,853	294,973	328,426
Recycling	92,087	101,582	97,355	95,609	98,460	105,512	110,860	115,136	121,159	127,647
Cable TV	-	-	-	-	-	86,034	40,762	40,772	41,588	42,415
Operating Grants and Contributions	18,727	19,709	19,657	29,778	21,452	34,215	182,574	23,014	21,869	19,509
Capital Grants and Contributions	774,551	1,911	1,791	1,668	-	3,207	165	165	3,629,055	465,268
Total Business-Type Activities Program Revenues	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060	2,949,843	2,566,610	2,313,410	6,403,754	3,310,275
Total Primary Government Program Revenues	<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>	<u>\$ 4,573,275</u>	<u>\$ 4,003,833</u>	<u>\$ 14,296,924</u>	<u>\$ 6,366,163</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net Revenue (Expense):										
Governmental Activities	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367	\$ (1,968,059)	\$ (4,705,900)	\$ (6,074,057)	\$ (50,978)	\$ (4,433,839)
Business-Type Activities	453,383	(111,093)	(276,859)	(74,186)	275,166	998,429	592,996	109,512	4,058,687	90,471
Total Primary Government Net Expense	<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>	<u>\$ (4,112,904)</u>	<u>\$ (5,964,545)</u>	<u>\$ 4,007,709</u>	<u>\$ (4,343,368)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282	\$ 3,891,397	\$ 4,010,604	\$ 4,127,926	\$ 4,275,961	\$ 4,464,200
Investment Earnings	105,724	67,523	57,354	61,284	(34,452)	119,528	75,954	76,062	84,864	128,750
Capital Contribution	-	-	-	-	1,171,000	-	-	1,914,289	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	180	114,954	21,396	27,946	47,870	-
Miscellaneous	10,247	23,827	66,684	202,226	-	-	-	-	340	-
Transfers	890,000	460,000	(332,027)	-	-	-	-	-	200,000	-
Total Governmental Activities	<u>5,610,416</u>	<u>5,087,287</u>	<u>3,875,658</u>	<u>4,142,333</u>	<u>5,027,010</u>	<u>4,125,879</u>	<u>4,107,954</u>	<u>6,146,223</u>	<u>4,609,035</u>	<u>4,592,950</u>
Business-Type Activities:										
Investment Earnings	107,361	56,521	48,981	59,554	(34,523)	74,277	54,936	52,385	55,318	68,089
Capital Contribution	-	-	-	-	-	-	-	1,997,517	-	-
Transfers	(890,000)	(460,000)	323,027	-	-	-	-	-	(200,000)	-
Total Business-Type Activities	<u>(782,639)</u>	<u>(403,479)</u>	<u>372,008</u>	<u>59,554</u>	<u>(34,523)</u>	<u>74,277</u>	<u>54,936</u>	<u>2,049,902</u>	<u>(144,682)</u>	<u>68,089</u>
Total Primary Government	<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>	<u>\$ 4,162,890</u>	<u>\$ 8,196,125</u>	<u>\$ 4,464,353</u>	<u>\$ 4,661,039</u>
Change in Net Position:										
Governmental Activities	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377	\$ 2,157,820	\$ (597,946)	\$ 72,166	\$ 4,558,057	\$ 159,111
Business-Type Activities	(329,256)	(514,572)	95,149	(14,632)	240,643	1,072,706	647,932	2,159,414	3,914,005	158,560
Total Primary Government	<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>	<u>\$ 49,986</u>	<u>\$ 2,231,580</u>	<u>\$ 8,472,062</u>	<u>\$ 317,671</u>

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Unreserved	\$ 2,371,750	\$ 2,185,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	22,434	23,820	15,888	86,572
Assigned	-	-	154,422	120,243	280,680	150,000	258,314	444,566	361,830	397,484
Unassigned	-	-	2,246,964	2,550,994	2,440,056	2,543,786	2,937,851	2,543,877	2,519,530	2,360,966
Total General Fund	<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>	<u>\$ 3,218,599</u>	<u>\$ 3,012,263</u>	<u>\$ 2,897,248</u>	<u>\$ 2,845,022</u>
All Other Governmental Funds:										
Reserved	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	922,785	914,997	-	-	-	-	-	-	-	-
Debt Service Funds	572,332	795,832	-	-	-	-	-	-	-	-
Capital Project Funds	2,600,504	2,457,566	-	-	-	-	-	-	-	-
Restricted	-	-	2,004,013	2,158,391	3,488,442	5,008,847	4,169,403	3,842,779	4,197,649	5,577,204
Committed	-	-	156,038	184,223	-	-	410,398	406,781	421,317	571,480
Assigned	-	-	2,357,044	2,258,497	2,258,497	802,133	227,155	326,804	1,560,724	243,131
Unassigned	-	-	(282,835)	(420,625)	-	-	-	(136,568)	-	-
Total All Other Governmental Funds	<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>	<u>\$ 4,806,956</u>	<u>\$ 4,439,796</u>	<u>\$ 6,179,690</u>	<u>\$ 6,391,815</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>
2009	\$ 4,604,445
2010	\$ 4,535,937
2011	\$ 4,083,647
2012	\$ 3,878,823
2013	\$ 3,863,571
2014	\$ 3,878,323
2015	\$ 4,004,111
2016	\$ 4,157,599
2017	\$ 4,289,150
2018	\$ 4,473,650

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues:										
Taxes	\$ 4,561,767	\$ 4,517,943	\$ 4,197,308	\$ 3,906,517	\$ 3,913,257	\$ 3,908,750	\$ 4,022,425	\$ 4,157,304	\$ 4,266,743	\$ 4,463,911
Licenses and Permits	330,125	240,645	291,747	274,871	394,487	666,305	740,757	652,035	624,524	883,738
Intergovernmental	261,861	127,516	422,015	810,238	1,359,991	286,418	526,191	215,547	1,513,053	271,379
Charges for Services	376,146	326,057	405,543	370,856	259,168	513,250	271,046	329,901	325,524	301,873
Investment Earnings	178,768	61,129	81,714	93,763	(34,452)	119,528	75,954	76,062	84,864	128,750
Special Assessments	82,628	226,342	140,448	217,265	1,001,429	1,956,154	767,248	742,386	1,236,851	1,116,580
Gifts and Contributions	-	-	-	-	-	-	-	-	-	152,400
Miscellaneous	81,938	191,042	289,703	667,328	522,016	709,520	405,238	282,144	335,816	448,717
Total Revenues	5,873,233	5,690,674	5,828,478	6,340,838	7,415,896	8,159,925	6,808,859	6,455,379	8,387,375	7,767,348
Expenditures:										
General Government	1,094,775	1,162,534	1,143,459	1,088,050	1,057,405	1,167,794	974,569	1,303,870	1,121,798	1,091,051
Public Safety	5,527,291	3,193,979	2,205,315	2,082,473	1,980,708	2,240,017	2,200,045	2,330,657	2,538,467	2,688,397
Public Works	2,676,506	4,507,049	1,662,321	738,076	963,487	1,135,254	1,163,555	1,291,473	1,240,620	1,069,915
Parks and Recreation	882,755	116,293	149,007	288,780	111,257	126,927	129,905	155,671	149,900	157,331
Other	57,221	31,438	46,137	114,923	12,184	10,838	13,689	17,294	36,382	30,293
Capital Outlay	-	-	-	1,839,919	6,552,680	1,800,066	745,670	852,956	3,347,426	1,359,976
Debt Service:										
Principal	580,460	312,753	387,335	343,179	499,048	1,307,849	1,292,413	1,041,728	1,027,862	809,095
Interest	241,786	355,172	384,548	413,908	537,735	1,078,085	481,435	458,911	666,272	401,391
Total Expenditures	11,060,794	9,679,218	5,978,122	6,909,308	11,714,504	8,866,830	7,001,281	7,452,560	10,128,727	7,607,449
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,187,561)	(3,988,544)	(149,644)	(568,470)	(4,298,608)	(706,905)	(192,422)	(997,181)	(1,741,352)	159,899
Other Financing Sources (Uses):										
Bonds Issued	5,600,304	3,866,350	15,950	770,000	7,695,000	5,150,000	331,000	375,000	8,315,000	-
Premium on Bonds Issued	26,134	304	-	-	-	326,382	-	20,739	130,666	-
Discount on Bonds Issued	-	-	-	-	-	-	-	-	(7,305)	-
Payment of Refunded Bonds	-	-	-	-	-	(4,965,000)	(635,000)	-	(5,320,000)	-
Sales of Capital Assets	7,365	8,399	9,693	14,547	-	120,250	17,211	27,946	47,870	-
Transfers In	1,842,320	944,021	-	192,332	653,908	403,104	39,458	350,731	526,016	119,408
Transfers Out	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)	(403,104)	(39,458)	(350,731)	(326,016)	(119,408)
Total Other Financing Sources (Uses)	5,633,803	3,875,053	25,643	784,547	6,026,924	631,632	(286,789)	423,685	3,366,231	-
Net Change in Fund Balances	\$ 446,242	\$ (113,491)	\$ (124,001)	\$ 216,077	\$ 1,728,316	\$ (75,273)	\$ (479,211)	\$ (573,496)	\$ 1,624,879	\$ 159,899
Debt Service as a Percentage of Noncapital Expenditures	7.4%	6.9%	12.9%	13.3%	19.9%	34.3%	28.2%	20.1%	16.7%	15.9%

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			
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
2015	13,538,197	181,771	13,719,968	28.44	1,295,560,255	1.06
2016	15,550,109	292,723	15,842,832	28.79	1,470,711,462	1.08
2017	16,781,818	305,702	17,087,520	26.59	1,584,382,887	1.08
2018	18,105,070	324,780	18,429,850	25.74	1,709,974,365	1.08

* 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	
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
2015	23.541	4.907	28.448	N/A	N/A	46.398	N/A	N/A	30.952	105.798
2016	23.427	5.365	28.792	N/A	N/A	45.356	N/A	N/A	32.920	107.068
2017	21.673	4.917	26.590	N/A	N/A	44.087	N/A	N/A	31.834	102.511
2018	20.490	5.252	25.742	N/A	N/A	42.808	N/A	N/A	35.424	103.974

** 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	2018			2009		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Individual	\$ 59,563	1	0.3 %	\$ —	—	— %
Individual	59,188	2	0.3	—	—	—
MN M C Holding Corp	53,400	3	0.3	—	—	—
Individual	51,488	4	0.3	—	—	—
Individual	46,350	5	0.3	—	—	0.0
Individual	45,450	6	0.2	52,185	7	0.3
Individual	44,400	7	0.2	—	—	0.0
Individual	40,213	8	0.2	—	—	0.0
Individual	39,988	9	0.2	47,213	9	0.3
Burl Oaks Golf Club	39,463	10	0.2	—	—	0.0
Woodland Cove LLC	—	—	—	151,557	1	0.9
Woodland Cove II LLC	—	—	—	93,332	2	0.6
JP Morgan Chase Bank N/A	—	—	—	90,475	3	0.5
Individual	—	—	—	74,738	4	0.5
Woodland Cove LLC	—	—	—	59,526	5	0.4
Hermitage Shores Development Group	—	—	—	56,809	6	0.3
Individual	—	—	—	50,075	8	0.3
Burl Oaks Golf Club	—	—	—	46,970	10	0.3
Total	<u>\$ 479,503</u>		<u>2.6 %</u>	<u>\$ 722,880</u>		<u>4.4 %</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
2009	\$ 4,614,798	\$ 4,421,182	95.8	\$ 193,360	\$ 4,614,542	99.99
2010	4,557,871	4,423,556	97.1	128,246	4,551,802	99.87
2011	4,133,111	4,053,877	98.1	79,078	4,132,955	100.00
2012	3,878,973	3,819,672	98.5	59,240	3,878,912	100.00
2013	3,863,571	3,825,771	99.0	37,800	3,863,571	100.00
2014	3,878,323	3,857,974	99.5	18,301	3,876,275	99.95
2015	4,004,111	3,999,672	99.9	—	3,999,672	99.89
2016	4,157,599	4,140,337	99.6	—	4,140,337	99.58
2017	4,289,150	4,266,743	99.5	—	4,266,743	99.48
2018	4,473,650	4,451,285	99.5	—	4,451,285	99.50

**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			
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	—
2011	5,340,000	4,315,000	1,445,791	11,100,791	1,721	3.3
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	—
2015	4,691,000	10,140,000	1,503,364	16,334,364	2,415	—
2016	5,021,906	9,499,417	11,375,398	25,896,721	3,684	—
2017	5,288,316	11,630,000	11,901,645	28,819,961	3,982	—
2018	4,237,000	11,270,000	11,013,364	26,520,364	3,524	

(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.

**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>
2009	\$ 5,775,000	\$ 652,187	\$ 5,122,813	0.36	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.31	726
2012	5,155,000	667,623	4,487,377	0.32	685
2013	12,445,000	1,870,981	10,574,019	0.82	1,570
2014	11,760,000	3,748,283	8,011,717	0.66	1,179
2015	14,831,000	2,904,647	11,926,353	0.99	1,763
2016	14,521,323	2,992,862	11,528,461	0.89	1,640
2017	16,918,316	3,390,024	13,528,292	0.92	1,869
2018	15,507,000	4,282,061	11,224,939	0.71	1,491

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 85 for property value data.

(2) Population data can be found in the Schedule of Demographic Statistics on page 106.

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, 2018**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 3,338,559	100.00 %	\$ 3,338,559
Overlapping:			
School Districts:			
ISD No. 110*	123,675,000	9.47	11,707,076
ISD No. 111*	33,795,000	16.14	5,454,344
ISD No. 879**	73,775,000	0.34	249,802
ISD No. 277	42,433,343	32.35	13,727,186
Hennepin County:			
General	1,056,890,798	1.08	11,414,421
Three Rivers Park District	43,575,708	1.51	657,993
Regional Rail Authority	24,600,380	1.51	371,466
Metropolitan Council	75,902,689	0.51	387,104
Total Overlapping Debt			<u>43,969,391</u>
Total Direct and Overlapping Debt			<u><u>\$ 47,307,950</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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952	\$ 36,024,038	\$ 38,866,808	\$ 44,121,344	\$ 47,531,487	\$ 51,299,231
Total Net Debt Applicable to Limit	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019	846,717	1,786,353	2,029,044	1,898,292	3,338,559
Legal Debt Margin	<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>	<u>\$ 33,096,933</u>	<u>\$ 42,092,300</u>	<u>\$ 45,633,195</u>	<u>\$ 47,960,672</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	15.18%	11.52%	11.38%	11.56%	8.55%	2.35%	4.60%	4.60%	3.99%	6.51%

Legal Debt Margin Calculation for Fiscal Year 2018

Market value	\$ 1,709,974,365
Debt limit (3% of market value)	51,299,231
Debt applicable to limit	
General obligation bonds	15,507,000
Less special assessment bonds	(11,872,000)
Less amount set aside for repayment of G.O. debt	(296,441)
Total net debt applicable to limit	<u>3,338,559</u>
Legal debt margin	<u>\$ 47,960,672</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		
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	
2015	821,729	512,418	309,311	95,000	15,524	2.80	767,248	1,620,000	357,555	0.39	
2016	943,741	637,958	305,783	155,000	15,725	1.79	742,386	685,000	301,774	0.75	
2017	983,381	620,781	362,600	754,000	18,751	0.47	1,236,851	585,000	446,302	1.20	
2018	1,367,599	678,039	689,560	719,000	30,828	0.92	1,117,520	360,000	261,148	1.80	

* 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**

Fiscal Year Ending December 31,	Population (1)	Per Capita Personal Income (2)	Personal Income (2) (in thousands)	Estimated Completed Housing Units (1)	Average Unemployment Hennepin County (3)
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
2015	6,763	61,202	—	2,651	2.8
2016	7,029	—	—	2,753	3.3
2017	7,238	—	—	2,835	3.5
2018	7,526	—	—	2,951	2.5

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		2018		2009	
		Employees	Rank	Employees	Rank
ISD No. 277 – Westonka School District	K–12 education	672 *	1	294	1
River Valley Church	Church	160	2		
Burl Oaks Golf Club	Golf course	65	3	80	3
Al & Alma's Supper Club and Charters	Supper Club and Chartered Cruises	50	4	72	4
Westonka Bus Services	Transportation Services	50	5		
Four Point O School Services	Transportation Services	50	6		
Jubilee Foods	Grocery Store	45	7	72	5
City of Mound	Municipal government	45	8		
Scotty B's Restaurant	Restaurant	40	9	42	8
YMCA - Camp Christmas Tree	Day camp and other recreation activities	35	10	50	6
Crown College	Post Secondary Education			150	2
Norwesco Inc.	Platic Tank Manufacturing			45	7
Lakeview Golf Course	Golf Course			40	9
City of Minnetrista	Municipal Government			36	10
		<u>1,212</u>		<u>881</u>	

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

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
General Government	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0	11.0	11.0
Public Safety:										
Police										
Officers	12.0	12.0	11.0	11.0	11.0	11.0	12.0	13.0	13.0	13.0
Civilians	3.8	3.8	3.8	3.8	3.6	3.8	3.8	3.9	3.9	3.9
Highways and Streets	6.5	6.5	3.5	3.5	3.5	3.5	4.5	5.5	5.5	5.5
Parks and Recreation	0.5	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	2.0	2.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>	<u>35.9</u>	<u>36.9</u>	<u>36.9</u>

Source: City of Minnetrista records

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Police:										
Physical Arrests	82	119	100	119	134	116	152	112	148	148
Parking Violations	326	235	223	235	218	239	95	123	59	126
Traffic Violations	3,419	3,572	3,523	3,572	2,821	2,704	3,079	2,210	2,687	2,682
Highways and Streets:										
Street Seal Coated (Miles)	5.91	5.05	4.67	3.39	2.64	2.64	2.51	1.62	1.76	1.30
Blacktop Used in "Tons" for Repair of Potholes	800	993	1,186	378	301	724	545	650	611	640
Water:										
New Connections	42	43	25	28	29	57	110	89	64	102
Average Daily Consumption (Thousands of Gallons)	386	361	358	392	409	352	390	415	471	494
Wastewater:										
(Thousands of Gallons)	142	140	148	115	134	179	118	144	143	132

Source: Various city departments

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	12	13	13	13	12	13	13	12
Highways and Streets:										
Streets (Miles)	60	60	64	63	63	63	63	72	72	72
Traffic Signals	1	1	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	75	75	75	75	75	76	76	76	76	76
Parks	21	21	21	21	21	22	22	22	22	22
Water:										
Water Mains (Miles)	18	31	29	29	29	29	31	36	36	36
Fire Hydrants	289	309	296	296	296	296	296	361	361	400
Sewer:										
Sanitary Sewers (Miles)	23	28	35	35	35	35	35	43	43	43
Storm Sewers (Miles)	12	12	14	14	14	14	14	19	19	19

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

Source: Various city departments