

**CITY OF MINNETRISTA, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**

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

**BRIAN GRIMM  
DIRECTOR OF FINANCE**

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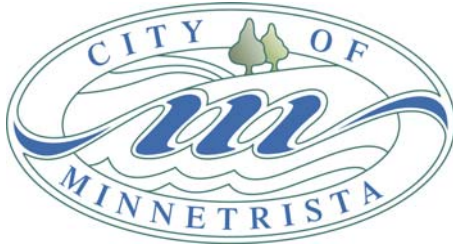
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## **INTRODUCTORY SECTION**



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Minnetrista, MN 55364-9552  
Email: [minnetrista@ci.minnetrista.mn.us](mailto:minnetrista@ci.minnetrista.mn.us)

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May 9, 2017

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, 2016 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, 2016. The independent auditor's report on the basic financial statements is unmodified, and is included in the financial section of this report.

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

### **PROFILE OF THE CITY**

The City, organized in 1859 as a township, incorporated as a village in 1960, and established as a City in 1974, is a Minnesota Statutory City with an "Optional Plan A" form of government. It has a mayor elected at large for a four-year term and four council members also elected at large for four-year terms. The professional staff is appointed and consists of an Administrator, Finance Director, City Clerk, Public Safety Director, Assistant Administrator, 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 102 new single-family homes in 2016 with a total housing value of \$35,884,145.

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 7,029 per the latest Metropolitan Council Estimate.

The City saw a slight increase from the previous year in the number of building permits for new homes in 2016, and continued controlled growth is expected.

## **NOTEWORTHY BUDGET AND FINANCIAL INFORMATION**

### **Evaluation of the City Fee Structure**

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

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

### **Capital and Long Range Planning**

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2016 and going forward.

### **Development Market Conditions During 2016**

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 2016 and beyond. Building permit revenue should be comparable in the upcoming year in comparison to 2016.

## **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**

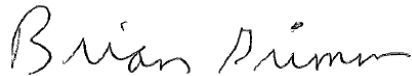
### **Acknowledgements**

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, 2015. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principle and applicable legal requirements.

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

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

Sincerely,

A handwritten signature in black ink that reads "Brian Grimm". The signature is written in a cursive, flowing style.

Brian Grimm  
Finance Director

**CITY OF MINNETRISTA  
OFFICIAL DIRECTORY  
YEAR ENDED DECEMBER 31, 2016**

**CITY COUNCIL AND OTHER OFFICIALS**

Lisa Whalen  
Bob Christians  
Pam Mortenson  
Patricia Thoele  
Mark Vanderlinde

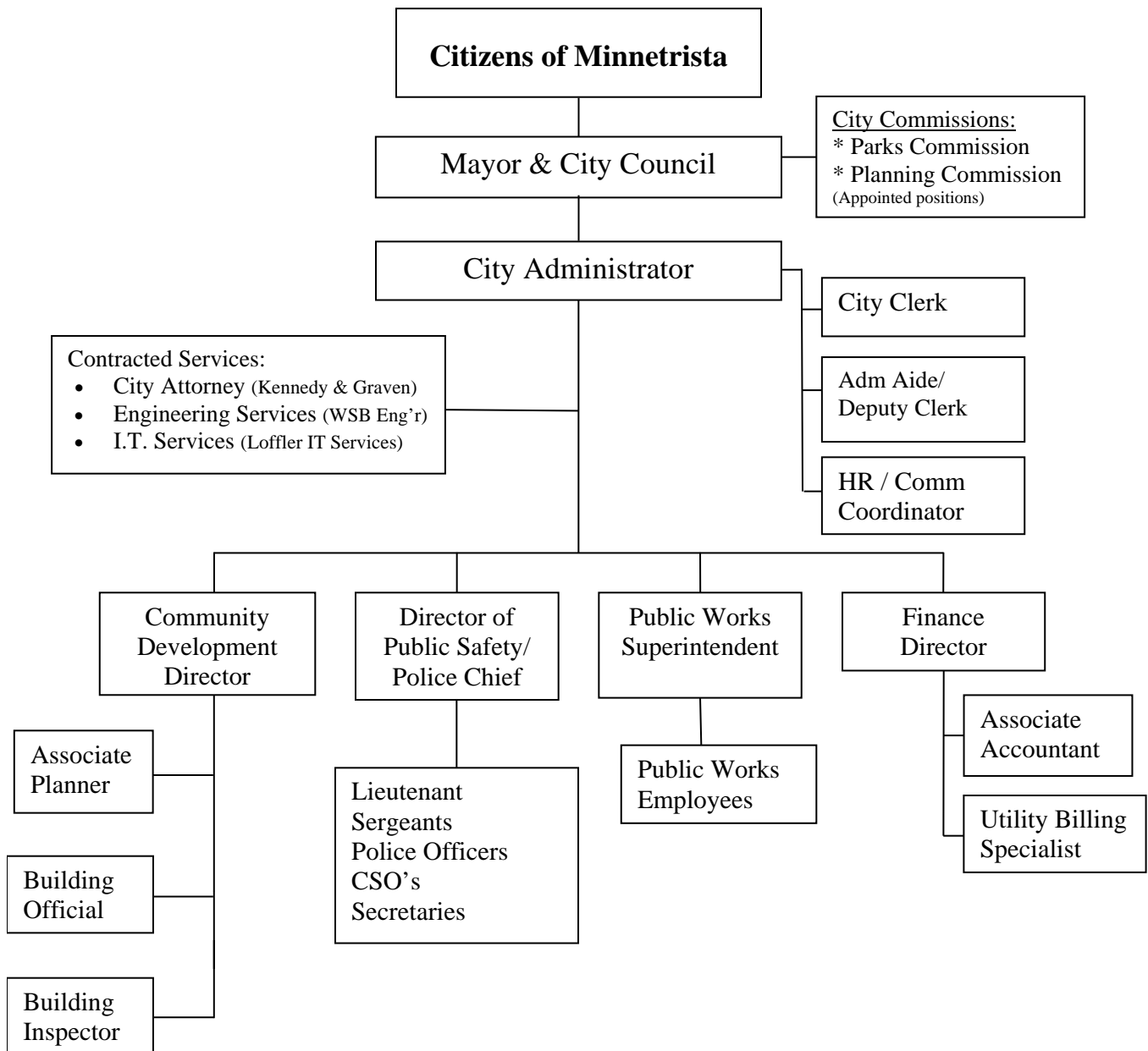
Mayor  
Council Member  
Council Member  
Council Member  
Council Member

**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, 2016**



CITY OF MINNETRISTA  
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING  
DECEMBER 31, 2016



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, 2015**

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

## **FINANCIAL SECTION**

## 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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress for other postemployment benefits, 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.

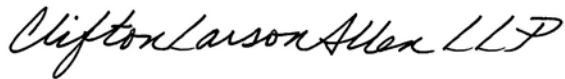
The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Honorable Mayor and the City Council  
City of Minnetrista, Minnesota

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2017, on our consideration of the City of Minnetrista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetrista's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 9, 2017



**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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, 2016. 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 \$72,166 during the year to \$27,763,716 at year-end.
- The net position of the City's business-type activities increased by \$2,159,414 during the year to \$18,769,233.
- The fund balance of the General Fund decreased by \$206,336 (or 6%) during the year to \$3,012,263 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7,452,059.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating income of \$116,362.

**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).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by property taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities include general government, public safety, public works, and parks and recreation. The business-type activities of the City include enterprises for water operating, sewer operating, stormwater operating and recycling.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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

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

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

The fund financial statements present information for each major governmental fund in separate columns. Data from the 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.

**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.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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

	Governmental Activities	
	2016	2015
Current and Other Assets	\$ 12,975,825	\$ 13,926,823
Capital Assets	33,035,600	31,694,192
Total Assets	<u>46,011,425</u>	<u>45,621,015</u>
Deferred Outflows of Resources	3,387,087	378,077
Noncurrent Liabilities Outstanding	20,158,747	16,352,926
Other Liabilities	930,373	1,738,616
Total Liabilities	<u>21,089,120</u>	<u>18,091,542</u>
Deferred Inflows of Resources	545,676	216,000
Net Position:		
Net Investment in Capital Assets	16,599,988	16,563,080
Restricted	7,706,179	9,271,437
Unrestricted	3,457,549	1,857,033
Total Net Position	<u>\$ 27,763,716</u>	<u>\$ 27,691,550</u>

	Business-Type Activities	
	2016	2015
Current and Other Assets	\$ 5,971,103	\$ 4,734,508
Capital Assets	25,696,918	14,304,594
Total Assets	<u>31,668,021</u>	<u>19,039,102</u>
Deferred Outflows of Resources	189,228	28,629
Noncurrent Liabilities Outstanding	11,832,410	1,563,506
Other Liabilities	1,221,639	882,502
Total Liabilities	<u>13,054,049</u>	<u>2,446,008</u>
Deferred Inflows of Resources	33,967	11,904
Net Position:		
Net Investment in Capital Assets	11,846,587	12,775,949
Unrestricted	6,922,646	3,833,870
Total Net Position	<u>\$ 18,769,233</u>	<u>\$ 16,609,819</u>

The City's net investment in capital assets is 61% of the total net position, and reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

An additional portion of the City's net position (\$7,706,179) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$10,380,195) 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			
	2016	2015	Annual Change	Percent Change
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 1,072,135	\$ 1,114,870	\$ (42,735)	(4)%
Operating Grants and Contributions	277,650	507,773	(230,123)	(45)
Capital Grants and Contributions	340,638	384,022	(43,384)	(11)
General Revenues:				
Property Taxes	4,127,926	4,010,604	117,322	3
Unrestricted Investment Earnings	76,062	75,954	108	0
Gain on Sale of Capital Assets	27,946	21,396	6,550	31
Capital Contributions	1,914,289	-	1,914,289	-
Total Revenues	7,836,646	6,114,619	1,722,027	28
<b>EXPENSES</b>				
General Government	1,374,469	1,013,834	360,635	36
Public Safety	3,199,782	2,592,622	607,160	23
Public Works	2,516,668	2,403,548	113,120	5
Parks and Recreation	239,887	225,307	14,580	6
Interest on Long-Term Debt	433,674	477,254	(43,580)	(9)
Total Expenses	7,764,480	6,712,565	1,051,915	16
<b>CHANGE IN NET POSITION</b>	72,166	(597,946)	670,112	112
Net Position - Beginning of Year	27,691,550	28,289,496	(597,946)	(2)
<b>NET POSITION - END OF YEAR</b>	<u>\$ 27,763,716</u>	<u>\$ 27,691,550</u>	<u>\$ 72,166</u>	0 %

Overall revenues increased 28% between 2015 and 2016. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year. Contributed Capital in the amount of \$1,914,289 is the biggest reason for this increase in overall revenues. There was also a decrease in operating grants and contributions due to less developer fees coming in relation to Park Dedication and other activity when comparing 2016 to 2015.

Expenses increased 16% between 2015 and 2016. The increase is mainly due to the implementation of pension related GASB's and those expenses being calculated into the expenses in the governmental activities expenses.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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

	Business-Type Activities			
	2016	2015	Annual Change	Percent Change
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 2,290,231	\$ 2,383,871	\$ (93,640)	(4)%
Operating Grants and Contributions	23,014	182,574	(159,560)	(87)
Capital Grants and Contributions	165	165	-	-
General Revenues:				
Unrestricted Investment Earnings	52,385	54,936	(2,551)	(5)
Capital Contributions	1,997,517	-	1,997,517	-
Total Revenues	4,363,312	2,621,546	1,741,766	66
<b>EXPENSES</b>				
Water Operating	965,379	746,686	218,693	29
Sewer Operating	850,928	838,815	12,113	1
Storm Water	255,656	264,832	(9,176)	(3)
Recycling	131,935	119,733	12,202	10
Cable TV	-	3,548	(3,548)	(100)
Total Expenses	2,203,898	1,973,614	230,284	12
<b>CHANGE IN NET POSITION</b>	2,159,414	647,932	1,511,482	(233)
Net Position - Beginning of Year	16,609,819	15,961,887	647,932	4
<b>NET POSITION - END OF YEAR</b>	<u>\$ 18,769,233</u>	<u>\$ 16,609,819</u>	<u>\$ 2,159,414</u>	13 %

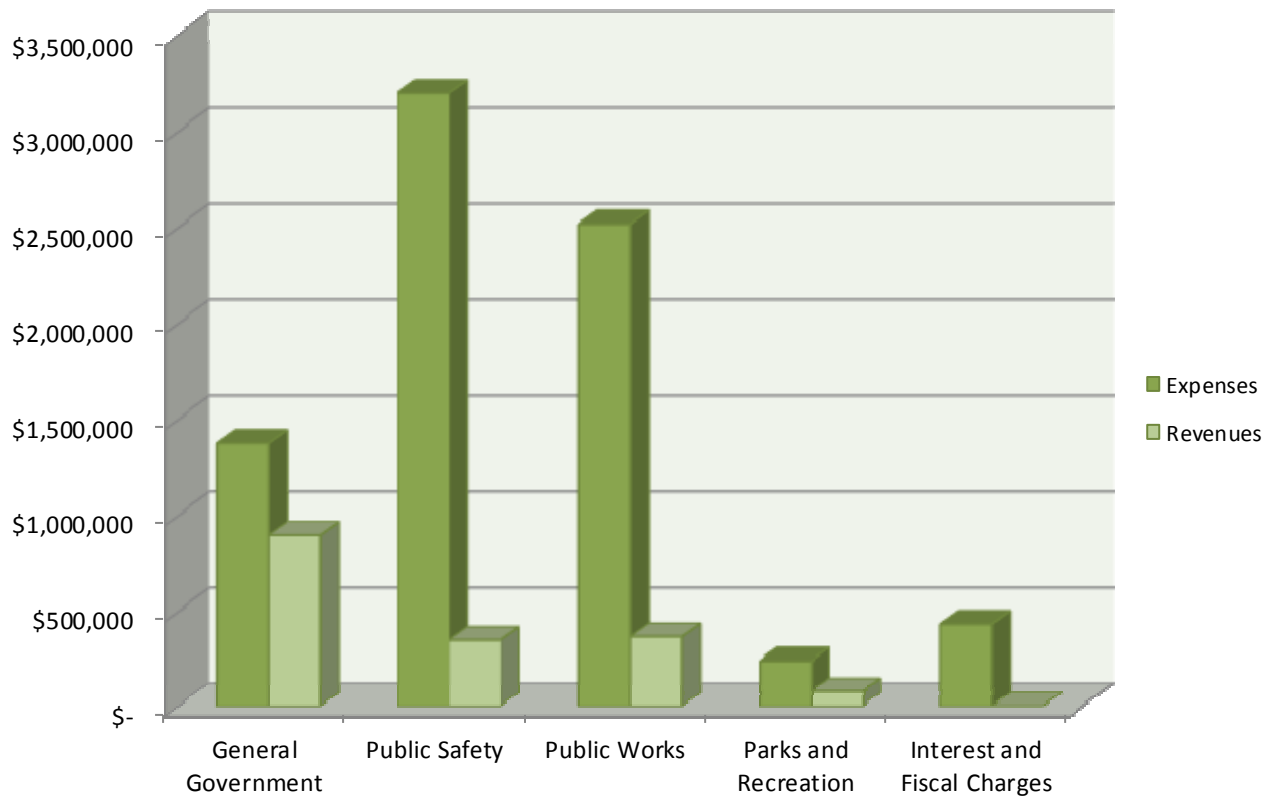
The business-type activities, primarily the City's utility operations, showed a growth in net position. Contributed Capital of \$1,997,517 was the main reason for this increase in 2016. Charges for Services decreased slightly during 2016 due to Water and Sewer Area and Connection Charges being still significant but not quite as high as 2015 in connection with new developments. Operating Grants and Contributions also decreased due to the City receiving FEMA dollars during 2015. On the expenditure side, expenditures stayed relatively flat across all funds except the water fund. The City made significant investments in its water systems during 2016 and that is why there was the increase there.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Governmental Activities**

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

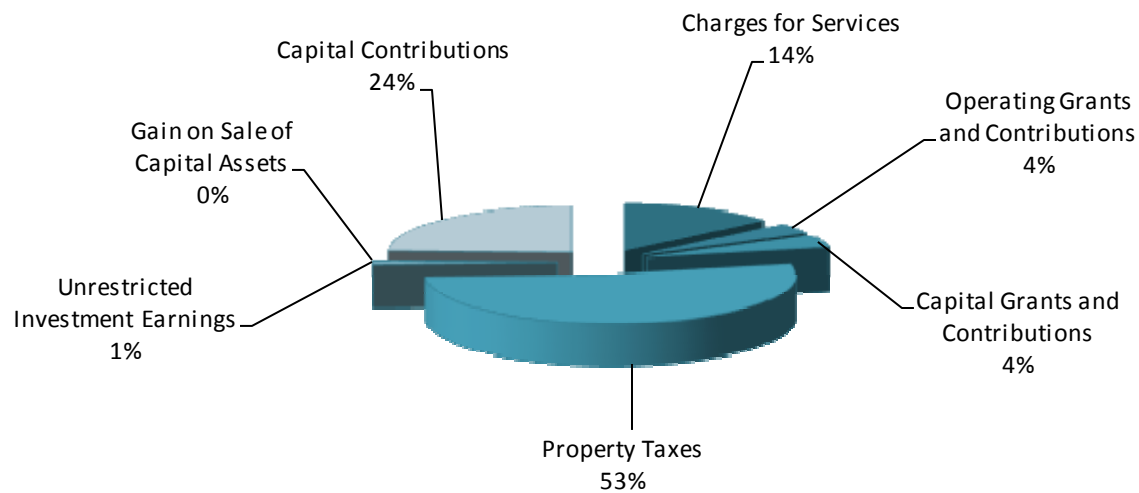
**Program Expenses and Revenues – Governmental Activities**



**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

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**

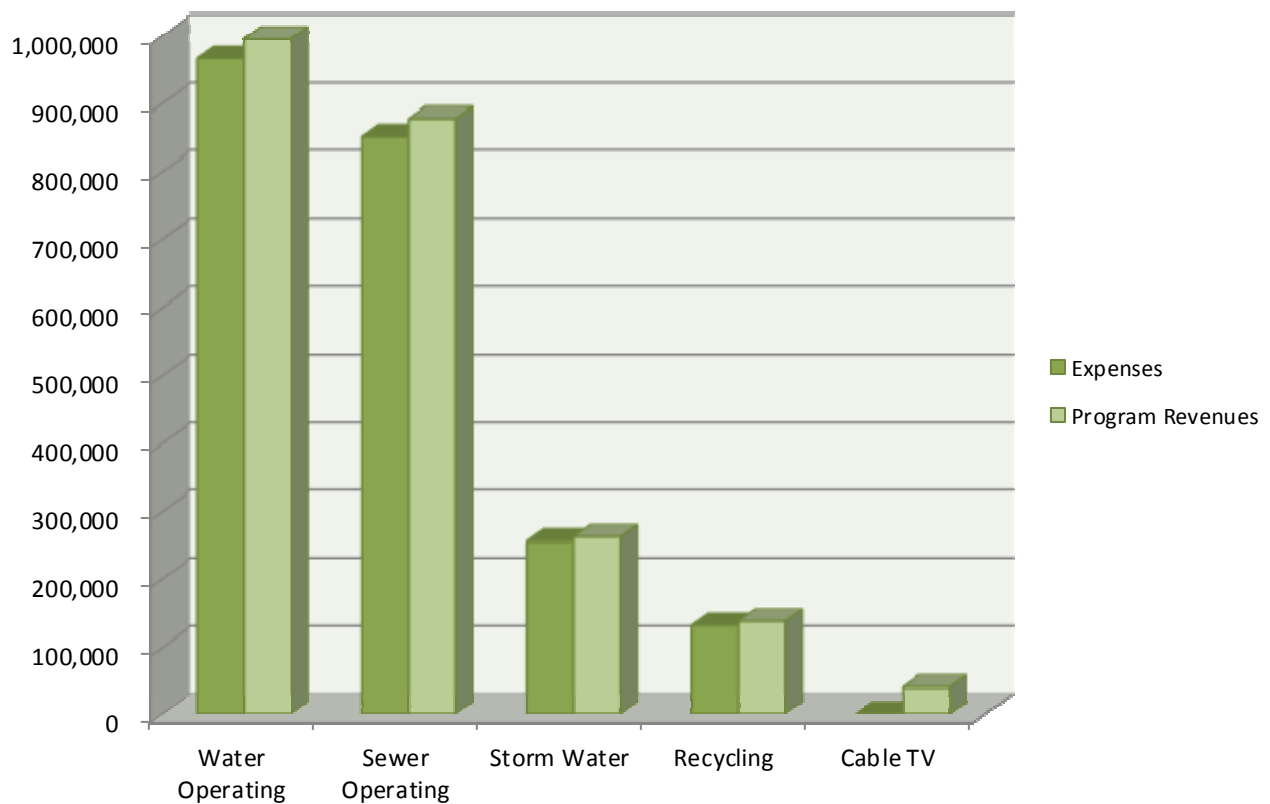


**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**Business-Type Activities**

Business-Type Activities had an overall increase in net position of \$2,159,414, mainly due to the contributed capital of \$1,997,517 as mentioned above. One of the biggest expenses is depreciation (noncash expense) within the water, sewer and surface water funds. Operating costs increased \$218,693 in the Water Fund due to 2016 being a year where that has some additional investments made in water operations as well as additional utility system maintenance. Operating costs in the all other utility funds increased \$11,591 as these operations stayed pretty similar as in 2015.

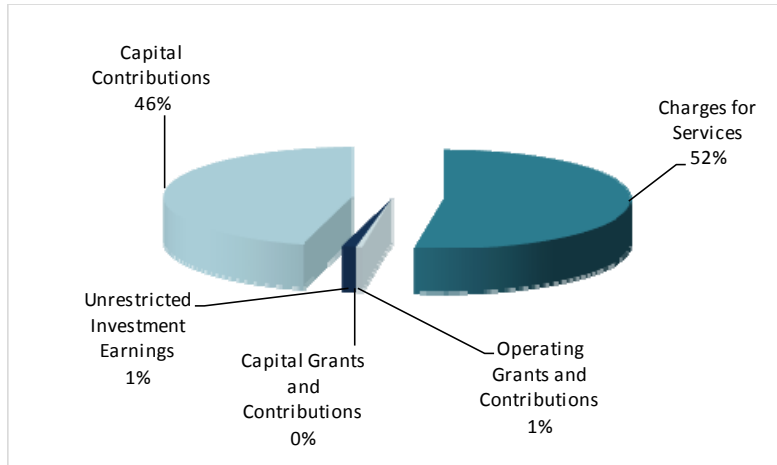
**Program Expenses and Revenues – Business-Type Activities**





**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**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 2016 was property taxes at 6% of the total revenue, followed by licenses and permits at 14%. The total fund balance at the end of 2016 was \$206,336, resulting from an excess of revenue over expenditures of \$125,000 and \$150,000, transfers in from the Bridge Improvement Bonds of 2003 fund of \$36,323 and in proceeds from sale of capital assets. The unassigned fund balance of \$4,395 at the end of 2016 represents \$2,543,877 of total General Fund expenditures for the year 2016.

**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 2016 was \$940,978, which increased \$73,672 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 2016 was \$385,320, which decreased \$7,905 during the year due to the required debt service payments exceeding the special assessment collections.

**Proprietary Funds**

The City's enterprise funds had a combined net position balance of \$18,769,233 at December 31, 2016. The financial activities of these funds have been summarized in previous charts within this discussion.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2016**

**General Fund Budgetary Highlights**

- The general fund revenues exceeded the final revenue budget by \$132,998. The biggest positive budget variance for revenue categories were within licenses and permits. Licenses and permits saw a big variance as revenue exceeded budget by \$118,535 (22%) due to more building permits (new homes) than projected. Miscellaneous revenues fell short of budget projections by \$23,644 (18%) due to insurance proceeds and other miscellaneous reimbursements being less than what was projected.
- Total General Fund Expenditures were \$137,015 under budget. Public Safety activity basically made up this positive difference with a variance of \$109,245 of actual expenditures being less than budgeted expenditures.

**Capital Assets**

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2016 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 4,406,661	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661	\$ 4,406,661
Construction in Progress	652,644	350,873	11,169,888	1,886,868	11,822,532	2,237,741
Buildings and Building Improvements	6,881,591	6,881,591	-	-	6,881,591	6,881,591
Improvements Other than Buildings	1,988,598	1,659,590	-	-	1,988,598	1,659,590
Streets and Infrastructure	39,053,003	37,138,714	24,109,562	21,552,506	63,162,565	58,691,220
Equipment and Furniture	5,441,664	5,241,344	769,926	625,238	6,211,590	5,866,582
Total Capital Assets	58,424,161	55,678,773	36,049,376	24,064,612	94,473,537	79,743,385
Less: Accumulated Depreciation	(25,388,561)	(23,984,581)	(10,352,458)	(9,760,018)	(35,741,019)	(33,744,599)
Total Capital Assets, Net	<u>\$ 33,035,600</u>	<u>\$ 31,694,192</u>	<u>\$ 25,696,918</u>	<u>\$ 14,304,594</u>	<u>\$ 58,732,518</u>	<u>\$ 45,998,786</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, 2016**

**Long-Term Liabilities**

At the end of the current fiscal year, the City had total bonded debt, and compensated absences payable outstanding of \$26,099,443. 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	
	2016	2015	2016	2015	2016	2015
General Obligation Bonds	\$ 9,455,000	\$ 10,140,000	\$ -	\$ -	\$ 9,455,000	\$ 10,140,000
General Obligation Revenue Bonds	4,125,000	4,360,000	11,226,276	1,503,364	15,351,276	5,863,364
General Obligation Equipment Certs	645,000	331,000	-	-	645,000	331,000
Compensated Absences	188,038	93,196	14,684	13,623	202,722	106,819
Bond Premium (Discount), Net	296,323	300,112	149,122	25,281	445,445	325,393
Total Outstanding Debt	<u>\$ 14,709,361</u>	<u>\$ 15,224,308</u>	<u>\$ 11,390,082</u>	<u>\$ 1,542,268</u>	<u>\$ 26,099,443</u>	<u>\$ 16,766,576</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**

**CITY OF MINNETRISTA  
STATEMENT OF NET POSITION  
DECEMBER 31, 2016**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 8,059,114	\$ 5,426,267	\$ 13,485,381
Accounts Receivable	48,399	440,916	489,315
Property Taxes Receivable	22,240	-	22,240
Special Assessments Receivable	4,448,557	67,414	4,515,971
Accrued Interest Receivable	16,895	11,466	28,361
Due from Other Governments	356,800	702	357,502
Prepaid Items	23,820	24,338	48,158
Capital Assets:			
Non-Depreciable:			
Land	4,406,661	-	4,406,661
Construction in Progress	652,644	11,169,888	11,822,532
Depreciable:			
Buildings and Building Improvements	6,881,591	24,879,488	31,761,079
Improvements Other than Buildings	1,988,598	-	1,988,598
Streets and Infrastructure	39,053,003	-	39,053,003
Equipment and Furniture	5,441,664	-	5,441,664
Total Capital Assets	58,424,161	36,049,376	94,473,537
Less: Accumulated Depreciation	(25,388,561)	(10,352,458)	(35,741,019)
Total Capital Assets, Net	33,035,600	25,696,918	58,732,518
Total Assets	46,011,425	31,668,021	77,679,446
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pensions	3,387,087	189,228	3,576,315
<b>LIABILITIES</b>			
Accounts and Contracts Payable	275,409	1,149,003	1,424,412
Accrued Salaries and Fringes	56,431	7,213	63,644
Accrued Interest Payable	179,337	65,423	244,760
Other Liabilities	78,226	-	78,226
Deposits	304,845	-	304,845
Unearned Revenue	36,125	-	36,125
Long-Term Liabilities:			
Due Within One Year	1,056,000	739,031	1,795,031
Due in More Than One Year	13,653,361	10,651,051	24,304,412
Net Pension Liability	5,095,654	398,066	5,493,720
Other Postemployment Benefits	353,732	44,262	397,994
Total Liabilities	21,089,120	13,054,049	34,143,169
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pensions	545,676	33,967	579,643
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,599,988	11,846,587	28,446,575
Restricted for:			
Debt Service	6,856,262	-	6,856,262
Road Maintenance	29,456	-	29,456
Park Improvement	820,461	-	820,461
Unrestricted	3,457,549	6,922,646	10,380,195
Total Net Position	\$ 27,763,716	\$ 18,769,233	\$ 46,532,949

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2016**

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
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 1,374,469	\$ 867,659	\$ 28,872	\$ -	\$ (477,938)	\$ -	\$ (477,938)
Public Safety	3,199,782	204,286	144,504	-	(2,850,992)	-	(2,850,992)
Public Works	2,516,668	190	26,774	340,638	(2,149,066)	-	(2,149,066)
Parks and Recreation	239,887	-	77,500	-	(162,387)	-	(162,387)
Interest and Fiscal Charges	433,674	-	-	-	(433,674)	-	(433,674)
Total Governmental Activities	7,764,480	1,072,135	277,650	340,638	(6,074,057)	-	(6,074,057)
Business-Type Activities:							
Water Operating	965,379	994,989	-	-	-	29,610	29,610
Sewer Operating	850,928	877,481	-	165	-	26,718	26,718
Storm Water	255,656	261,853	-	-	-	6,197	6,197
Recycling	131,935	115,136	23,014	-	-	6,215	6,215
Cable TV	-	40,772	-	-	-	40,772	40,772
Total Business-Type Activities	2,203,898	2,290,231	23,014	165	-	109,512	109,512
Total Primary Government	<u>\$ 9,968,378</u>	<u>\$ 3,362,366</u>	<u>\$ 300,664</u>	<u>\$ 340,803</u>	(6,074,057)	109,512	(5,964,545)
General Revenues:							
Property Taxes, Levied for General Purposes					4,127,926	-	4,127,926
Unrestricted Investment Earnings					76,062	52,385	128,447
Capital Contributions					1,914,289	1,997,517	3,911,806
Gain on Sale of Capital Assets					27,946	-	27,946
Total General Revenues and Transfers					6,146,223	2,049,902	8,196,125
Change in Net Position					72,166	2,159,414	2,231,580
Net Position - Beginning of Year					27,691,550	16,609,819	44,301,369
Net Position - End of Year					<u>\$ 27,763,716</u>	<u>\$ 18,769,233</u>	<u>\$ 46,532,949</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016**

ASSETS	General Fund	Debt Service		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)		
Cash and Investments	\$ 3,363,470	\$ 939,000	\$ 384,510	\$ 3,372,134	\$ 8,059,114
Receivables:					
Miscellaneous Receivables	48,399	-	-	-	48,399
Accrued Interest	7,025	1,978	810	7,082	16,895
Delinquent Taxes	22,240	-	-	-	22,240
Delinquent Special Assessments	20	-	-	528,274	528,294
Other Special Assessments Receivable	7,733	2,310,678	1,392,240	209,612	3,920,263
Prepays	23,820	-	-	-	23,820
Due from Other Governmental Units	47,451	-	-	309,349	356,800
	<u>3,520,158</u>	<u>3,251,656</u>	<u>1,777,560</u>	<u>4,426,451</u>	<u>12,975,825</u>
Total Assets	\$ 3,520,158	\$ 3,251,656	\$ 1,777,560	\$ 4,426,451	\$ 12,975,825
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ 152,120	\$ -	\$ -	\$ 123,289	\$ 275,409
Accrued Salaries Payable	56,431	-	-	-	56,431
Other Liabilities	78,226	-	-	-	78,226
Deposits	155,000	-	-	149,845	304,845
Unearned Revenue	36,125	-	-	-	36,125
Total Liabilities	<u>477,902</u>	<u>-</u>	<u>-</u>	<u>273,134</u>	<u>751,036</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	22,260	-	-	-	22,260
Unavailable Revenue - Special Assessments	7,733	2,310,678	1,392,240	737,886	4,448,537
Unavailable Revenue - Other	-	-	-	301,933	301,933
Total Deferred Inflows of Resources	<u>29,993</u>	<u>2,310,678</u>	<u>1,392,240</u>	<u>1,039,819</u>	<u>4,772,730</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Prepays	23,820	-	-	-	23,820
Restricted:					
Debt Service	-	940,978	385,320	1,666,564	2,992,862
Parkland Acquisitions and Improvement	-	-	-	820,461	820,461
Road Maintenance	-	-	-	29,456	29,456
Committed:					
Emergency Warning Siren Operation	-	-	-	190,610	190,610
Tree Replacement	-	-	-	216,171	216,171
Assigned:					
Subsequent Year Budget	319,566	-	-	-	319,566
Capital Plan Improvements	125,000	-	-	326,804	451,804
Unassigned	2,543,877	-	-	(136,568)	2,407,309
Total Fund Balance	<u>3,012,263</u>	<u>940,978</u>	<u>385,320</u>	<u>3,113,498</u>	<u>7,452,059</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,520,158	\$ 3,251,656	\$ 1,777,560	\$ 4,426,451	\$ 12,975,825

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, 2016**

Total Fund Balances for Governmental Funds	\$	7,452,059
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Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	4,406,661	
Construction in Progress		652,644	
Buildings and Building Improvements		6,881,591	
Improvements Other than Buildings		1,988,598	
Streets and Infrastructure		39,053,003	
Equipment and Furniture		5,441,664	
Total Capital Assets		58,424,161	
Less: Accumulated Depreciation		(25,388,561)	33,035,600

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.	4,772,730
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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.	(179,337)
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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	(5,095,654)		
Deferred Inflows of Resources - Pensions		(545,676)	
Deferred Outflows of Resources - Pensions		3,387,087	(2,254,243)

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	(13,580,000)		
Equipment Certificates Payable		(645,000)	
Unamortized Premiums		(296,323)	
Other Postemployment Benefits		(353,732)	
Compensated Absence Payable		(188,038)	(15,063,093)

Total Net Position of Governmental Activities	\$	27,763,716
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**CITY OF MINNETRISTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2016**

	General Fund	Debt Service		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)		
<b>REVENUE</b>					
Property Taxes	\$ 3,240,129	\$ -	\$ -	\$ 917,175	\$ 4,157,304
Special Assessments	189	364,816	222,349	155,032	742,386
Licenses and Permits	652,035	-	-	-	652,035
Intergovernmental Revenue	130,877	-	-	84,670	215,547
Charges for Services	329,901	-	-	-	329,901
Fines and Forfeitures	47,632	-	-	-	47,632
Other Revenue:					
Investment Earnings	34,255	5,936	1,848	34,023	76,062
Miscellaneous Revenue	105,247	-	-	129,265	234,512
Total Revenue	4,540,265	370,752	224,197	1,320,165	6,455,379
<b>EXPENDITURES</b>					
Current:					
General Government	1,138,402	-	-	165,468	1,303,870
Public Safety	2,330,657	-	-	-	2,330,657
Public Works	893,846	-	-	397,627	1,291,473
Parks and Recreation	155,671	-	-	-	155,671
Other	17,294	-	-	-	17,294
Total Current Expenditures	4,535,870	-	-	563,095	5,098,965
Capital Outlay	-	-	-	852,956	852,956
Debt Service:					
Principal Retirement	-	200,000	135,000	706,728	1,041,728
Interest and Fiscal Charges	-	97,080	97,102	264,729	458,911
Total Debt Service	-	297,080	232,102	971,457	1,500,639
Total Expenditures	4,535,870	297,080	232,102	2,387,508	7,452,560
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	4,395	73,672	(7,905)	(1,067,343)	(997,181)
<b>OTHER FINANCE SOURCES (USES)</b>					
Issuance of Bonds and Other Debt	-	-	-	375,000	375,000
Premium on Issued Debt	-	-	-	20,739	20,739
Transfers In	36,323	-	-	314,408	350,731
Transfers Out	(275,000)	-	-	(75,731)	(350,731)
Proceed from Sale of Capital Assets	27,946	-	-	-	27,946
Total Other Finance Sources (Uses)	(210,731)	-	-	634,416	423,685
<b>NET CHANGE IN FUND BALANCES</b>	(206,336)	73,672	(7,905)	(432,927)	(573,496)
<b>FUND BALANCES</b>					
Beginning of Year	3,218,599	867,306	393,225	3,546,425	8,025,555
End of Year	\$ 3,012,263	\$ 940,978	\$ 385,320	\$ 3,113,498	\$ 7,452,059

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, 2016**

Net Change in Fund Balances-Total Governmental Funds	\$	(573,496)
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Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlays - Improvement Costs (Net of Proceeds)	\$ 2,909,644	
Gain on Disposal of Capital Assets	27,946	
Proceeds from the Sale of Capital Assets	(27,946)	
Depreciation Expense	<u>(1,568,236)</u>	1,341,408

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	24,528	
Repayment of Bond Principal	981,000	
Proceeds on Bond Premium	(20,739)	
Proceeds on Issuance of Equipment Certificates	(375,000)	
Change in Accrued Interest Expense	<u>709</u>	610,498

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, 2015	5,333,698	
Deferred Inflows of Resources - December 31, 2016	<u>4,772,730</u>	(560,968)

In the statement of activities, compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2016, compensated absence payable and other post employment benefits payable changed.

(129,340)

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.

(615,936)

Change in Net Position of Governmental Activities	\$	<u><u>72,166</u></u>
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**CITY OF MINNETRISTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2016**

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 3,490,782	\$ 1,312,238	\$ 274,950	\$ 228,430	\$ 119,867	\$ 5,426,267
Receivables:						
Accounts Receivable (Net of Allowance)	121,469	213,864	75,993	29,590	-	440,916
Accrued Interest	7,376	2,756	582	499	253	11,466
Delinquent Special Assessments	-	-	6,118	5,736	-	11,854
Special Assessments	33,046	22,514	-	-	-	55,560
Prepays	713	23,625	-	-	-	24,338
Due from Other Governmental Units	442	140	62	58	-	702
Total Current Assets	3,653,828	1,575,137	357,705	264,313	120,120	5,971,103
<b>CAPITAL ASSETS</b>						
Construction in Progress	11,169,888	-	-	-	-	11,169,888
Buildings and Improvements	10,604,831	10,876,777	3,397,880	-	-	24,879,488
Less: Accumulated Depreciation	(3,523,462)	(5,404,856)	(1,424,140)	-	-	(10,352,458)
Net Capital Assets	18,251,257	5,471,921	1,973,740	-	-	25,696,918
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - Pensions	106,526	68,593	8,868	5,241	-	189,228
Total Assets and Deferred Outflows of Resources	\$ 22,011,611	\$ 7,115,651	\$ 2,340,313	\$ 269,554	\$ 120,120	\$ 31,857,249
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
<b>CURRENT LIABILITIES</b>						
Accounts and Contracts Payable	\$ 1,083,854	\$ 62,620	\$ 2,519	\$ 10	\$ -	\$ 1,149,003
Accrued Salaries Payable	4,245	2,746	222	-	-	7,213
Compensated Absences Payable	4,544	4,250	1,207	-	-	10,000
Accrued Interest Payable	60,500	4,923	-	-	-	65,423
Bonds Payable	679,031	50,000	-	-	-	729,031
Total Current Liabilities	1,832,174	124,539	3,948	10	-	1,960,670
<b>NONCURRENT LIABILITIES</b>						
Compensated Absences Payable	2,128	1,990	565	-	-	4,684
Other Post-Employment Benefits	21,429	17,539	3,599	1,695	-	44,262
Net Pension Liability	224,091	144,293	18,656	11,026	-	398,066
Bonds Payable	10,116,367	530,000	-	-	-	10,646,367
Total Noncurrent Liabilities	10,364,015	693,822	22,820	12,721	-	11,093,379
Total Liabilities	12,196,189	818,361	26,768	12,731	-	13,054,049
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - Pensions	19,122	12,312	1,592	941	-	33,967
<b>NET POSITION</b>						
Net Investment in Capital Assets	7,455,859	4,891,921	1,973,740	-	-	14,321,520
Unrestricted	2,340,441	1,393,057	338,213	255,882	120,120	4,447,713
Total Net Position	9,796,300	6,284,978	2,311,953	255,882	120,120	18,769,233
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 22,011,611	\$ 7,115,651	\$ 2,340,313	\$ 269,554	\$ 120,120	\$ 31,857,249

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, 2016**

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
<b>OPERATING REVENUE</b>						
Sales and User Fees	\$ 943,741	\$ 875,840	\$ 261,853	\$ 105,882	\$ 40,772	\$ 2,228,088
Other	-	-	240	-	-	240
Total Operating Revenue	943,741	875,840	262,093	105,882	40,772	2,228,328
<b>OPERATING EXPENSES</b>						
Personnel Services	259,493	167,595	30,234	11,150	-	468,472
Professional Services	109,768	67,515	86,190	-	-	263,473
Operating and Maintenance Supplies	18,256	90,449	19,605	-	-	128,310
Utilities	169,277	2,293	-	-	-	171,570
Depreciation	247,344	240,918	104,178	-	-	592,440
Maintenance and Repairs	8,619	716	-	-	-	9,335
Insurance	7,972	2,578	-	-	-	10,550
Other Expenses	64,573	266,769	15,689	120,785	-	467,816
Total Operating Expenses	885,302	838,833	255,896	131,935	-	2,111,966
<b>OPERATING INCOME (LOSS)</b>	58,439	37,007	6,197	(26,053)	40,772	116,362
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Area Charges	12,980	1,641	-	-	-	14,621
Special Assessments for Capital Purposes	-	165	-	-	-	165
Investment Earnings	34,833	11,635	2,747	2,300	870	52,385
Interest Expense	(80,077)	(12,095)	-	-	-	(92,172)
Intergovernmental Grants	-	-	-	23,014	-	23,014
Miscellaneous Revenue	38,268	-	-	9,254	-	47,522
Total Nonoperating Revenue (Expenses)	6,004	1,346	2,747	34,568	870	45,535
<b>INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS</b>	64,443	38,353	8,944	8,515	41,642	161,897
Capital Contributions	587,744	769,622	640,151	-	-	1,997,517
<b>CHANGES IN NET POSITION</b>	652,187	807,975	649,095	8,515	41,642	2,159,414
<b>NET POSITION</b>						
Beginning of Year	9,144,113	5,477,003	1,662,858	247,367	78,478	16,609,819
End of Year	\$ 9,796,300	\$ 6,284,978	\$ 2,311,953	\$ 255,882	\$ 120,120	\$ 18,769,233

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2016**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Water	Recycling	Cable TV	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Cash Receipts from Customers	\$ 940,329	\$ 858,127	\$ 249,064	\$ 115,127	\$ 40,772	\$ 2,203,419
Cash Paid to Suppliers	250,415	(477,817)	(211,717)	(120,842)	-	(559,961)
Cash Paid to Employees	(209,504)	(146,991)	(27,039)	(9,753)	-	(393,287)
Other Receipts	38,268	-	-	9,254	-	47,522
Net Cash Provided (Used) by Operating Activities	1,019,508	233,319	10,308	(6,214)	40,772	1,297,693
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>						
Connection Fees Received	12,980	1,641	-	-	-	14,621
Special Assessments for Capital Purposes	1,782	-	-	-	-	1,782
Proceeds from Issuance of Bonds	10,334,609	-	-	-	-	10,334,609
Premium on Bond Issuance	135,693	-	-	-	-	135,693
Principal Payments on Bonds	(561,697)	(50,000)	-	-	-	(611,697)
Interest Payments on Bonds	(34,405)	-	-	-	-	(34,405)
Acquisition of Capital Assets	(9,820,787)	(80,235)	(86,225)	-	-	(9,987,247)
Interest Paid on Advances from Other Funds	-	(12,282)	-	-	-	(12,282)
Net Cash Provided (Used) by Capital and Related Financing Activities	68,175	(140,876)	(86,225)	-	-	(158,926)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Interest Received on Investments	31,243	10,677	2,726	2,142	739	47,527
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>						
Grants Received	-	-	-	23,014	-	23,014
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	1,118,926	103,120	(73,191)	18,942	41,511	1,209,308
Cash and Cash Equivalents at Beginning of the Year	2,371,856	1,209,118	348,141	209,488	78,356	4,216,959
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>	<u>\$ 3,490,782</u>	<u>\$ 1,312,238</u>	<u>\$ 274,950</u>	<u>\$ 228,430</u>	<u>\$ 119,867</u>	<u>\$ 5,426,267</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>						
Operating Income (Loss)	\$ 58,439	\$ 37,007	\$ 6,197	\$ (26,053)	\$ 40,772	\$ 116,362
Adjustments to Operating Income (Loss):						
Non-Cash Expenses Included in Net Income:						
Depreciation	247,344	240,918	104,178	-	-	592,440
Miscellaneous Income	38,268	-	-	9,254	-	47,522
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	(3,036)	(17,304)	(12,848)	(2,198)	-	(35,386)
Due from Other Governmental Units	(129)	(140)	(62)	11,555	-	11,224
Prepaid Assets	1,210	(946)	600	-	-	864
Special Assessments Receivable for Delinquent Utility Bills	(247)	(269)	(119)	(112)	-	(747)
Deferred Outflows	(91,589)	(57,182)	(7,471)	(4,357)	-	(160,599)
Increase (Decrease) in:						
Accounts Payable	627,670	(46,551)	(90,833)	(57)	-	490,229
Accrued Salaries Payable	2,482	977	111	-	-	3,570
Compensated Absences Payable	509	436	116	-	-	1,061
Other Postemployment Benefits	2,460	1,584	207	125	-	4,376
Net Pension Liability	123,215	67,222	9,221	5,056	-	204,714
Deferred Inflows	12,912	7,567	1,011	573	-	22,063
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,019,508</u>	<u>\$ 233,319</u>	<u>\$ 10,308</u>	<u>\$ (6,214)</u>	<u>\$ 40,772</u>	<u>\$ 1,297,693</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
DECEMBER 31, 2016**

	Land Use (801)
	<hr/>
<b>ASSETS</b>	
Cash and Investments	\$ 44,948
	<hr/>
<b>LIABILITIES</b>	
Accounts and Contracts Payable	\$ 39,980
Developer Payable	4,968
	<hr/>
Total Liabilities	\$ 44,948
	<hr/>

*See accompanying Notes to Basic Financial Statements.*

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**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, 2016**

**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, 2016**

**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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**E. Fund Financial Statement Presentation (Continued)**

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.

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.

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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**F. 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.

**G. Cash and Investments**

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

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

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

**H. 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.

**I. 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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**I. 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.

**J. 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.

**K. 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."

**L. Capital Assets**

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**L. 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. Interest incurred during the construction phase of capital assets for business-type activities is included as part of the capitalized value of the assets constructed. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

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

**M. Compensated Absences Payable**

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

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

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

Full-time public works employees that are union members accrue vacation up to a maximum of 80 hours to carry over to the next year and are eligible for severance pay after three years of employment. Terminated employees will receive 80 hours of pay. Sick leave is accrued at a rate of eight hours per month of continuous employment. At separation, any union employee who has 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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**N. 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.

**O. 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 two 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.

**P. 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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**P. 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.

**Q. 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, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Q. 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 2016, a budget was not adopted for the Street Improvement Capital Project Fund.

**R. 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 2015.

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY**

**A. Expenditures in Excess of Appropriations**

Expenditures exceeded budgeted amounts in the following funds at December 31, 2016:

Fund	Budget	Expenditures	Excess
Debt Service Funds:			
Bridge Improvement Bonds of 2003	\$ 40,065	\$ 118,033	\$ 77,968
G.O. Improvement Bonds of 2012A	31,929	62,682	30,753
G.O. Improvement Bonds of 2013A	296,087	297,080	993
G.O. Improvement Bonds of 2013B	230,110	232,102	1,992

The overage in the Bonds of 2003 fund was due to the early payoff of the fund's debt, the 2012A overage was due to the City only budgeting for their share of the debt while they also receive funds from the City of St. Bonifacius for a larger total debt payment, and the 2013A and 2013B overages were due to higher than expected fiscal charges.



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 2 STEWARDSHIP AND ACCOUNTABILITY (CONTINUED)**

**B. Deficit Fund Balance**

Expenditures exceeded revenues for the Street Project fund. The deficit is expected to be covered by municipal state aid.

Fund	Fund Balance
Capital Projects:	
Street Improvement	\$ (136,568)

**NOTE 3 DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

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

Deposits	\$ 518,245
Investments	13,011,784
Cash on Hand	300
Total	<u>\$ 13,530,329</u>

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

Statement of Net Position:

Cash and Investments -	
Statement of Net Position	\$ 13,485,381
Cash and Investments -	
Statement of Fiduciary Net Position	44,948
Total Cash and Investments	<u>\$ 13,530,329</u>

**B. Deposits**

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

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

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**B. Deposits (Continued)**

**Custodial Credit Risk – Continued**

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

At year-end, the carrying amount of the City's deposits was \$518,245 while the balance on the bank records was \$609,092. At December 31, 2016, 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:

Investment Type	Fair Value
Federal Home Loan Bank	\$ 421,402
Federal Home Loan Mtg Corp.	887,649
Federal Ntl Mortgage Association	772,143
Negotiable Certificates of Deposit	7,493,756
Municipal Bonds	461,360
	<u>\$ 10,036,310</u>

Investment Type	External Investment Pools
Money Market	<u>\$ 19,045</u>

Investment Type	Amortized Cost
MN Municipal Money Market (4M)	<u>\$ 2,956,429</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, 2016**

**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, 2016 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	\$ 421,402	\$ -	\$ 421,402	\$ -	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	887,649	-	338,065	549,584	Aaa/AA+	Moody's/S&P
Federal Ntl Mortgage Association	772,143	-	772,143	-	Aaa/AAA	Moody's/S&P
Negotiable Certificates of Deposit	7,493,756	2,155,086	5,239,338	99,332	N/R	N/A
Municipal Bonds	461,360	-	247,758	213,602	AA/BBB	Moody's/S&P
Money Market	19,045	19,045	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	2,956,429	2,956,429	-	-	N/R	N/A
	<u>\$ 13,011,784</u>	<u>\$ 5,130,560</u>	<u>\$ 6,770,948</u>	<u>\$ 648,916</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

**CITY OF MINNETRISTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**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, 2016, the following is a list of investments which individually comprise more than 5% of the City's total investments:

		<u>Percent of Total Fair Value</u>
Federal Home Loan Mtg Corp.	\$ 887,649	6.8%
Money Market- 4M Fund	2,956,429	22.7%

**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.

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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Fair Value Measurements (Continued)**

*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	\$ 421,402	\$ -	\$ -	\$ 421,402
Federal Home Loan Mtg Corp.	887,649	-	-	887,649
Federal Ntl Mortgage Association	772,143	-	-	772,143
Negotiable Certificates of Deposit	7,493,756	-	-	7,493,756
Municipal Bonds	-	461,360	-	461,360
	<u>\$ 9,574,950</u>	<u>\$ 461,360</u>	<u>\$ -</u>	<u>10,036,310</u>
Investments Measured at Net Asset Value (NAV)				19,045
Investments Measured at Amortized Cost				2,956,429
Total				<u>\$ 13,011,784</u>

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

**A. Interfund Transfers**

The following is a summary of transfers made by the City during 2016:

Fund	Transfer In	Transfer Out
General Fund	\$ 36,323	\$ 275,000
Capital Improvement	125,000	-
Park Development Fund	-	14,383
Road Maintenance	150,000	25,025
G.G. Improvement Bonds of 2010A	14,383	-
G.O. Improvement Bonds of 2012A	25,025	-
Bridge Improvement Bonds of 2003	-	36,323
	<u>\$ 350,731</u>	<u>\$ 350,731</u>

These funds were transferred to provide assistance for the annual debt service payments and to close out the Bridge Improvement Bonds fund into the General Fund,

**CITY OF MINNETRISTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2016**

**NOTE 5 CAPITAL ASSETS**

**A. Changes in Capital Assets Used in Governmental Activities**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661
Construction in Progress	350,873	610,019	(308,248)	652,644
Construction in Progress02	-	-	-	-
Total Capital Assets, Not Being Depreciated	4,757,534	610,019	(308,248)	5,059,305
Capital Assets, Being Depreciated:				
Land Improvements	1,659,590	329,008	-	1,988,598
Buildings and Building Improvements	6,881,591	-	-	6,881,591
Infrastructure	37,138,714	1,914,289	-	39,053,003
Vehicles and Equipment	5,241,344	364,576	(164,256)	5,441,664
Total Capital Assets, Being Depreciated	50,921,239	2,607,873	(164,256)	53,364,856
Accumulated Depreciation for:				
Land Improvements	(871,733)	(49,133)	-	(920,866)
Buildings and Building Improvements	(1,679,263)	(167,822)	-	(1,847,085)
Infrastructure	(17,677,403)	(1,091,631)	-	(18,769,034)
Vehicles and Equipment	(3,756,182)	(259,650)	164,256	(3,851,576)
Total Accumulated Depreciation	(23,984,581)	(1,568,236)	164,256	(25,388,561)
Total Capital Assets, Being Depreciated, Net	26,936,658	1,039,637	-	27,976,295
Governmental Activities Capital Assets, Net	\$ 31,694,192	\$ 1,649,656	\$ (308,248)	\$ 33,035,600

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,886,868	\$ 9,855,564	\$ (572,544)	\$ 11,169,888
Capital Assets, Being Depreciated:				
Infrastructure	21,552,506	2,557,056	-	24,109,562
Machinery and Equipment	625,238	144,688	-	769,926
Total Capital Assets, Being Depreciated	22,177,744	2,701,744	-	24,879,488
Accumulated Depreciation for:				
Infrastructure	(9,404,354)	(556,050)	-	(9,960,404)
Machinery and Equipment	(355,664)	(36,390)	-	(392,054)
Total Accumulated Depreciation	(9,760,018)	(592,440)	-	(10,352,458)
Total Capital Assets, Being Depreciated, Net	12,417,726	2,109,304	-	14,527,030
Business-Type Activities Capital Assets, Net	\$ 14,304,594	\$ 11,964,868	\$ (572,544)	\$ 25,696,918

**C. Depreciation Expense by Function**

<b>Governmental Activities:</b>	
General Government	\$ 44,464
Public Safety	278,621
Streets	1,182,401
Parks and Recreation	62,750
Total Depreciation Expense, Governmental Activities	\$ 1,568,236
<b>Business-Type Activities:</b>	
Water Operating	\$ 247,344
Sewer Operating	240,918
Storm Water	104,178
Total Depreciation Expense, Business-Type Activities	\$ 592,440

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 LONG-TERM LIABILITIES**

**A. Components Long-Term Debt**

The City had the following long-term liabilities outstanding at December 31, 2016:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
<b>Governmental Activities:</b>					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2010A	09/16/10	\$ 3,270,000	2.00-3.50%	02/01/31	\$ 2,700,000
G.O. Improvement Bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	575,000
G.O. Improvement Bonds of 2013A	09/11/13	4,460,000	0.90-3.90%	02/01/29	3,130,000
G.O. Improvement Bonds of 2013B	10/10/13	3,235,000	1.10-4.60%	02/01/30	2,535,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	515,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	4,125,000
G.O. Equipment Certificates 2015A	02/25/15	331,000	1.99%	02/01/20	270,000
G.O. Equipment Certificates 2016A	06/09/16	375,000	3.00%	02/01/21	375,000
Total Bonds					14,225,000
Unamortized Bond Premiums					296,323
Compensated Absences					188,038
Net Pension Liability					5,095,654
Other Post Employment Benefits					353,732
Total Governmental Activities					<u>\$ 20,158,747</u>
<b>Business-Type Activities:</b>					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 580,000
G.O. Refunding Bonds of 2014A	09/11/14	525,000	3.00%	12/01/19	325,000
G.O. Water Revenue Bonds 2016A	06/09/16	2,620,000	2.00-3.00%	02/01/31	2,620,000
Total Bonds					3,525,000
PFA Drinking Water Revolving Loan 2010	Various	719,813	1.189%	08/20/24	396,364
PFA Drinking Water Revolving Loan 2016	Various	7,714,609	1.000%	08/20/35	7,304,912
Unamortized Bond Premiums					149,122
Compensated Absences					14,684
Net Pension Liability					398,066
Other Postemployment Benefits					44,262
Total Business-Type Activities					<u>\$ 11,832,410</u>

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

**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	\$ 10,140,000	\$ -	\$ (685,000)	\$ 9,455,000	\$ 585,000
G.O. Capital Improvement Bonds	4,360,000	-	(235,000)	4,125,000	240,000
G.O. Equipment Certificates	331,000	375,000	(61,000)	645,000	141,000
Unamortized Bond Premiums	300,112	20,739	(24,528)	296,323	-
Total Bonds Payable	15,131,112	395,739	(1,005,528)	14,521,323	966,000
Compensated Absences	93,196	186,854	(92,012)	188,038	90,000
Total Governmental Activities	15,224,308	582,593	(1,097,540)	14,709,361	1,056,000
Business-Type Activities:					
G.O. Revenue Bonds	1,060,000	2,620,000	(155,000)	3,525,000	325,000
PFA Drinking Water Revolving Loan	443,364	7,714,609	(456,697)	7,701,276	404,031
Unamortized Bond Premiums	25,281	135,693	(11,852)	149,122	-
Total Bonds and Loans	1,528,645	10,470,302	(623,549)	11,375,398	729,031
Compensated Absences	13,623	17,944	(16,883)	14,684	10,000
Total Business-Type Activities	1,542,268	10,488,246	(640,432)	11,390,082	739,031
Total Debt	<u>\$ 16,766,576</u>	<u>\$ 11,070,839</u>	<u>\$ (1,737,972)</u>	<u>\$ 26,099,443</u>	<u>\$ 1,795,031</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.

**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 drawn on the loan at December 31, 2016 was \$7,714,609.



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 6 LONG-TERM LIABILITIES (CONTINUED)**

**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		
2017	966,000	432,300		
2018	982,000	408,915		
2019	1,013,000	384,927		
2020	1,039,000	358,462		
2021	995,000	330,408		
2022-2026	4,975,000	1,189,956		
2027-2031	4,255,000	311,744		
<b>Totals</b>	<b>\$ 14,225,000</b>	<b>\$ 3,416,712</b>		

<u>Year Ending December 31,</u>	Business-Type Activities				
	Bonds Payable		Loans Payable		Totals
	Principal	Interest	Principal	Interest	
2017	325,000	95,550	404,031	52,045	\$ 876,626
2018	300,000	77,315	402,125	73,965	853,405
2019	310,000	69,040	406,683	69,836	855,559
2020	205,000	60,365	410,277	65,660	741,302
2021	210,000	54,740	414,907	61,446	741,093
2022-2026	1,145,000	181,143	2,032,641	243,099	3,601,883
2027-2031	1,030,000	50,140	1,976,659	143,077	3,199,876
2031-2035	-	-	1,653,953	41,754	1,695,707
<b>Totals</b>	<b>\$ 3,525,000</b>	<b>\$ 588,293</b>	<b>\$ 7,701,276</b>	<b>\$ 750,882</b>	<b>\$ 12,565,451</b>

**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). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7    DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**A. Plan Description (Continued)**

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.

Benefit increases are provided to benefit recipients each January. Increases are related to the funding ratio of the plan. Members in plans that are at least 90 percent funded for two consecutive years are given 2.5% increases. Members in plans that have not exceeded 90% funded, or have fallen below 80%, are given 1% increases.

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

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For 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. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**B. Benefits Provided (Continued)**

**2. PEPFF Benefits**

Benefits for the PEPFF 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 10 years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**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**

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City contributions to the GERF for the year ended December 31, 2016, were \$94,798. The City contributions were equal to the required contributions as set by state statute.

**2. PEPFF Contributions**

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2016. The City contributions to the PEPFF for the year ended December 31, 2016, were \$151,797. The City contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

**1. GERF Pension Costs**

At December 31, 2016, the City reported a liability of \$1,721,335 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was .0212%

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**D. Pension Costs (Continued)**

1. GERF Pension Costs (Continued)

For the year ended December 31, 2016, the City recognized pension expense of \$278,508 for its proportionate share of the GERF's pension expense.

At December 31, 2016, the City reported its proportionate share of the GERF'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	\$ -	\$ 139,833
Changes in Actuarial Assumptions	337,039	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	326,717	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	107,732	7,046
City Contributions Subsequent to the Measurement Date	46,784	-
Total	<u>\$ 818,272</u>	<u>\$ 146,879</u>

A total of \$46,784 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, 2016. 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>Pension Expenses Amount</u>
2017	\$ 180,148
2018	180,148
2019	202,135
2020	62,178
2021	-
Thereafter	-

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**NOTE 7    DEFINED BENEFIT PENSION PLANS – STATE-WIDE (CONTINUED)**

**D. Pension Costs (Continued)**

**2. PEPFF Pension Costs**

At December 31, 2016, the City reported a liability of \$3,772,384 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion was .094%.

For the year ended December 31, 2016, the City recognized pension expense of \$658,878 for its proportionate share of the PEPFF's pension expense. The City also recognized \$8,460 for the year ended December 31, 2016, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. 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 December 31, 2016, 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	\$ -	\$ 432,764
Changes in Actuarial Assumptions	2,076,107	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	575,692	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	25,909	-
City Contributions Subsequent to the Measurement Date	80,335	-
Total	<u>\$ 2,758,043</u>	<u>\$ 432,764</u>

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**D. Pension Costs (Continued)**

2. PEPFF Pension Costs (Continued)

A total of \$80,335 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, 2017. 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>
2017	\$ 482,836
2018	482,836
2019	482,836
2020	436,313
2021	360,123
Thereafter	-

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.70% 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 males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% per year for all future years for the General Employees Plan.

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

The following changes in actuarial assumptions occurred in 2016 for the General Employees Fund:

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter, to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**E. Actuarial Assumptions (Continued)**

The long-term expected rate of return on pension plan investments is 7.5%. 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 arithmetic 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	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	100%	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.5%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. 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:

<b>GERF PENSION LIABILITY</b>		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		\$ 2,444,806	\$ 1,721,335	\$ 1,125,392
<b>PEPFF PENSION LIABILITY</b>		1% Decrease in Discount Rate (4.60%)	Current Discount Rate (5.60%)	1% Increase in Discount Rate (6.60%)
Description				
City's Proportionate Share of the PEPFF Net Pension Liability		\$ 5,280,836	\$ 3,772,384	\$ 2,539,863

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

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

**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](http://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.

**NOTE 8    OTHER POSTEMPLOYMENT BENEFITS**

At December 31, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2016.

**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.



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Funding Policy**

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2016, the City contributed \$757 to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2016, there were no retirees receiving health benefits from the City's health plans.

**C. Annual OPEB Cost and Net OPEB Obligation**

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

Annual Required Contribution	\$ 37,490
Interest on Net OPEB Obligation	16,160
Adjustment to Annual Required Contribution	<u>(14,019)</u>
Annual OPEB Cost (Expense)	39,631
Contributions Made	<u>(757)</u>
Increase in Net OPEB Obligation	38,874
Net OPEB Obligation - Beginning of Year	<u>359,120</u>
Net OPEB Obligation - End of Year	<u><u>\$ 397,994</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2016:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2016	\$ 39,631	1.9%	\$ 397,994
December 31, 2015	45,828	7.2%	359,120
December 31, 2014	43,872	2.3%	316,606

**D. Funded Status and Funding Progress**

As of January 1, 2016, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$269,317. The annual payroll for active employees covered by the plan in the actuarial valuation was \$2,043,000 for a ratio of UAAL to covered payroll of 13.2%.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**D. Funded Status and Funding Progress (Continued)**

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

**E. Actuarial Methods and Assumptions**

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

In the January 1, 2016 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was negative 10% in 2016, 9% in 2017 increasing by 1% annually to 12% in 2020 and then it will be reduced by decrements to an ultimate rate of 5% after twelve years. The rate includes a 3.5% inflation rate. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2016 was not to exceed 30 years.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2016	\$ -	\$ 269,317	\$ 269,317	-	\$ 2,043,000	13.2%
1/1/2014	-	284,154	284,154	-	1,715,253	16.6%
1/1/2012	-	275,566	275,566	-	1,785,728	15.4%

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**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, 2016, 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.
- D. Committed for Emergency Warning Siren** – Represents amounts assigned by the City Council for the replacement of the emergency warning siren system.
- E. Committed for Tree Replacement** – Represents amounts assigned by the City Council to be used for various tree replacement projects.
- F. Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.
- G. Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.
- H. Assigned for Capital Projects** – Represents amounts which are assigned by the City for various capital projects.

**NOTE 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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2016**

**NOTE 10 COMMITMENTS AND CONTINGENCIES (CONTINUED)**

**C. Public Safety Contract**

The City has a contract to provide public safety service to the City of St. Bonifacius, Minnesota. The annual service fee will be determined based on a percentage of the City's annual police department budget. The percentage of the annual budget to be paid by the City of Bonifacius will be based on the respective populations and tax capacities of the two cities. During 2016, the City received \$204,286 from the City of St. Bonifacius for public safety services.

**D. Fire Protection Services Contract**

The City has contracted with the cities of St. Bonifacius and Mound, Minnesota to provide fire protection services for portions of the City. The annual fee will be determined based on a formula that includes the level of services provided and the market values of the fire service area covered by the contract. The City paid \$424,413 for fire protection services in 2016.

**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 \$68,104 for 2016 are included in debt service principal \$(60,728) and interest \$(7,376) 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 2016 as follows:

Project	Final Contracted Amount	Expended Through 12/31/2016	Remaining Commitment
City of Minnetrista Water Treatment Facilities	\$ 7,946,886	\$ 7,652,892	\$ 293,994
Watermain Improvement Project	2,039,398	1,895,420	143,978
Total	<u>\$ 9,986,284</u>	<u>\$ 9,548,312</u>	<u>\$ 437,972</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF MINNETRISTA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2016**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
Property Taxes	\$ 3,232,890	\$ 3,232,890	\$ 3,240,129	\$ 7,239
Special Assessments	-	-	189	189
Licenses and Permits	533,500	533,500	652,035	118,535
Intergovernmental Revenue	131,800	131,800	130,877	(923)
Charges for Services	284,186	284,186	329,901	45,715
Fines and Forfeits	56,000	56,000	47,632	(8,368)
Other Revenue:				
Investment Earnings	40,000	40,000	34,255	(5,745)
Miscellaneous Revenue	128,891	128,891	105,247	(23,644)
Total Revenue	<u>4,407,267</u>	<u>4,407,267</u>	<u>4,540,265</u>	<u>132,998</u>
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	38,598	38,598	33,308	(5,290)
Administration	483,847	486,104	522,536	36,432
Elections	20,250	20,250	14,201	(6,049)
Assessing	114,000	114,000	124,000	10,000
Legal	96,000	96,000	115,376	19,376
Planning	231,229	236,658	248,074	11,416
Government Building	78,835	78,835	80,907	2,072
Total General Government	<u>1,062,759</u>	<u>1,070,445</u>	<u>1,138,402</u>	<u>67,957</u>
Public Safety:				
Police	1,852,514	1,855,863	1,722,803	(133,060)
Fire	410,040	410,040	424,413	14,373
Inspection and Zoning	166,695	173,999	183,441	9,442
Total Public Safety	<u>2,429,249</u>	<u>2,439,902</u>	<u>2,330,657</u>	<u>(109,245)</u>
Public Works:				
Other	928,199	968,199	893,846	(74,353)
Parks and Recreation:				
Other	148,874	148,874	155,671	6,797
Miscellaneous:				
Other	<u>96,500</u>	<u>45,465</u>	<u>17,294</u>	<u>(28,171)</u>
Total Expenditures	<u>4,665,581</u>	<u>4,672,885</u>	<u>4,535,870</u>	<u>(137,015)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(258,314)	(265,618)	4,395	270,013
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In	-	-	36,323	36,323
Transfers Out	-	(275,000)	(275,000)	-
Proceeds from Sale of Capital Assets	-	-	27,946	27,946
Total Other Finance Sources (Uses)	<u>-</u>	<u>(275,000)</u>	<u>(210,731)</u>	<u>64,269</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (258,314)</u>	<u>\$ (540,618)</u>	<u>(206,336)</u>	<u>\$ 334,282</u>
<b>FUND BALANCES</b>				
Beginning of Year			3,218,599	
End of Year			<u>\$ 3,012,263</u>	

**CITY OF MINNETRISTA**  
**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**  
**DECEMBER 31, 2016**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2016	\$ -	\$ 269,317	\$ 269,317	-	\$ 2,043,000	13.2%
1/1/2014	-	284,154	284,154	-	1,715,253	16.6%
1/1/2012	-	275,566	275,566	-	1,785,728	15.4%

**CITY OF MINNETRISTA  
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
DECEMBER 31, 2016**

**GERF Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Three Fiscal Years\***

	<u>Measurement Date 6/30/2016</u>	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
City's Proportion of the Net Pension Liability	0.0212%	0.0183%	0.0186%
City's Proportionate Share of the Net Pension Liability	\$ 1,721,335	\$ 948,401	\$ 873,735
City's Covered-Employee Payroll	\$ 1,317,129	\$ 1,077,624	\$ 1,008,276
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	130.69%	88.01%	86.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.91%	78.20%	78.70%

\* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.

**PEPFF Schedule of the City's Proportionate Share of the Net Pension Liability  
Last Three Fiscal Years\***

	<u>Measurement Date 6/30/2016</u>	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
City's Proportion of the Net Pension Liability	0.0940%	0.0920%	0.0910%
City's Proportionate Share of the Net Pension Liability	\$ 3,772,384	\$ 1,045,335	\$ 982,837
City's Covered-Employee Payroll	\$ 904,985	\$ 845,708	\$ 788,333
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	416.84%	123.60%	124.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	63.88%	86.61%	87.10%

\* The Amounts Presented for Each Fiscal Year were Determined as of 6/30.



**CITY OF MINNETRISTA  
PERA SCHEDULE OF CITY CONTRIBUTIONS  
DECEMBER 31, 2016**

**GERF Schedule of City Contributions  
Last Three Fiscal Years**

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

**PEPFF Schedule of City Contributions  
Last Three Fiscal Years**

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

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**CITY OF MINNETRISTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016**

	Special Revenue	Debt Service	Capital Project	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 1,318,484	\$ 1,655,685	\$ 397,965	\$ 3,372,134
Receivables:				
Accrued Interest	2,779	3,463	840	7,082
Delinquent Special Assessments	-	528,274	-	528,274
Other Special Assessments Receivable	-	209,612	-	209,612
Due from Other Governmental Units	-	309,349	-	309,349
Total Assets	<u>\$ 1,321,263</u>	<u>\$ 2,706,383</u>	<u>\$ 398,805</u>	<u>\$ 4,426,451</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 64,565	\$ -	\$ 58,724	\$ 123,289
Deposits	-	-	149,845	149,845
Total Liabilities	<u>64,565</u>	<u>-</u>	<u>208,569</u>	<u>273,134</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessment	-	737,886	-	737,886
Unavailable Revenue - Other	-	301,933	-	301,933
Total Deferred Inflows of Resources	<u>-</u>	<u>1,039,819</u>	<u>-</u>	<u>1,039,819</u>
<b>FUND BALANCE</b>				
Restricted:				
Debt Service	-	1,666,564	-	1,666,564
Parkland Acquisitions and Improvement	820,461	-	-	820,461
Road Maintenance	29,456	-	-	29,456
Committed:				
Emergency Warning Siren Operation	190,610	-	-	190,610
Tree Replacement	216,171	-	-	216,171
Assigned:				
Capital Plan Improvements	-	-	326,804	326,804
Unassigned	-	-	(136,568)	(136,568)
Total Fund Balance	<u>1,256,698</u>	<u>1,666,564</u>	<u>190,236</u>	<u>3,113,498</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,321,263</u>	<u>\$ 2,706,383</u>	<u>\$ 398,805</u>	<u>\$ 4,426,451</u>

**CITY OF MINNETRISTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2016**

	Special Revenue	Debt Service	Capital Project	Totals
<b>REVENUE</b>				
Property Taxes	\$ 150,000	\$ 767,175	\$ -	\$ 917,175
Special Assessments	-	155,032	-	155,032
Intergovernmental Revenue	84,670	-	-	84,670
Other Revenue:				
Investment Earnings	19,692	10,077	4,254	34,023
Miscellaneous Revenue	78,333	50,932	-	129,265
Total Revenue	<u>332,695</u>	<u>983,216</u>	<u>4,254</u>	<u>1,320,165</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Administration	-	-	165,468	165,468
Public Works				
Other	397,627	-	-	397,627
Capital Outlay:				
Other	464,116	-	388,840	852,956
Debt Service:				
Principal Retirement	-	706,728	-	706,728
Interest and Fiscal Charges	-	257,125	7,604	264,729
Total Expenditures	<u>861,743</u>	<u>963,853</u>	<u>561,912</u>	<u>2,387,508</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(529,048)	19,363	(557,658)	(1,067,343)
<b>OTHER FINANCE SOURCES (USES)</b>				
Issuance of Bonds and Other Debt	-	-	375,000	375,000
Premium on Debt Issued	-	-	20,739	20,739
Transfers In	150,000	39,408	125,000	314,408
Transfers Out	(39,408)	(36,323)	-	(75,731)
Total Other Finance Sources (Uses)	<u>110,592</u>	<u>3,085</u>	<u>520,739</u>	<u>634,416</u>
<b>NET CHANGE IN FUND BALANCES</b>	(418,456)	22,448	(36,919)	(432,927)
<b>FUND BALANCES</b>				
Beginning of Year	<u>1,675,154</u>	<u>1,644,116</u>	<u>227,155</u>	<u>3,546,425</u>
End of Year	<u><u>\$ 1,256,698</u></u>	<u><u>\$ 1,666,564</u></u>	<u><u>\$ 190,236</u></u>	<u><u>\$ 3,113,498</u></u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

**CITY OF MINNETRISTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 190,209	\$ 840,472	\$ 72,087	\$ 215,716	\$ 1,318,484
Receivables:					
Accrued Interest	401	1,771	152	455	2,779
Total Assets	<u>\$ 190,610</u>	<u>\$ 842,243</u>	<u>\$ 72,239</u>	<u>\$ 216,171</u>	<u>\$ 1,321,263</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ 21,782	\$ 42,783	\$ -	\$ 64,565
<b>FUND BALANCE</b>					
Restricted:					
Parkland Acquisitions and Improvement	-	820,461	-	-	820,461
Road Maintenance	-	-	29,456	-	29,456
Committed					
Emergency Warning Siren Operation	190,610	-	-	-	190,610
Tree Replacement	-	-	-	216,171	216,171
Total Fund Balance	<u>190,610</u>	<u>820,461</u>	<u>29,456</u>	<u>216,171</u>	<u>1,256,698</u>
Total Liabilities and Fund Balance	<u>\$ 190,610</u>	<u>\$ 842,243</u>	<u>\$ 72,239</u>	<u>\$ 216,171</u>	<u>\$ 1,321,263</u>

**CITY OF MINNETRISTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2016**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
<b>REVENUE</b>					
Property Taxes	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Intergovernmental Revenue	-	-	84,670	-	84,670
Other Revenue:					
Investment Earnings	1,941	13,663	1,786	2,302	19,692
Miscellaneous Revenue	833	77,500	-	-	78,333
Total Revenue	<u>2,774</u>	<u>91,163</u>	<u>236,456</u>	<u>2,302</u>	<u>332,695</u>
<b>EXPENDITURES</b>					
Public Works					
Other	-	-	393,706	3,921	397,627
Capital Outlay	-	459,344	-	4,772	464,116
Total Expenditures	<u>-</u>	<u>459,344</u>	<u>393,706</u>	<u>8,693</u>	<u>861,743</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	2,774	(368,181)	(157,250)	(6,391)	(529,048)
<b>OTHER FINANCE SOURCES (USES)</b>					
Transfers In	-	-	150,000	-	150,000
Transfers Out	-	(14,383)	(25,025)	-	(39,408)
Total Other Finance Sources (Uses)	<u>-</u>	<u>(14,383)</u>	<u>124,975</u>	<u>-</u>	<u>110,592</u>
<b>NET CHANGE IN FUND BALANCES</b>	2,774	(382,564)	(32,275)	(6,391)	(418,456)
<b>FUND BALANCES</b>					
Beginning of Year	<u>187,836</u>	<u>1,203,025</u>	<u>61,731</u>	<u>222,562</u>	<u>1,675,154</u>
End of Year	<u>\$ 190,610</u>	<u>\$ 820,461</u>	<u>\$ 29,456</u>	<u>\$ 216,171</u>	<u>\$ 1,256,698</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, 2016**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Over (Under) Final Budget
<b>REVENUE</b>			
Investment Earnings	\$ 1,000	\$ 1,941	\$ 941
Miscellaneous Revenue	<u>2,000</u>	<u>833</u>	<u>(1,167)</u>
Total Revenue	3,000	2,774	(226)
<b>EXPENDITURES</b>			
Capital Outlay:			
Other	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ 1,000</u></u>	2,774	<u><u>\$ 1,774</u></u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>187,836</u>	
End of Year		<u><u>\$ 190,610</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, 2016**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUE</b>			
Investment Earnings	\$ 15,000	\$ 13,663	\$ (1,337)
Miscellaneous Revenue	100,000	77,500	(22,500)
Total Revenue	<u>115,000</u>	<u>91,163</u>	<u>(23,837)</u>
<b>EXPENDITURES</b>			
Capital Outlay:			
Other	<u>545,500</u>	<u>459,344</u>	<u>(86,156)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(430,500)	(368,181)	62,319
<b>OTHER FINANCE SOURCES (USES)</b>			
Transfers In (Out)	<u>(14,383)</u>	<u>(14,383)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ (444,883)</u></u>	<u>(382,564)</u>	<u><u>\$ 62,319</u></u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>1,203,025</u>	
End of Year		<u><u>\$ 820,461</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Intergovernmental Revenue	80,000	80,000	84,670	4,670
Investment Earnings	50,000	5,000	1,786	(3,214)
Total Revenue	<u>280,000</u>	<u>235,000</u>	<u>236,456</u>	<u>1,456</u>
<b>EXPENDITURES</b>				
Streets:				
Other	<u>245,000</u>	<u>395,000</u>	<u>393,706</u>	<u>(1,294)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	35,000	(160,000)	(157,250)	2,750
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In (Out)	<u>-</u>	<u>125,000</u>	<u>124,975</u>	<u>(25)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ 35,000</u></u>	<u><u>\$ (35,000)</u></u>	<u>(32,275)</u>	<u><u>\$ 2,725</u></u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>61,731</u>	
End of Year			<u><u>\$ 29,456</u></u>	

**CITY OF MINNETRISTA  
TREE REPLACEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Investment Earnings	\$ 1,665	\$ 1,665	\$ 2,302	\$ 637
<b>EXPENDITURES</b>				
Streets:				
Other	-	-	3,921	3,921
Capital Outlay:	<u>30,000</u>	<u>30,000</u>	<u>4,772</u>	<u>(25,228)</u>
Total Expenditures	<u>30,000</u>	<u>30,000</u>	<u>8,693</u>	<u>(21,307)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ (28,335)</u></u>	<u><u>\$ (28,335)</u></u>	<u>(6,391)</u>	<u><u>\$ 21,944</u></u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>222,562</u>	
End of Year			<u><u>\$ 216,171</u></u>	

## **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, 2016**

	Mound Fire Improvement Bonds of 2003 (514)	Enchanted Bridge Improvement Bonds of 2003 (525)	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)	Totals
<b>ASSETS</b>								
Cash and Investments	\$ 11,263	\$ -	\$ 33,918	\$ 354,250	\$ 1,005,072	\$ 110,400	\$ 140,782	\$ 1,655,685
Receivables:								
Accrued Interest	-	-	71	746	2,117	233	296	3,463
Delinquent Special Assessments	-	-	-	-	487,941	40,333	-	528,274
Other Special Assessments Receivable	-	-	203,840	-	5,772	-	-	209,612
Due from Other Governmental Units	724	-	206	3,697	1,232	301,932	1,558	309,349
Total Assets	<u>\$ 11,987</u>	<u>\$ -</u>	<u>\$ 238,035</u>	<u>\$ 358,693</u>	<u>\$ 1,502,134</u>	<u>\$ 452,898</u>	<u>\$ 142,636</u>	<u>\$ 2,706,383</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue - Special Assessment	-	-	203,840	-	493,713	40,333	-	737,886
Unavailable Revenue - Other	-	-	-	-	-	301,933	-	301,933
Total Deferred Inflows of Resources	-	-	203,840	-	493,713	342,266	-	1,039,819
<b>FUND BALANCE</b>								
Restricted:								
Debt Service	11,987	-	34,195	358,693	1,008,421	110,632	142,636	1,666,564
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 11,987</u>	<u>\$ -</u>	<u>\$ 238,035</u>	<u>\$ 358,693</u>	<u>\$ 1,502,134</u>	<u>\$ 452,898</u>	<u>\$ 142,636</u>	<u>\$ 2,706,383</u>

**CITY OF MINNETRISTA  
NONMAJOR DEBT SERVICE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2016**

	Mound Fire Improvement Bonds of 2003 (514)	Bridge Improvement Bonds of 2003 (525)	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)	Totals
<b>REVENUE</b>								
Property Taxes	\$ 71,376	\$ 35,466	\$ 20,322	\$ 364,809	\$ 121,546	\$ -	\$ 153,656	\$ 767,175
Special Assessments	-	4,954	32,439	-	112,089	5,550	-	155,032
Other Revenue:								
Investment Earnings	-	1,114	494	(68)	7,822	822	(107)	10,077
Miscellaneous Revenue	-	-	-	19,664	-	31,268	-	50,932
Total Revenue	<u>71,376</u>	<u>41,534</u>	<u>53,255</u>	<u>384,405</u>	<u>241,457</u>	<u>37,640</u>	<u>153,549</u>	<u>983,216</u>
<b>EXPENDITURES</b>								
Debt Service:								
Principal Retirement	60,728	115,000	40,000	235,000	145,000	50,000	61,000	706,728
Interest and Fiscal Charges	<u>7,376</u>	<u>3,033</u>	<u>16,538</u>	<u>131,118</u>	<u>80,399</u>	<u>12,682</u>	<u>5,979</u>	<u>257,125</u>
Total Debt Service	<u>68,104</u>	<u>118,033</u>	<u>56,538</u>	<u>366,118</u>	<u>225,399</u>	<u>62,682</u>	<u>66,979</u>	<u>963,853</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	3,272	(76,499)	(3,283)	18,287	16,058	(25,042)	86,570	19,363
<b>OTHER FINANCE SOURCES (USES)</b>								
Transfers In	-	-	-	-	14,383	25,025	-	39,408
Transfers Out	-	(36,323)	-	-	-	-	-	(36,323)
Total Other Finance Sources (Uses)	<u>-</u>	<u>(36,323)</u>	<u>-</u>	<u>-</u>	<u>14,383</u>	<u>25,025</u>	<u>-</u>	<u>3,085</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,272	(112,822)	(3,283)	18,287	30,441	(17)	86,570	22,448
<b>FUND BALANCES</b>								
Beginning of Year	<u>8,715</u>	<u>112,822</u>	<u>37,478</u>	<u>340,406</u>	<u>977,980</u>	<u>110,649</u>	<u>56,066</u>	<u>1,644,116</u>
End of Year	<u>\$ 11,987</u>	<u>\$ -</u>	<u>\$ 34,195</u>	<u>\$ 358,693</u>	<u>\$ 1,008,421</u>	<u>\$ 110,632</u>	<u>\$ 142,636</u>	<u>\$ 1,666,564</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, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUE</b>				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,376	\$ (624)
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	<u>72,000</u>	<u>72,000</u>	<u>60,728</u>	<u>(11,272)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	3,272	<u><u>\$ 3,272</u></u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>8,715</u>	
End of Year			<u><u>\$ 11,987</u></u>	

**CITY OF MINNETRISTA  
BRIDGE IMPROVEMENT BONDS OF 2003 FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>			<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
<b>REVENUE</b>				
Property Taxes	\$ 36,600	\$ 36,600	\$ 35,466	\$ (1,134)
Special Assessments	6,000	6,000	4,954	(1,046)
Investment Earnings	1,000	1,000	1,114	114
Total Revenue	<u>43,600</u>	<u>43,600</u>	<u>41,534</u>	<u>(2,066)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	35,000	35,000	115,000	80,000
Interest and Fiscal Charges	<u>-</u>	<u>5,065</u>	<u>3,033</u>	<u>(2,032)</u>
Total Debt Service	<u>35,000</u>	<u>40,065</u>	<u>118,033</u>	<u>77,968</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	8,600	3,535	(76,499)	(80,034)
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In (Out)	<u>-</u>	<u>-</u>	<u>(36,323)</u>	<u>(36,323)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 8,600</u>	<u>\$ 3,535</u>	<u>(112,822)</u>	<u>\$ (116,357)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>112,822</u>	
End of Year			<u>\$ -</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 20,500	\$ 20,500	\$ 20,322	\$ (178)
Special Assessments	35,000	35,000	32,439	(2,561)
Investment Earnings	2,000	2,000	494	(1,506)
Total Revenue	<u>57,500</u>	<u>57,500</u>	<u>53,255</u>	<u>(4,245)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	<u>18,550</u>	<u>18,550</u>	<u>16,538</u>	<u>(2,012)</u>
Total Debt Service	<u>58,550</u>	<u>58,550</u>	<u>56,538</u>	<u>(2,012)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (1,050)</u>	<u>\$ (1,050)</u>	(3,283)	<u>\$ (2,233)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>37,478</u>	
End of Year			<u>\$ 34,195</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 368,000	\$ 368,000	\$ 364,809	\$ (3,191)
Investment Earnings	1,000	1,000	(68)	(1,068)
Miscellaneous Revenue	19,665	19,665	19,664	(1)
Total Revenue	<u>388,665</u>	<u>388,665</u>	<u>384,405</u>	<u>(4,260)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	235,000	235,000	235,000	-
Interest and Fiscal Charges	132,125	132,125	131,118	(1,007)
Total Debt Service	<u>367,125</u>	<u>367,125</u>	<u>366,118</u>	<u>(1,007)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 21,540</u>	<u>\$ 21,540</u>	18,287	<u>\$ (3,253)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>340,406</u>	
End of Year			<u>\$ 358,693</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 122,609	\$ 122,609	\$ 121,546	\$ (1,063)
Special Assessments	90,000	90,000	112,089	22,089
Investment Earnings	2,500	2,500	7,822	5,322
Miscellaneous Revenue	20,000	20,000	-	(20,000)
Total Revenue	235,109	235,109	241,457	6,348
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	145,000	145,000	145,000	-
Interest and Fiscal Charges	80,406	80,406	80,399	(7)
Total Debt Service	225,406	225,406	225,399	(7)
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	9,703	9,703	16,058	6,355
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In (Out)	-	14,383	14,383	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 9,703</u>	<u>\$ 24,086</u>	30,441	<u>\$ 6,355</u>
<b>FUND BALANCES</b>				
Beginning of Year			977,980	
End of Year			<u>\$ 1,008,421</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, 2016**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
<b>REVENUE</b>				
Special Assessments	\$ 20,000	\$ 20,000	\$ 5,550	\$ (14,450)
Investment Earnings	-	-	822	822
Miscellaneous Revenue	-	-	31,268	31,268
Total Revenue	<u>20,000</u>	<u>20,000</u>	<u>37,640</u>	<u>17,640</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	20,000	20,000	50,000	30,000
Interest and Fiscal Charges	11,929	11,929	12,682	753
Total Debt Service	<u>31,929</u>	<u>31,929</u>	<u>62,682</u>	<u>30,753</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(11,929)	(11,929)	(25,042)	(13,113)
<b>OTHER FINANCE SOURCES (USES)</b>				
Transfers In (Out)	<u>25,000</u>	<u>25,000</u>	<u>25,025</u>	<u>25</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 13,071</u>	<u>\$ 13,071</u>	(17)	<u>\$ (13,088)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>110,649</u>	
End of Year			<u>\$ 110,632</u>	

**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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 155,000	\$ 155,000	\$ 153,656	\$ (1,344)
Investment Earnings	500	500	(107)	(607)
Total Revenue	<u>155,500</u>	<u>155,500</u>	<u>153,549</u>	<u>(1,951)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	61,000	61,000	61,000	-
Interest and Fiscal Charges	9,019	9,019	5,979	(3,040)
Total Debt Service	<u>70,019</u>	<u>70,019</u>	<u>66,979</u>	<u>(3,040)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 85,481</u>	<u>\$ 85,481</u>	86,570	<u>\$ 1,089</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>56,066</u>	
End of Year			<u>\$ 142,636</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Special Assessments	\$ 296,000	\$ 296,000	\$ 364,816	\$ 68,816
Investment Earnings	5,000	5,000	5,936	936
Total Revenue	301,000	301,000	370,752	69,752
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	200,000	200,000	200,000	-
Interest and Fiscal Charges	96,087	96,087	97,080	993
Total Debt Service	296,087	296,087	297,080	993
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 4,913</u>	<u>\$ 4,913</u>	73,672	<u>\$ 68,759</u>
<b>FUND BALANCES</b>				
Beginning of Year			867,306	
End of Year			<u>\$ 940,978</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, 2016**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Special Assessments	\$ 230,000	\$ 230,000	\$ 222,349	\$ (7,651)
Investment Earnings	2,000	2,000	1,848	(152)
Total Revenue	<u>232,000</u>	<u>232,000</u>	<u>224,197</u>	<u>(7,803)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	135,000	135,000	135,000	-
Interest and Fiscal Charges	95,110	95,110	97,102	1,992
Total Debt Service	<u>230,110</u>	<u>230,110</u>	<u>232,102</u>	<u>1,992</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 1,890</u>	<u>\$ 1,890</u>	(7,905)	<u>\$ (9,795)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>393,225</u>	
End of Year			<u>\$ 385,320</u>	

## **NONMAJOR CAPITAL PROJECT FUNDS**

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

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

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



**CITY OF MINNETRISTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2016**

	Capital Improvement (401)	Street Improvement (490)	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 330,760	\$ 67,205	\$ 397,965
Receivables:			
Accrued Interest	<u>698</u>	<u>142</u>	<u>840</u>
Total Assets	<u><u>\$ 331,458</u></u>	<u><u>\$ 67,347</u></u>	<u><u>\$ 398,805</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts and Contracts Payable	\$ 4,654	\$ 54,070	\$ 58,724
Deposits	<u>-</u>	<u>149,845</u>	<u>149,845</u>
Total Liabilities	4,654	203,915	208,569
<b>FUND BALANCE</b>			
Assigned:			
Capital Plan Improvements	326,804	-	326,804
Unassigned	<u>-</u>	<u>(136,568)</u>	<u>(136,568)</u>
Total Fund Balance	<u><u>326,804</u></u>	<u><u>(136,568)</u></u>	<u><u>190,236</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 331,458</u></u>	<u><u>\$ 67,347</u></u>	<u><u>\$ 398,805</u></u>

**CITY OF MINNETRISTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2016**

	Capital Improvement (401)	Street Improvement (490)	Totals
<b>REVENUE</b>			
Other Revenue:			
Investment Earnings	\$ 2,568	\$ 1,686	\$ 4,254
<b>EXPENDITURES</b>			
General Government			
Administration	2,754	162,714	165,468
Capital Outlay:			
Other	388,840	-	388,840
Debt Service			
Interest and Fiscal Charges	7,604	-	7,604
Total Expenditures	399,198	162,714	561,912
<b>DEFICIENCY OF REVENUE UNDER EXPENDITURES</b>	(396,630)	(161,028)	(557,658)
<b>OTHER FINANCE SOURCES (USES)</b>			
Issuance of Bonds and Other Debt	375,000	-	375,000
Premium on Debt Issued	20,739	-	20,739
Transfers In	125,000	-	125,000
Total Other Finance Sources (Uses)	520,739	-	520,739
<b>NET CHANGE IN FUND BALANCE</b>	124,109	(161,028)	(36,919)
<b>FUND BALANCES</b>			
Beginning of Year	202,695	24,460	227,155
End of Year	\$ 326,804	\$ (136,568)	\$ 190,236

**CITY OF MINNETRISTA  
CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 2,568	\$ 568
<b>EXPENDITURES</b>				
General Government:				
Administration	12,550	12,550	2,754	(9,796)
Capital Outlay:				
Other	437,450	562,450	388,840	(173,610)
Debt Service:				
Fiscal Charges	-	-	7,604	7,604
Total Expenditures	<u>450,000</u>	<u>575,000</u>	<u>399,198</u>	<u>(175,802)</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(448,000)	(573,000)	(396,630)	176,370
<b>OTHER FINANCE SOURCES (USES)</b>				
Issuance of Equipment Certificates	400,000	400,000	395,739	(4,261)
Transfers In (Out)	-	125,000	125,000	-
Total Other Finance Sources	<u>400,000</u>	<u>525,000</u>	<u>520,739</u>	<u>(4,261)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (48,000)</u>	<u>\$ (48,000)</u>	124,109	<u>\$ 172,109</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>202,695</u>	
End of Year			<u>\$ 326,804</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

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#### **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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities:										
Net Investment in Capital Assets	\$ 17,005,628	\$ 17,155,765	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011	\$ 16,231,151	\$ 16,563,080	\$ 16,599,988
Restricted	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179
Unrestricted	524,825	134,772	2,439,958	2,597,269	2,797,210	2,726,677	1,857,939	2,991,147	1,857,033	3,457,549
Total Governmental Activities Net Position	<u>\$ 20,486,636</u>	<u>\$ 20,261,802</u>	<u>\$ 21,022,529</u>	<u>\$ 22,784,369</u>	<u>\$ 22,388,875</u>	<u>\$ 22,226,520</u>	<u>\$ 27,711,897</u>	<u>\$ 29,869,717</u>	<u>\$ 27,691,550</u>	<u>\$ 27,763,716</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 10,533,641	\$ 11,026,422	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847	\$ 11,169,939	\$ 12,775,949	\$ 11,846,587
Unrestricted	4,604,997	4,466,518	3,430,159	3,360,577	3,583,305	4,042,164	4,495,729	4,962,343	3,833,870	6,922,646
Total Business-Type Activities Net Position	<u>\$ 15,138,638</u>	<u>\$ 15,492,940</u>	<u>\$ 15,163,684</u>	<u>\$ 14,729,416</u>	<u>\$ 14,833,565</u>	<u>\$ 14,818,933</u>	<u>\$ 15,059,576</u>	<u>\$ 16,132,282</u>	<u>\$ 16,609,819</u>	<u>\$ 18,769,233</u>
Primary Government:										
Net Investment in Capital Assets	\$ 27,539,269	\$ 28,182,187	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858	\$ 27,401,090	\$ 29,339,029	\$ 28,446,575
Restricted	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179
Unrestricted	5,129,822	4,601,290	5,870,117	5,957,846	6,380,515	6,768,841	6,353,668	7,953,490	5,690,903	10,380,195
Total Primary Government Net Position	<u>\$ 35,625,274</u>	<u>\$ 35,754,742</u>	<u>\$ 36,186,213</u>	<u>\$ 37,513,785</u>	<u>\$ 37,222,440</u>	<u>\$ 37,045,453</u>	<u>\$ 42,771,473</u>	<u>\$ 46,001,999</u>	<u>\$ 44,301,369</u>	<u>\$ 46,532,949</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses:										
Governmental Activities:										
General Government	\$ 1,281,429	\$ 1,184,154	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188	\$ 1,019,379	\$ 1,013,834	\$ 1,374,469
Public Safety	2,214,155	2,421,020	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287	2,515,524	2,592,622	3,199,782
Public Works	1,769,776	2,093,346	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994	2,226,393	2,403,548	2,516,668
Parks and Recreation	159,350	245,390	167,405	187,391	218,600	192,206	198,709	253,802	225,307	239,887
Interest and Fiscal Charges	156,650	173,255	375,092	346,216	386,100	411,838	604,518	1,029,562	477,254	433,674
Total Governmental Activities Expenses	5,581,360	6,117,165	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696	7,044,660	6,712,565	7,764,480
Business-Type Activities:										
Water	587,923	619,499	588,448	543,151	593,418	686,378	778,481	687,528	746,686	965,379
Sewer	675,917	735,947	744,469	686,443	804,553	754,958	823,690	888,377	838,815	850,928
Storm Water	154,752	186,620	195,835	162,901	198,138	204,343	208,830	216,860	264,832	255,656
Recycling	72,016	84,005	85,590	86,293	92,938	97,054	98,893	112,990	119,733	131,935
Cable TV	-	-	-	-	-	-	-	45,659	3,548	-
Total Business-Type Activities Expenses	1,490,608	1,626,071	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894	1,951,414	1,973,614	2,203,898
Total Primary Government Expenses	\$ 7,071,968	\$ 7,743,236	\$ 8,313,222	\$ 7,988,827	\$ 7,862,521	\$ 8,507,803	\$ 8,105,590	\$ 8,996,074	\$ 8,686,179	\$ 9,968,378
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 122,348	\$ 49,705	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342	\$ 841,958	\$ 925,087	\$ 867,659
Public Safety	838,865	751,002	671,373	559,168	575,752	560,023	195,221	178,786	189,649	204,286
Public Works	25,941	23,445	34,254	-	-	-	233	251,784	134	190
Operating Grants and Contributions	129,734	102,241	106,321	186,286	233,568	200,604	440,828	835,875	507,773	277,650
Capital Grants and Contributions	1,944,639	413,575	1,004,261	1,415,745	403,713	1,378,968	5,383,439	2,968,198	384,022	340,638
Total Governmental Activities Program Revenues	3,061,527	1,339,968	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063	5,076,601	2,006,665	1,690,423
Business-Type Activities:										
Charges for Services:										
Water	919,868	794,468	568,261	567,648	590,895	696,488	1,174,714	1,683,013	1,177,345	994,989
Sewer	553,178	536,113	525,082	578,391	608,277	668,048	709,365	850,803	830,784	877,481
Storm Water	81,812	86,885	89,017	98,454	94,213	176,956	181,069	187,059	224,120	261,853
Recycling	84,917	90,140	92,087	101,582	97,355	95,609	98,460	105,512	110,860	115,136
Cable TV	-	-	-	-	-	-	-	86,034	40,762	40,772
Operating Grants and Contributions	15,473	18,562	18,727	19,709	19,657	29,778	21,452	34,215	182,574	23,014
Capital Grants and Contributions	88,719	333,044	774,551	1,911	1,791	1,668	-	3,207	165	165
Total Business-Type Activities Program Revenues	1,743,967	1,859,212	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060	2,949,843	2,566,610	2,313,410
Total Primary Government Program Revenues	\$ 4,805,494	\$ 3,199,180	\$ 3,916,916	\$ 3,570,934	\$ 2,737,794	\$ 4,128,929	\$ 8,839,123	\$ 8,026,444	\$ 4,573,275	\$ 4,003,833

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net Revenue (Expense):										
Governmental Activities	\$ (2,519,833)	\$ (4,777,197)	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367	\$ (1,968,059)	\$ (4,705,900)	\$ (6,074,057)
Business-Type Activities	253,359	233,141	453,383	(111,093)	(276,859)	(74,186)	275,166	998,429	592,996	109,512
Total Primary Government Net Expense	<u>\$ (2,266,474)</u>	<u>\$ (4,544,056)</u>	<u>\$ (4,396,306)</u>	<u>\$ (4,417,893)</u>	<u>\$ (5,124,727)</u>	<u>\$ (4,378,874)</u>	<u>\$ 733,533</u>	<u>\$ (969,630)</u>	<u>\$ (4,112,904)</u>	<u>\$ (5,964,545)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 4,155,617	\$ 4,364,500	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282	\$ 3,891,397	\$ 4,010,604	\$ 4,127,926
Investment Earnings	229,173	165,774	105,724	67,523	57,354	61,284	(34,452)	119,528	75,954	76,062
Capital Contribution	-	-	-	-	-	-	1,171,000	-	-	1,914,289
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	180	114,954	21,396	27,946
Miscellaneous	39,343	22,089	10,247	23,827	66,684	202,226	-	-	-	-
Transfers	-	-	890,000	460,000	(332,027)	-	-	-	-	-
Total Governmental Activities	<u>4,424,133</u>	<u>4,552,363</u>	<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>
Business-Type Activities:										
Investment Earnings	251,544	121,161	107,361	56,521	48,981	59,554	(34,523)	74,277	54,936	52,385
Capital Contribution	-	-	-	-	-	-	-	-	-	1,997,517
Transfers	-	-	(890,000)	(460,000)	323,027	-	-	-	-	-
Total Business-Type Activities	<u>251,544</u>	<u>121,161</u>	<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>
Total Primary Government	<u>\$ 4,675,677</u>	<u>\$ 4,673,524</u>	<u>\$ 4,827,777</u>	<u>\$ 4,683,808</u>	<u>\$ 4,247,666</u>	<u>\$ 4,201,887</u>	<u>\$ 4,992,487</u>	<u>\$ 4,200,156</u>	<u>\$ 4,162,890</u>	<u>\$ 8,196,125</u>
Change in Net Position:										
Governmental Activities	\$ 1,904,300	\$ (224,834)	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377	\$ 2,157,820	\$ (597,946)	\$ 72,166
Business-Type Activities	504,903	354,302	(329,256)	(514,572)	95,149	(14,632)	240,643	1,072,706	647,932	2,159,414
Total Primary Government	<u>\$ 2,409,203</u>	<u>\$ 129,468</u>	<u>\$ 431,471</u>	<u>\$ 265,915</u>	<u>\$ (877,061)</u>	<u>\$ (176,987)</u>	<u>\$ 5,726,020</u>	<u>\$ 3,230,526</u>	<u>\$ 49,986</u>	<u>\$ 2,231,580</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 5,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,994,014	2,200,846	2,371,750	2,185,484	-	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	22,434	23,820
Assigned	-	-	-	-	154,422	120,243	280,680	150,000	258,314	444,566
Unassigned	-	-	-	-	2,246,964	2,550,994	2,440,056	2,543,786	2,937,851	2,543,877
Total General Fund	<u>\$ 1,999,388</u>	<u>\$ 2,200,846</u>	<u>\$ 2,371,750</u>	<u>\$ 2,185,484</u>	<u>\$ 2,401,386</u>	<u>\$ 2,671,237</u>	<u>\$ 2,720,736</u>	<u>\$ 2,693,786</u>	<u>\$ 3,218,599</u>	<u>\$ 3,012,263</u>
All Other Governmental Funds:										
Reserved	\$ -	\$ -	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	2,480,240	2,543,175	922,785	914,997	-	-	-	-	-	-
Debt Service Funds	347,949	386,397	572,332	795,832	-	-	-	-	-	-
Capital Project Funds	2,106,119	1,296,478	2,600,504	2,457,566	-	-	-	-	-	-
Restricted	-	-	-	-	2,004,013	2,158,391	3,488,442	5,008,847	4,169,403	3,842,779
Committed	-	-	-	-	156,038	184,223	-	-	410,398	406,781
Assigned	-	-	-	-	2,357,044	2,258,497	2,258,497	802,133	227,155	326,804
Unassigned	-	-	-	-	(282,835)	(420,625)	-	-	-	(136,568)
Total All Other Governmental Funds	<u>\$ 4,934,308</u>	<u>\$ 4,226,050</u>	<u>\$ 4,501,388</u>	<u>\$ 4,574,163</u>	<u>\$ 4,234,260</u>	<u>\$ 4,180,486</u>	<u>\$ 5,746,939</u>	<u>\$ 5,810,980</u>	<u>\$ 4,806,956</u>	<u>\$ 4,439,796</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>
2007	\$ 4,155,617
2008	\$ 4,364,500
2009	\$ 4,604,445
2010	\$ 4,535,937
2011	\$ 4,083,647
2012	\$ 3,878,823
2013	\$ 3,863,571
2014	\$ 3,878,323
2015	\$ 4,004,111
2016	\$ 4,157,599

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues:										
Taxes	\$ 4,132,861	\$ 4,316,069	\$ 4,561,767	\$ 4,517,943	\$ 4,197,308	\$ 3,906,517	\$ 3,913,257	\$ 3,908,750	\$ 4,022,425	\$ 4,157,304
Licenses and Permits	500,209	392,803	330,125	240,645	291,747	274,871	394,487	666,305	740,757	652,035
Intergovernmental	141,821	111,723	261,861	127,516	422,015	810,238	1,359,991	286,418	526,191	215,547
Charges for Services	833,691	589,644	376,146	326,057	405,543	370,856	259,168	513,250	271,046	329,901
Investment Earnings	394,863	251,864	178,768	61,129	81,714	93,763	(34,452)	119,528	75,954	76,062
Special Assessments	158,438	143,739	82,628	226,342	140,448	217,265	1,001,429	1,956,154	767,248	742,386
Miscellaneous	1,780,974	376,076	81,938	191,042	289,703	667,328	522,016	709,520	405,238	282,144
Total Revenues	7,942,857	6,181,918	5,873,233	5,690,674	5,828,478	6,340,838	7,415,896	8,159,925	6,808,859	6,455,379
Expenditures:										
General Government	1,189,173	1,353,054	1,094,775	1,162,534	1,143,459	1,088,050	1,057,405	1,167,794	974,569	1,303,870
Public Safety	2,569,088	2,272,375	5,527,291	3,193,979	2,205,315	2,082,473	1,980,708	2,240,017	2,200,045	2,330,657
Public Works	2,445,937	2,043,553	2,676,506	4,507,049	1,662,321	738,076	963,487	1,135,254	1,163,555	1,291,473
Parks and Recreation	1,798,332	367,085	882,755	116,293	149,007	288,780	111,257	126,927	129,905	155,671
Other	39,306	36,254	57,221	31,438	46,137	114,923	12,184	10,838	13,689	17,294
Capital Outlay	-	-	-	-	-	1,839,919	6,552,680	1,800,066	745,670	852,956
Debt Service:										
Principal	687,623	539,041	580,460	312,753	387,335	343,179	499,048	1,307,849	1,292,413	1,041,728
Interest	121,280	141,275	241,786	355,172	384,548	413,908	537,735	1,078,085	481,435	458,911
Total Expenditures	8,850,739	6,752,637	11,060,794	9,679,218	5,978,122	6,909,308	11,714,504	8,866,830	7,001,281	7,452,560
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(907,882)	(570,719)	(5,187,561)	(3,988,544)	(149,644)	(568,470)	(4,298,608)	(706,905)	(192,422)	(997,181)
Other Financing Sources (Uses):										
Bonds Issued	890,000	-	5,600,304	3,866,350	15,950	770,000	7,695,000	5,150,000	331,000	375,000
Premium on Bonds Issued	-	-	26,134	304	-	-	-	326,382	-	20,739
Payment of Refunded Bonds	-	-	-	-	-	-	-	(4,965,000)	(635,000)	-
Sales of Capital Assets	4,935	63,919	7,365	8,399	9,693	14,547	-	120,250	17,211	27,946
Transfers In	923	-	1,842,320	944,021	-	192,332	653,908	403,104	39,458	350,731
Transfers Out	(923)	-	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)	(403,104)	(39,458)	(350,731)
Total Other Financing Sources (Uses)	894,935	63,919	5,633,803	3,875,053	25,643	784,547	6,026,924	631,632	(286,789)	423,685
Net Change in Fund Balances	\$ (12,947)	\$ (506,800)	\$ 446,242	\$ (113,491)	\$ (124,001)	\$ 216,077	\$ 1,728,316	\$ (75,273)	\$ (479,211)	\$ (573,496)
Debt Service as a Percentage of										
Noncapital Expenditures	9.1%	10.1%	7.4%	6.9%	12.9%	13.3%	19.9%	34.3%	28.2%	20.1%

**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			
2007	\$ 13,732,388	\$ 116,580	\$ 13,848,968	29.93	\$ 1,295,154,600	1.07
2008	15,462,321	113,482	15,575,803	27.73	1,442,627,300	1.08
2009	16,452,171	125,101	16,577,272	27.47	1,528,370,300	1.08
2010	16,388,056	163,470	16,551,526	27.07	1,528,605,700	1.08
2011	14,746,292	151,993	14,898,285	27.30	1,382,773,800	1.08
2012	13,732,806	154,033	13,886,839	27.44	1,294,326,273	1.07
2013	12,732,540	168,869	12,901,409	29.55	1,206,365,054	1.07
2014	12,650,081	169,765	12,819,846	29.76	1,200,801,283	1.07
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	26.59	1,470,711,462	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	
2007	24.090	5.840	29.930	N/A	N/A	39.110	N/A	N/A	28.060	97.100
2008	23.710	4.023	27.733	N/A	N/A	38.571	N/A	N/A	23.970	90.274
2009	23.040	4.425	27.465	N/A	N/A	40.413	N/A	N/A	23.279	91.157
2010	22.659	4.408	27.067	N/A	N/A	42.640	N/A	N/A	26.030	95.737
2011	23.286	4.010	27.296	N/A	N/A	45.840	N/A	N/A	26.258	99.394
2012	22.807	4.633	27.440	N/A	N/A	48.231	N/A	N/A	22.780	98.451
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136
2014	24.737	5.024	29.761	N/A	N/A	49.959	N/A	N/A	31.883	111.603
2015	23.541	4.907	28.448	N/A	N/A	46.398	N/A	N/A	30.952	105.798
2016	21.673	4.917	26.590	N/A	N/A	44.087	N/A	N/A	31.834	102.511

\*\* 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	2016			2006		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Individual	\$ 67,663	1	0.4 %	\$ —	—	— %
Individual	54,025	2	0.3	—	—	—
MN M C Holding Corp	46,188	3	0.3	—	—	—
Individual	45,978	4	0.3	—	—	—
Individual	44,488	5	0.3	—	—	—
Individual	43,188	6	0.3	—	—	—
Individual	42,563	7	0.3	—	—	—
Individual	39,650	8	0.3	—	—	—
Individual	38,375	9	0.2	—	—	—
Burl Oaks Golf Club	35,010	10	0.2	—	—	—
Total	<u>\$ 457,128</u>		<u>2.9 %</u>	<u>\$ —</u>		<u>— %</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
2007	\$ 4,188,079	\$ 4,132,861	98.7	\$ 53,378	\$ 4,186,239	100.0
2008	4,376,111	4,309,282	98.5	66,829	4,376,111	100.00
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

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

Fiscal Year	Governmental Activities		Business-Type	Total Primary Government	Per Capita (1)	Percentage of Personal Income
	G.O. Bonds	Special Assessment Bonds	Activities			
			Water/Sewer Revenue Bonds and Loans			
2007	\$ 1,200,000	\$ 1,270,000	\$ 2,170,000	\$ 4,640,000	786	—
2008	745,000	1,220,000	1,070,000	3,035,000	487	—
2009	5,775,000	1,165,000	1,070,304	8,010,304	1,272	—
2010	5,575,000	4,380,000	1,560,841	11,515,841	1,804	—
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	—

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

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

Source: City of Minnetrista financial records

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2007	\$ 1,200,000	347,949	\$ 852,051	0.07	144
2008	745,000	56,346	688,654	0.05	110
2009	5,775,000	652,187	5,122,813	0.34	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.34	726
2012	5,155,000	667,623	4,487,377	0.35	685
2013	12,445,000	1,870,981	10,574,019	0.88	1,570
2014	11,760,000	3,748,283	8,011,717	0.67	1,179
2015	14,831,000	2,904,647	11,926,353	0.92	1,763
2016	14,521,323	2,992,862	11,528,461	0.78	1,640

(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 94.

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, 2016**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 14,225,000	100.00 %	\$ 14,225,000
Overlapping:			
School Districts:			
ISD No. 110*	111,825,000	10.27	11,484,428
ISD No. 111*	49,100,000	16.71	8,204,610
ISD No. 879**	79,285,000	0.34	269,569
ISD No. 277	46,160,000	31.14	14,375,147
Hennepin County:			
General	811,375,883	1.00	8,113,759
Three Rivers Park District	47,787,952	1.39	664,253
Regional Rail Authority	32,848,204	1.39	456,590
Metropolitan Council	38,874,706	0.51	198,261
Total Overlapping Debt			<u>43,766,616</u>
Total Direct and Overlapping Debt			<u><u>\$ 57,991,616</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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 31,134,364	\$ 30,567,406	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952	\$ 36,024,038	\$ 38,866,808	\$ 44,121,344
Total Net Debt Applicable to Limit	2,470,000	1,965,000	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019	846,717	1,786,353	2,029,044
Legal Debt Margin	<u>\$ 28,664,364</u>	<u>\$ 28,602,406</u>	<u>\$ 38,766,008</u>	<u>\$ 40,574,489</u>	<u>\$ 36,479,540</u>	<u>\$ 34,342,411</u>	<u>\$ 33,096,933</u>	<u>\$ 33,096,933</u>	<u>\$ 37,080,455</u>	<u>\$ 42,092,300</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	7.93%	6.43%	15.18%	11.52%	11.38%	11.56%	8.55%	2.35%	4.60%	4.60%

Legal Debt Margin Calculation for Fiscal Year 2016

Market value	\$ 1,470,711,462
Debt limit (3% of market value)	44,121,344
Debt applicable to limit	
General obligation bonds	14,521,323
Less special assessment bonds	(9,499,417)
Less amount set aside for repayment of G.O. debt	<u>(2,992,862)</u>
Total net debt applicable to limit	<u>2,029,044</u>
Legal debt margin	<u>\$ 42,092,300</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			
2007	\$ 627,992	\$ 322,364	\$ 305,628	\$ 60,000	\$ 98,015	1.93	\$ 158,438	\$ 30,000	\$ 15,478	3.48		
2008	615,784	281,232	334,552	80,000	39,720	2.79	143,739	55,000	50,325	1.36		
2009	588,746	324,375	264,371	80,000	40,345	2.20	82,628	55,000	50,326	0.78		
2010	495,680	283,505	212,175	85,000	37,271	1.74	226,342	55,000	48,475	2.19		
2011	517,710	288,565	229,145	85,000	34,456	1.92	134,974	65,000	124,737	0.71		
2012	609,554	416,562	192,992	90,000	31,858	1.58	213,928	70,000	141,400	1.01		
2013	546,875	558,280	(11,405)	95,000	27,818	(0.09)	1,004,594	265,000	301,523	1.77		
2014	754,900	435,808	319,092	95,000	24,682	2.67	1,959,199	1,100,000	326,188	1.37		
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		

\* 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)
2007	5,902	\$ —	\$ —	2,220	4.1
2008	6,234	—	—	2,307	4.9
2009	6,296	—	—	2,342	7.5
2010	6,384	54,300	346,651	2,364	6.6
2011	6,450	—	—	2,393	6.1
2012	6,549	—	—	2,426	5.3
2013	6,735	—	—	2,466	5.0
2014	6,796	—	—	2,565	4.2
2015	6,763			2,651	2.8
2016	7,029			2,753	3.3

Data sources:

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

**CITY OF MINNETRISTA  
PRINCIPAL EMPLOYERS  
CURRENT YEAR**

Employer		Employees*	Rank
ISD No. 277 – Westonka School District	K–12 education	700 **	1
River Valley Church	Church	160	2
Burl Oaks Golf Club	Golf course	65	3
Al & Alma's Supper Club and Charters	Supper Club and Chartered Cruises	50	4
Jubilee Foods	Grocery Store	45	5
City of Mound	Municipal government	41	6
Scotty B's Restaurant	Restaurant	40	7
Tonka Teltec	Telecommunications Services	40	8
City of Minnetrista	Municipal government	38	9
YMCA - Camp Christmas Tree	Day camp and other recreation activities	35	10
		<u>1,214</u>	

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

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

Source: Infogroup ([www.salesgenie.com](http://www.salesgenie.com)). Information for 2004 is not available.

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
General Government	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0
Public Safety:										
Police										
Officers	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0	13.0
Civilians	3.8	3.8	3.8	3.8	3.8	3.8	3.6	3.8	3.8	3.9
Highways and Streets	6.5	6.5	6.5	6.5	3.5	3.5	3.5	3.5	4.5	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	1.0	1.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>	<u>35.9</u>

Source: City of Minnetrista records

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
Police:										
Physical Arrests	40	81	82	119	100	119	134	116	152	112
Parking Violations	279	234	326	235	223	235	218	239	95	123
Traffic Violations	1,478	3,332	3,419	3,572	3,523	3,572	2,821	2,704	3,079	2,210
Highways and Streets:										
Street Seal Coated (Miles)	2.70	7.70	5.91	5.05	4.67	3.39	2.64	2.64	2.51	1.62
Blacktop Used in "Tons" for Repair of Potholes	1,428	677	800	993	1,186	378	301	724	545	650
Water:										
New Connections	41	64	42	43	25	28	29	57	110	89
Average Daily Consumption (Thousands of Gallons)	396	360	386	361	358	392	409	352	390	415
Wastewater:										
(Thousands of Gallons)	127	146	142	140	148	115	134	179	118	144

Source: Various city departments

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	13	13	12	13	13	13	12	13
Highways and Streets:										
Streets (Miles)	60	60	60	60	64	63	63	63	63	72
Traffic Signals	1	1	1	1	2	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	75	75	75	75	75	75	75	76	76	76
Parks	21	21	21	21	21	21	21	22	22	22
Water:										
Water Mains (Miles)	18	18	18	31	29	29	29	29	31	36
Fire Hydrants	262	289	289	309	296	296	296	296	296	361
Sewer:										
Sanitary Sewers (Miles)	23	23	23	28	35	35	35	35	35	43
Storm Sewers (Miles)	12	12	12	12	14	14	14	14	14	19

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

Source: Various city departments