

City of Minnetrista Minnesota



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2022

CITY OF MINNETRISTA, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2022

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

**BRIAN GRIMM
DIRECTOR OF FINANCE**

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INTRODUCTORY SECTION



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

April 25, 2023

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

The annual comprehensive financial report (ACFR) of the City of Minnetrista, Minnesota (the City) for the fiscal year ended December 31, 2022 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, 2022. The independent auditor's report on the basic financial statements is unmodified and is included in the financial section of this report.

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

PROFILE OF THE CITY

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

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

The City issued building permits for 102 new single-family homes in 2022 with a total housing value of \$47,068,711.

The Minnetrista Public Safety Department operates with 14 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, one Reserve, 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 8,593 per the 2021 Metropolitan Council Estimate

The City saw a slight decrease from the previous year in the number of building permits for new homes in 2022. Continued controlled growth is expected for 2023 and beyond.

NOTEWORTHY BUDGET AND FINANCIAL INFORMATION

Evaluation of the City Fee Structure

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

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

Capital and Long Range Planning

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management-planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2022 and going forward.

Development Market Conditions During 2022

Growth has been steady in the past several years. Building permit revenue should be comparable in the upcoming year (2023). The City has a combination of additional residential homes coming in with the respective phases of the Woodland Cove Area. There also is a planned apartment complex in that area as well as a grocery store for a good diverse combination of residential, apartments, and commercial uses.

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 adopts a budget for the General Fund, special revenue funds except for the Land Use fund, debt service funds, and capital project funds. The level of budgetary control is at the function level. The City has five special revenue funds: an Emergency Warning Siren Fund, a Park Development Fund, a Road Maintenance Fund, Land Use 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.

In addition to the annual budgets adopted above the City Administrator is authorized to approve items up to \$2,500 that were not originally budgeted for. Otherwise the level of budgetary control would be at the function level – General government, Public Safety, Public Works, Parks and Recreation and Miscellaneous. Council sees quarterly reports each year to see how the City is performing on a budget to actual basis for the year.

AWARDS AND ACKNOWLEDGEMENTS

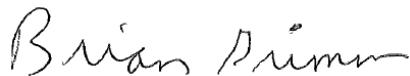
Acknowledgements

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 annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive 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 annual comprehensive annual 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, 2022**

CITY COUNCIL AND OTHER OFFICIALS

Lisa Whalen
Ann MacGregor
Cathleen Reffkin
Pam Mortenson
John Tschumperlin

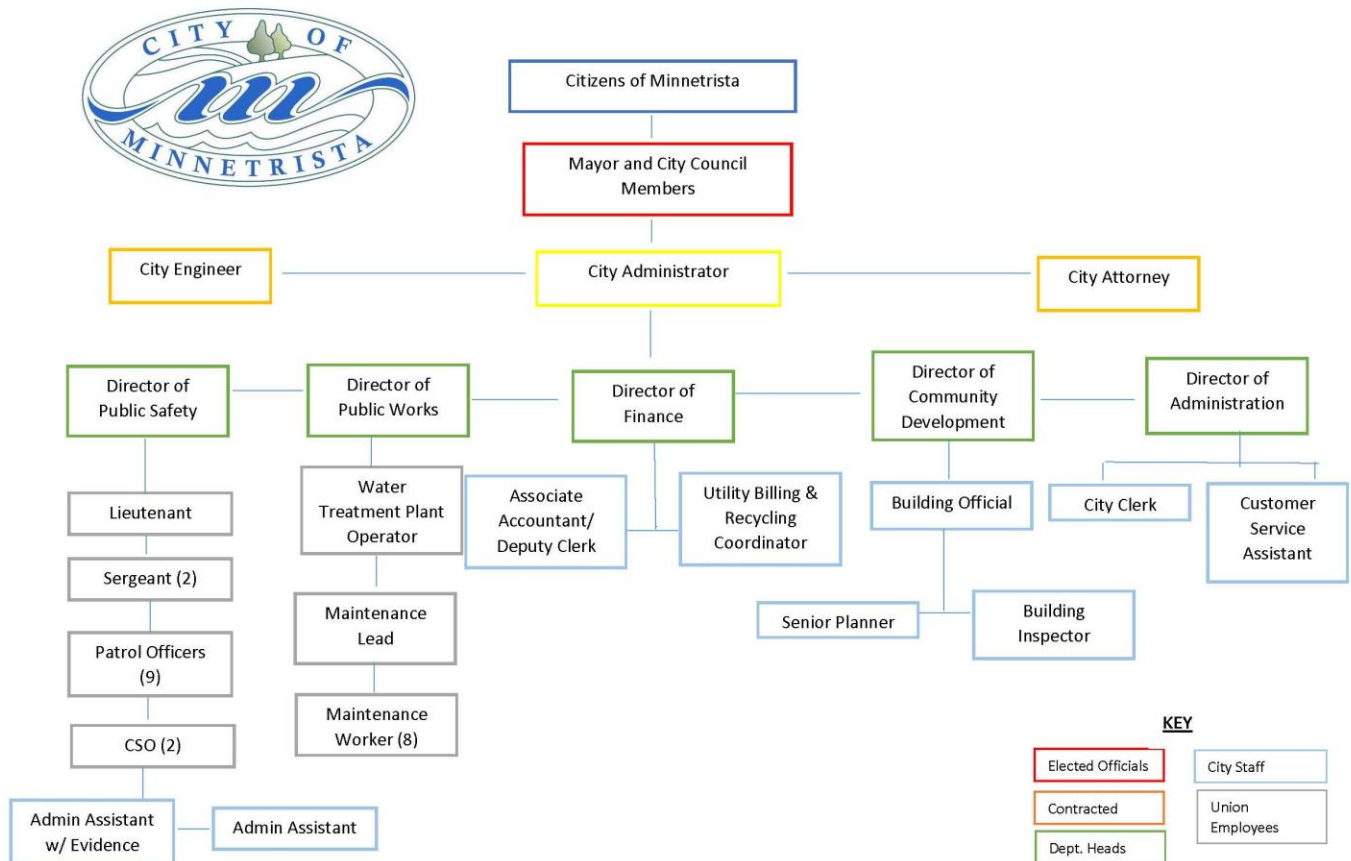
Mayor
Council Member
Council Member
Council Member
Council Member

CITY OFFICIALS

Jasper Kruggel
Brian Grimm
Paul Falls

City Administrator
Finance Director
Director of Public Safety

CITY OF MINNETRISTA ORGANIZATIONAL CHART YEAR ENDED DECEMBER 31, 2022



CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2022



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Minnetrista
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the City Council
City of Minnetrista, Minnesota

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Minnetrista and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective January 1, 2022, the City adopted a new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Minnetrista's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Minnetrista's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Minnetrista's ability to continue as a going concern for a reasonable period of time.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability and related ratios, PERA schedule of the City's proportionate share of the net pension liability, and PERA schedule of City contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary 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 combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Honorable Mayor and Members of 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 April 25, 2023, on our consideration of the City of Minnetrista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minnetrista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering 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
April 25, 2023

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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, 2022. 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 \$837,912 during the year to \$37,968,538 at year-end.
- The net position of the City's business-type activities by increased \$1,249,550 during the year to \$26,058,233 at year-end.
- The fund balance of the General Fund decreased by \$796,795 (or 23.9%) during the year to \$2,535,513 at year-end. Of this decrease in fund balance, \$182,902 related to fair market value adjustments to record the temporary unrealized loss on City investments, but it should be noted that the City invests mostly in fixed income investments that are usually held until maturity.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$7,049,723.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating loss of \$110,684.

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, recycling, and cable television.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The funds of the City are divided into three categories - governmental funds, proprietary funds, and fiduciary funds. The City did not have any fiduciary funds in 2022.

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 Council adopts annual budgets for the General Fund and special revenue funds, except for the Land Use and ARPA Grants special revenue funds, as well as the debt service funds. Budget-to-actual comparisons are provided in this financial report for all funds with an adopted budget.

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.

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 – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budget to actual data for the City's General Fund and major special revenue fund and the City's progress in funding its obligation to provide pension and other postemployment benefits to employees. Combining statements and schedules for nonmajor funds are presented immediately following the required supplementary information.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 12,301,454	\$ 11,953,998
Capital Assets	38,614,881	38,521,195
Total Assets	50,916,335	50,475,193
Deferred Outflows of Resources	3,400,651	2,059,879
Noncurrent Liabilities Outstanding	13,457,926	10,248,698
Other Liabilities	1,681,738	2,440,620
Total Liabilities	15,139,664	12,689,318
Deferred Inflows of Resources	1,208,784	2,715,128
Net Position:		
Net Investment in Capital Assets	31,236,787	30,090,017
Restricted	6,333,750	5,830,114
Unrestricted (Deficit)	398,001	1,210,495
Total Net Position	\$ 37,968,538	\$ 37,130,626

	Business-Type Activities	
	2022	2021
Current and Other Assets	\$ 4,359,282	\$ 4,263,709
Capital Assets	33,233,364	32,975,910
Total Assets	37,592,646	37,239,619
Deferred Outflows of Resources	140,210	173,331
Noncurrent Liabilities Outstanding	11,023,592	11,674,436
Other Liabilities	624,860	712,312
Total Liabilities	11,648,452	12,386,748
Deferred Inflows of Resources	26,171	217,519
Net Position:		
Net Investment in Capital Assets	22,580,596	21,613,468
Unrestricted	3,477,637	3,195,215
Total Net Position	\$ 26,058,233	\$ 24,808,683

The City's net investment in capital assets is 84% 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, 2022**

An additional portion of the City's net position in the amount of \$6,333,750 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$3,875,638 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			
	2022	2021	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,219,704	\$ 1,272,503	\$ (52,799)	(4)%
Operating Grants and Contributions	676,593	572,458	104,135	18
Capital Grants and Contributions	1,708,929	2,194,739	(485,810)	(22)
General Revenues:				
Property Taxes	5,366,373	5,100,930	265,443	5
Unrestricted Grants and Contributions	345,247	-	345,247	-
Unrestricted Investment Income (Loss)	(391,402)	(49,019)	(342,383)	698
Gain on Sale of Capital Assets	14,820	-	14,820	-
Total Revenues	8,940,264	9,091,611	(151,347)	(2)
EXPENSES				
General Government	1,202,452	1,109,025	93,427	8
Public Safety	3,602,225	3,147,746	454,479	14
Public Works	2,858,023	2,653,554	204,469	8
Parks and Recreation	271,004	386,974	(115,970)	(30)
Interest on Long-Term Debt	168,648	109,752	58,896	54
Total Expenses	8,102,352	7,407,051	695,301	9
CHANGE IN NET POSITION	837,912	1,684,560	(846,648)	(50)
Net Position - Beginning of Year	37,130,626	35,446,066	1,684,560	5
NET POSITION - END OF YEAR	<u>\$ 37,968,538</u>	<u>\$ 37,130,626</u>	<u>\$ 837,912</u>	2

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Overall revenues of governmental activities were consistent in between 2021 and 2022. The City relies to a great extent on property taxes to finance its governmental activities, and this amount increased from the prior year with a 5% increase. Operating grants and contributions in the amount of \$676,593 was also an increase from the previous year of \$104,135, or 18%. These increases were offset by decreases in capital grants and contributions of \$485,810 or 22%. Charges for services in the amount of \$1,219,704 was also a decrease from the previous year of \$52,799, or 4%. The net total change of unrealized gain (loss) on investments and unrestricted investment earnings was a decrease of \$342,383.

Expenses of governmental activities increased by \$695,301, or 9%, between 2021 and 2022. Most of this increase was due to an increase in public safety expenses in the amount of \$454,479 due to increases in the City's proportionate share of PERA police and fire plan net pension liability as well as additional costs related to salaries and benefits including additional overtime costs. Additionally the City incurred higher than expected costs in the areas of recruiting as well as inflation effected items including fuel and utilities. Public works expenses also made up a significant portion of the increase, as the noted expenses increased \$204,469 due to the snow ice department having a lot more activity with the early and rough winter season an associated time and chemicals needed. Inflationary pressures on salaries and benefits, fuel and utilities also hit hard in this area.

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

	Business-Type Activities			
	2022	2021	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 4,233,674	\$ 3,490,767	\$ 742,907	21 %
Operating Grants and Contributions	16,217	28,281	(12,064)	(43)
Capital Grants and Contributions	934,094	793,854	140,240	18
General Revenues:				
Unrestricted Grants and Contributions	215,921	-	215,921	-
Unrestricted Investment Earnings	(163,603)	(26,168)	(137,435)	525
Total Revenues	5,236,303	4,286,734	949,569	22
EXPENSES				
Water Operating	1,978,195	1,747,551	230,644	13
Sewer Operating	1,302,638	1,356,987	(54,349)	(4)
Storm Water	383,706	405,317	(21,611)	(5)
Recycling	229,751	216,037	13,714	6
Cable TV	92,463	63,154	29,309	46
Total Expenses	3,986,753	3,789,046	197,707	5
CHANGE IN NET POSITION	1,249,550	497,688	751,862	151
Net Position - Beginning of Year	24,808,683	24,310,995	497,688	2
NET POSITION - END OF YEAR	<u>\$ 26,058,233</u>	<u>\$ 24,808,683</u>	<u>\$ 1,249,550</u>	5

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

The business-type activities, primarily the City's utility operations, experienced an increase in revenues, primarily due to Charges for services increasing by 21% in the current year as well as Capital grants and contributions increasing by 18%. The increase in charges for services was due to an initial 4% increase and then a mid-year adjustment done to the water tiers in April 2022 to encourage conservation. Usage in Consumption was up 24% in 2022 over 2021 based on the extremely dry summer in 2022. The increase in capital grants and contributions was due to infrastructure that was contributed by developers in relation to the Woodland Cove Lake third addition.

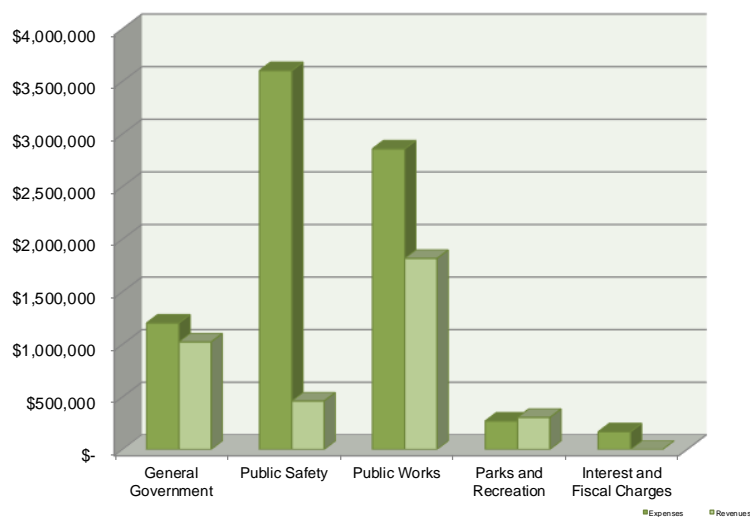
Unrestricted grants and contributions also increased \$215,921 due to the City's recognition of fiscal recovery funds along with the related expenditures in the water fund.

On the expense side, expenses increased in the Water, Recycling, and Cable TV funds and decreased in the Sewer and Stormwater funds. These increases in expenses in the Water fund mostly related to Salaries and Benefits and increased time spent in the water area. Along with additional utilities and maintenance cost. The recycling fund increase was driven by the annual increase in rates outlined in the contract that was entered into for the City's recycling service provider late in 2020. The increases in the Cable TV fund relate to increased payroll costs being allocated to the fund. For the Sewer Fund, the decreased operating costs are due to the decrease in utility system maintenance supplies and repairs due to decreased needs. For the Storm Water Fund, engineering and professional service expenses represented the majority of the decrease in expenses due to not needing as much of these services due to less project work in the storm water area in 2022 when compared to 2021. The increase within revenues was greater than the net increase within expenses and resulted in a positive change in net position of \$1,249,550, which was around a 5% increase from prior years ending net position.

Governmental Activities

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

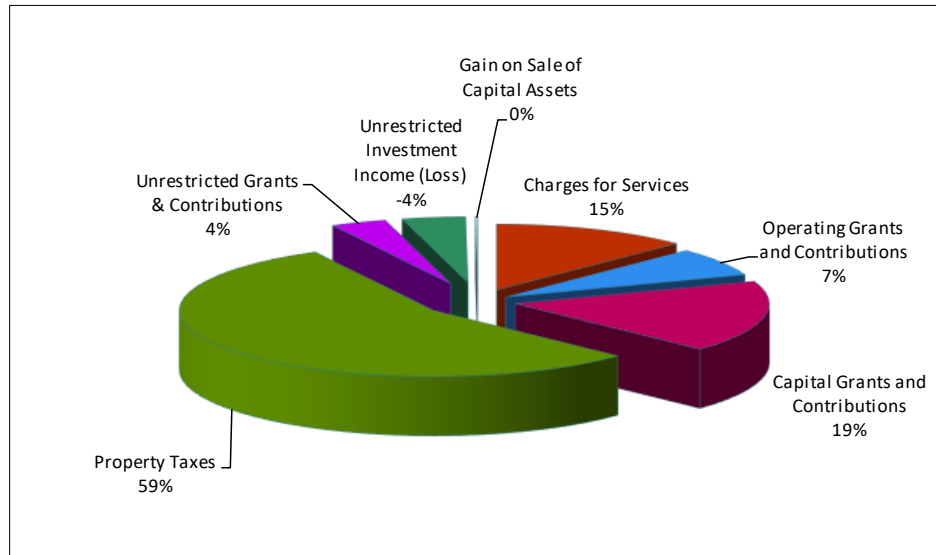
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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 currently receives no local government aid.

Revenues by Source – Governmental Activities

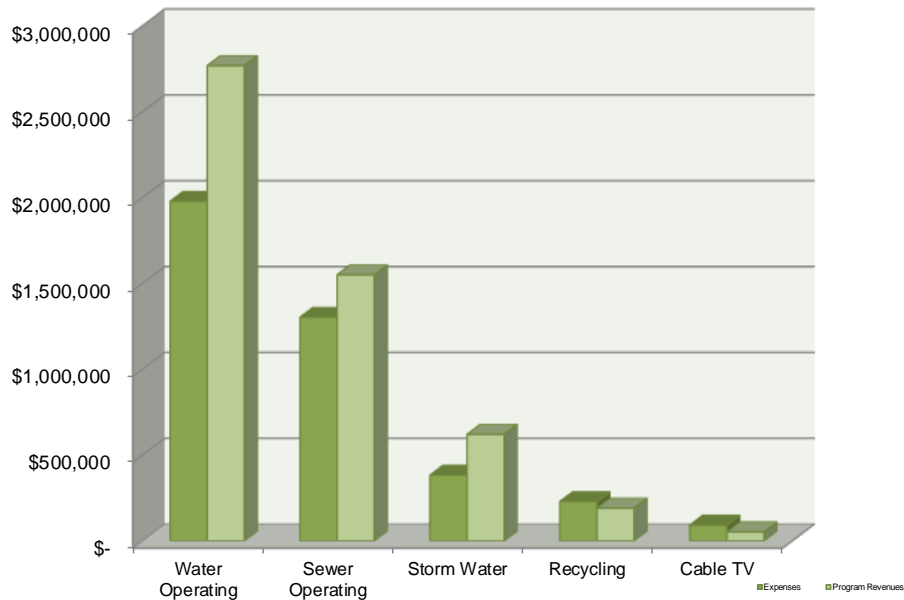


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Business-Type Activities

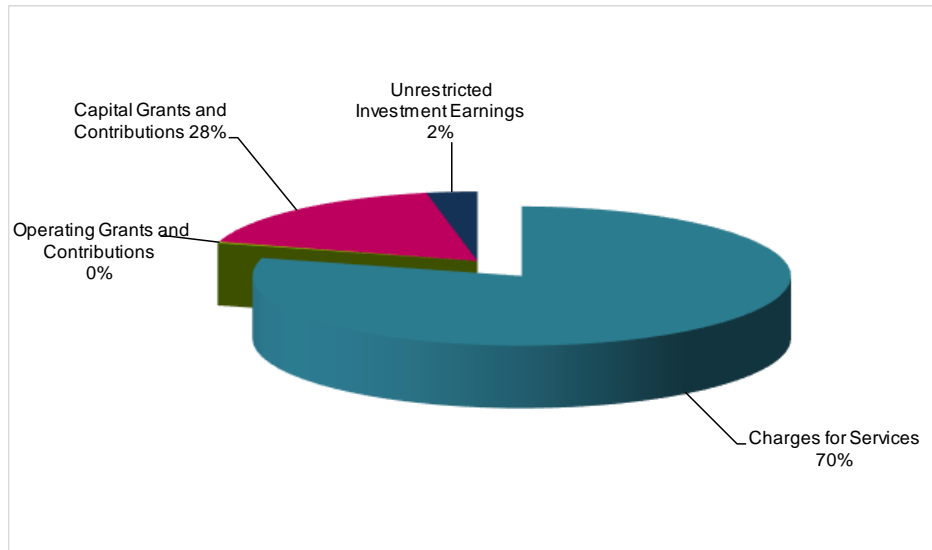
Business-Type Activities net position increased \$1,249,550 or 5% from the prior year due to what was mentioned above. One of the biggest expenses is depreciation (noncash expense) within the water, sewer, and storm water funds. Expenses in total across all utility funds increased \$197,707, or 5%, as detailed above.

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

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 2022 was property taxes at 73% of the total revenue, followed by licenses and permits at 17%. The total fund balance decreased during the current fiscal year 2022, resulting from an excess of expenditures over revenues of \$575,860 along with transfers in of \$4,463 as well transfers out of \$225,398. The unassigned fund balance of \$2,224,198 at the end of 2022 represents 41% of total General Fund expenditures for the year 2022. If the GASB 31 unrealized loss on investments of \$182,902 was not reflected in fund balance, ending fund balance would then be 44% of total General Fund expenditures for the year 2022.

Other Major Governmental Funds

The Road Maintenance Fund was created to account for the resources accumulated and capital and maintenance expenditures related to various road maintenance projects. The fund balance at the end of 2022 was \$1,120,385, which increased \$576,184 during the year due to smaller scale projects being completed during 2022 which was accounted for a planned increase in fund balance for future projects.

The Street Improvement fund was created to account for the resources accumulated and capital expenditures related to various street improvement projects. The ending fund balance for 2022 was \$19,889, which decreased \$19,071 during the year due to investment losses.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2022**

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$26,058,233 at December 31, 2022. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- The General Fund revenues were less than the final revenue budget by \$221,170. This was mostly due to the total of investment earnings and the unrealized loss on investments ending the year a total of \$193,095 under budget due to a poor market state, regionally and nationally in 2022 for the type of investments held by the City. The biggest offsetting positive budget variance for revenue categories were within licenses and permits, which was over budget \$52,638. This is due the City's building activity being slightly higher than expected. All other revenue categories had slight positive or negative variances when comparing actual to budget numbers. The total variance for revenues was about 5%.
- Total General Fund Expenditures were \$44,117 over budget. Public safety was over budget \$28,858 due to higher overtime costs than expected as well as high inflation in 2022 driving fuel and utilities costs higher than expected. Public works was \$52,629 over budget due to additional snow ice removal resulting from a very snowy winter. Also associated costs for chemicals and maintenance costs in this area. The parks and recreation department was \$21,437 over budget due to additional time spent in this area which increased the salaries and benefits expenses. Lawn mowing and maintenance costs also have increased. Most of the positive variance occurred in the general government area, which had expenditures under budget in the amount of \$56,626. The miscellaneous area basically came in very close to budget. The total actual costs in the general fund came in at 0.8% more than the budgeted amount. Department managers watch their overall department budgets closely in conjunction with the Finance Director. This helps contribute to the slight variability in actual costs to budget.

Capital Assets

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

	Capital Assets at Year-End (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,733,976	\$ 4,733,976	\$ 102,471	\$ 102,471	\$ 4,836,447	\$ 4,836,447
Construction in Progress	828,692	2,440,210	724,360	3,549,608	1,553,052	5,989,818
Buildings and Building Improvements	6,881,591	6,881,591	-	-	6,881,591	6,881,591
Improvements Other than Buildings	2,342,916	2,342,916	-	-	2,342,916	2,342,916
Streets and Infrastructure	53,552,336	50,099,319	49,742,331	45,109,507	103,294,667	95,208,826
Equipment and Furniture	6,063,912	5,973,701	1,068,868	1,068,868	7,132,780	7,042,569
Total Capital Assets	74,403,423	72,471,713	51,638,030	49,830,454	126,041,453	122,302,167
Less: Accumulated Depreciation	(35,788,542)	(33,950,518)	(18,404,666)	(16,854,544)	(54,193,208)	(50,805,062)
Total Capital Assets, Net	<u>\$ 38,614,881</u>	<u>\$ 38,521,195</u>	<u>\$ 33,233,364</u>	<u>\$ 32,975,910</u>	<u>\$ 71,848,245</u>	<u>\$ 71,497,105</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, 2022**

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, and compensated absences payable outstanding of \$18,151,255. 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	
	2022	2021	2022	2021	2022	2021
General Obligation Bonds	\$ 3,955,000	\$ 4,255,000	\$ -	\$ -	\$ 3,955,000	\$ 4,255,000
General Obligation Revenue Bonds	2,570,000	2,845,000	10,395,544	11,233,544	12,965,544	14,078,544
General Obligation Equipment Certs	440,000	580,000	-	-	440,000	580,000
Compensated Absences	364,095	321,766	28,296	22,319	392,391	344,085
Bond Premium (Discount), Net	288,153	357,757	110,167	128,898	398,320	486,655
Total Outstanding Debt	<u>\$ 7,617,248</u>	<u>\$ 8,359,523</u>	<u>\$ 10,534,007</u>	<u>\$ 11,384,761</u>	<u>\$ 18,151,255</u>	<u>\$ 19,744,284</u>

Additional details of long-term debt activity for the year can be found in Note 6 of the notes to basic financial statements.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Hennepin County is currently 2.1%, which is a decrease from a rate of 2.4% a year ago. This compares favorably to the state's average unemployment rate of 2.7%.
- The City has experienced slightly higher than anticipated/budgeted new residential housing activity, with 102 new building permits issued during 2022.

All of these factors were considered in preparing the City budget for 2023.

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, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 8,350,463	\$ 3,425,320	\$ 11,775,783
Accounts Receivable	96,392	782,255	878,647
Property Taxes Receivable	78,394	-	78,394
Special Assessments Receivable, Net	1,897,188	71,379	1,968,567
Accrued Interest Receivable	9,820	4,056	13,876
Lease Receivable	980,258	-	980,258
Due from Other Governments	726,688	521	727,209
Prepaid Items	162,251	75,751	238,002
Capital Assets:			
Nondepreciable:			
Land	4,733,976	102,471	4,836,447
Construction in Progress	828,692	724,360	1,553,052
Depreciable:			
Buildings and Building Improvements	6,881,591	-	6,881,591
Improvements Other than Buildings	2,342,916	-	2,342,916
Streets and Infrastructure	53,552,336	49,742,331	103,294,667
Equipment and Furniture	6,063,912	1,068,868	7,132,780
Total Capital Assets	74,403,423	51,638,030	126,041,453
Less: Accumulated Depreciation	(35,788,542)	(18,404,666)	(54,193,208)
Total Capital Assets, Net	38,614,881	33,233,364	71,848,245
 Total Assets	 50,916,335	 37,592,646	 88,508,981
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	3,400,651	140,210	3,540,861
LIABILITIES			
Accounts and Contracts Payable	288,517	203,534	492,051
Accrued Salaries and Fringe Benefits	144,401	21,491	165,892
Accrued Interest Payable	90,669	72,539	163,208
Other Liabilities	62,189	-	62,189
Deposits	997,758	-	997,758
Unearned Revenue	98,204	327,296	425,500
Long-Term Liabilities:			
Due Within One Year	895,000	878,000	1,773,000
Due in More Than One Year	6,722,248	9,656,007	16,378,255
Noncurrent Liabilities Due in More than One Year:			
Net Pension Liability	5,533,552	443,314	5,976,866
Total Other Postemployment Benefits Liability	307,126	46,271	353,397
Total Liabilities	15,139,664	11,648,452	26,788,116
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	204,432	26,171	230,603
Deferred Inflows - Related to Leases	1,004,352	-	1,004,352
Total Deferred Inflows of Resources	1,208,784	26,171	1,234,955
NET POSITION			
Net Investment in Capital Assets	31,236,787	22,580,596	53,817,383
Restricted for:			
Debt Service	2,257,910	-	2,257,910
Municipal Construction	535,371	-	535,371
Road Maintenance	2,529,613	-	2,529,613
Park Improvement	1,010,856	-	1,010,856
Unrestricted	398,001	3,477,637	3,875,638
 Total Net Position	 \$ 37,968,538	 \$ 26,058,233	 \$ 64,026,771

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2022**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 1,202,452	\$ 974,622	\$ 48,347	\$ -	\$ (179,483)	\$ -	\$ (179,483)
Public Safety	3,602,225	245,082	215,925	-	(3,141,218)	-	(3,141,218)
Public Works	2,858,023	-	107,376	1,708,929	(1,041,718)	-	(1,041,718)
Parks and Recreation	271,004	-	304,945	-	33,941	-	33,941
Interest and Fiscal Charges	168,648	-	-	-	(168,648)	-	(168,648)
Total Governmental Activities	8,102,352	1,219,704	676,593	1,708,929	(4,497,126)	-	(4,497,126)
Business-Type Activities:							
Water Operating	1,978,195	2,414,213	-	354,357	-	790,375	790,375
Sewer Operating	1,302,638	1,217,459	-	333,036	-	247,857	247,857
Storm Water	383,706	373,790	-	246,701	-	236,785	236,785
Recycling	229,751	175,189	16,217	-	-	(38,345)	(38,345)
Cable TV	92,463	53,023	-	-	-	(39,440)	(39,440)
Total Business-Type Activities	3,986,753	4,233,674	16,217	934,094	-	1,197,232	1,197,232
Total Primary Government	\$ 12,089,105	\$ 5,453,378	\$ 692,810	\$ 2,643,023	(4,497,126)	1,197,232	(3,299,894)
GENERAL REVENUES							
Property Taxes, Levied for General Purposes					5,366,373	-	5,366,373
Unrestricted Grants and Contributions					345,247	215,921	561,168
Investment Income (Loss)					(391,402)	(163,603)	(555,005)
Gain on Sale of Capital Assets					14,820	-	14,820
Total General Revenues and Transfers					5,335,038	52,318	5,387,356
CHANGE IN NET POSITION					837,912	1,249,550	2,087,462
Net Position - Beginning of Year					37,130,626	24,808,683	61,939,309
NET POSITION - END OF YEAR					\$ 37,968,538	\$ 26,058,233	\$ 64,026,771

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022**

	General Fund	Special Revenue Road Maintenance (406)	Capital Projects Street Improvement (490)	Other Governmental Funds	Totals
ASSETS					
Cash and Investments	\$ 3,394,744	\$ 1,239,459	\$ 330,535	\$ 3,385,725	\$ 8,350,463
Receivables:					
Miscellaneous Receivables	51,557	-	-	44,835	96,392
Accrued Interest	3,964	1,468	392	3,996	9,820
Delinquent Taxes	78,394	-	-	-	78,394
Delinquent Special Assessments	-	407	-	19,486	19,893
Other Special Assessments Receivable	-	1,287,628	-	589,667	1,877,295
Lease Receivable	980,258	-	-	-	980,258
Prepays	162,251	-	-	-	162,251
Due from Other Governmental Units	40,044	651	535,371	150,622	726,688
Total Assets	<u>\$ 4,711,212</u>	<u>\$ 2,529,613</u>	<u>\$ 866,298</u>	<u>\$ 4,194,331</u>	<u>\$ 12,301,454</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 101,439	\$ 121,193	\$ -	\$ 65,885	\$ 288,517
Accrued Salaries Payable	144,401	-	-	-	144,401
Other Liabilities	62,189	-	-	-	62,189
Deposits	686,720	-	311,038	-	997,758
Unearned Revenue	98,204	-	-	-	98,204
Total Liabilities	1,092,953	121,193	311,038	65,885	1,591,069
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	78,394	-	-	-	78,394
Unavailable Revenue - Special Assessments	-	1,288,035	-	609,153	1,897,188
Unavailable Revenue - Other	-	-	535,371	145,357	680,728
Deferred Inflows - Related to Leases	1,004,352	-	-	-	1,004,352
Total Deferred Inflows of Resources	1,082,746	1,288,035	535,371	754,510	3,660,662
FUND BALANCE					
Nonspendable:					
Prepays	162,251	-	-	-	162,251
Restricted:					
Debt Service	-	-	-	1,594,069	1,594,069
Parkland Acquisitions and Improvement	-	-	-	1,007,108	1,007,108
Road Maintenance	-	1,120,385	-	-	1,120,385
Committed:					
Emergency Warning Siren Operation	-	-	-	240,528	240,528
Tree Replacement	-	-	-	361,497	361,497
Assigned:					
Subsequent Year Budget	149,064	-	-	-	149,064
Capital Plan Improvements	-	-	19,889	170,734	190,623
Unassigned	2,224,198	-	-	-	2,224,198
Total Fund Balance	<u>2,535,513</u>	<u>1,120,385</u>	<u>19,889</u>	<u>3,373,936</u>	<u>7,049,723</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,711,212</u>	<u>\$ 2,529,613</u>	<u>\$ 866,298</u>	<u>\$ 4,194,331</u>	<u>\$ 12,301,454</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022**

Total Fund Balances for Governmental Funds	\$	7,049,723
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Total net position reported for governmental activities in the Statement of Net Position is different because:

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

Land	\$	4,733,976	
Construction in Progress		828,692	
Buildings and Building Improvements		6,881,591	
Improvements Other than Buildings		2,342,916	
Streets and Infrastructure		53,552,336	
Equipment and Furniture		6,063,912	
Total Capital Assets		74,403,423	
Less: Accumulated Depreciation		(35,788,542)	38,614,881

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.		2,656,310
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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.		(90,669)
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The City's net pension and other postemployment benefits liability and related deferred inflows and deferred outflows are recorded only on the Statement of Net Position. Balances at year-end are:

Total Other Postemployment Benefits Liability		(307,126)	
Net Pension Liability		(5,533,552)	
Deferred Inflows of Resources - Pensions		(204,432)	
Deferred Outflows of Resources - Pensions		3,400,651	(2,644,459)

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		(6,525,000)	
Equipment Certificates Payable		(440,000)	
Unamortized Premiums		(292,378)	
Unamortized Discounts		4,225	
Compensated Absence Payable		(364,095)	(7,617,248)

Total Net Position of Governmental Activities	\$	37,968,538
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CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2022

	General Fund	Special Revenue Road Maintenance (406)	Capital Projects Street Improvement (490)	Other Governmental Funds	Totals
REVENUE					
Property Taxes	\$ 3,589,974	\$ 875,000	\$ -	\$ 890,444	\$ 5,355,418
Special Assessments	-	226,440	-	109,675	336,115
Licenses and Permits	834,638	-	-	-	834,638
Intergovernmental Revenue	190,211	477,890	-	-	668,101
Charges for Services	349,017	-	-	-	349,017
Fines and Forfeitures	30,315	-	-	-	30,315
Other Revenue:					
Investment Income (Loss)	(168,095)	(40,399)	(19,071)	(163,837)	(391,402)
Miscellaneous Revenue	73,560	49,616	-	375,204	498,380
Total Revenue	4,899,620	1,588,547	(19,071)	1,211,486	7,680,582
EXPENDITURES					
Current:					
General Government	1,119,739	-	-	1,889	1,121,628
Public Safety					
Police	2,385,758	-	-	-	2,385,758
Fire	513,235	-	-	-	513,235
Inspection and Zoning	242,988	-	-	-	242,988
Public Safety	3,141,981	-	-	-	3,141,981
Public Works					
Other	1,041,716	352,796	-	1,453	1,395,965
Parks and Recreation	147,225	-	-	-	147,225
Miscellaneous Other Expenditures	24,819	-	-	-	24,819
Total Current Expenditures	5,475,480	352,796	-	3,342	5,831,618
Capital Outlay:	-	634,542	-	495,301	1,129,843
Debt Service:					
Principal	-	-	-	787,162	787,162
Interest and Fiscal Charges	-	-	-	247,210	247,210
Total Expenditures	5,475,480	987,338	-	1,533,015	7,995,833
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(575,860)	601,209	(19,071)	(321,529)	(315,251)
OTHER FINANCE SOURCES (USES)					
Transfers In	4,463	-	-	264,806	269,269
Transfers Out	(225,398)	(25,025)	-	(18,846)	(269,269)
Proceeds from Sale of Capital Assets	-	-	-	14,820	14,820
Total Other Finance Sources (Uses)	(220,935)	(25,025)	-	260,780	14,820
NET CHANGE IN FUND BALANCES	(796,795)	576,184	(19,071)	(60,749)	(300,431)
FUND BALANCES					
Beginning of Year	3,332,308	544,201	38,960	3,434,685	7,350,154
End of Year	\$ 2,535,513	\$ 1,120,385	\$ 19,889	\$ 3,373,936	\$ 7,049,723

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, 2022

Net Change in Fund Balances - Total Governmental Funds \$ (300,431)

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	\$ 1,190,533	
Gain (Loss) on Disposal of Capital Assets	14,820	
Proceeds from the Sale of Capital Assets	(14,820)	
Capital Contributions	824,009	
Depreciation Expense	<u>(1,920,856)</u>	93,686

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	70,200	
Amortization of Bond Discount	(596)	
Repayment of Bond Principal	715,000	
Change in Accrued Interest Expense	<u>8,958</u>	793,562

Delinquent and certain other property taxes, special assessments receivable, and amounts due from other governments 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, 2021	2,262,851	
Deferred Inflows of Resources - December 31, 2022	<u>2,656,310</u>	393,459

In the Statement of Activities, compensated absences 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 2022, compensated absences payable changed by. (42,329)

Other postemployment benefits related expenses in the governmental funds are measured by current year employee benefit amounts. Other postemployment benefits related expenses on the Statement of Activities are measured by the change in total other postemployment benefits liability and the related deferred inflows and outflows of resources. 41,093

Pension expenditures 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. (141,128)

Change in Net Position of Governmental Activities \$ 837,912

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2022**

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,407,300	\$ 1,085,676	\$ 508,689	\$ 145,489	\$ 278,166	\$ 3,425,320
Receivables:						
Accounts Receivable	311,238	311,114	112,829	47,074	-	782,255
Accrued Interest	1,660	1,279	603	185	329	4,056
Delinquent Special Assessments, Net	-	-	8,262	7,746	-	16,008
Special Assessments, Net	26,911	28,460	-	-	-	55,371
Prepays	18,333	51,492	5,926	-	-	75,751
Due from Other Governmental Units	382	75	33	31	-	521
Total Current Assets	1,765,824	1,478,096	636,342	200,525	278,495	4,359,282
NONCURRENT ASSETS						
Capital Assets:						
Land and Land Improvements	102,471	-	-	-	-	102,471
Construction in Progress	662,766	1,807	59,787	-	-	724,360
Infrastructure, Machinery, and Equipment	29,278,462	15,597,131	5,935,606	-	-	50,811,199
Less: Accumulated Depreciation	(8,297,509)	(7,578,006)	(2,529,151)	-	-	(18,404,666)
Total Noncurrent Assets	21,746,190	8,020,932	3,466,242	-	-	33,233,364
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pensions	80,485	46,378	9,461	3,886	-	140,210
Total Assets and Deferred Outflows of Resources	\$ 23,592,499	\$ 9,545,406	\$ 4,112,045	\$ 204,411	\$ 278,495	\$ 37,732,856
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	\$ 190,769	\$ 5,452	\$ 6,037	\$ 146	\$ 1,130	\$ 203,534
Accrued Salaries Payable	11,370	6,233	1,196	-	2,692	21,491
Compensated Absences Payable	8,632	8,060	3,309	-	-	20,000
Accrued Interest Payable	66,279	6,260	-	-	-	72,539
Bonds Payable	785,400	72,600	-	-	-	858,000
Unearned Revenue	248,796	-	-	-	78,500	327,296
Total Current Liabilities	1,311,246	98,605	10,542	146	82,322	1,502,860
NONCURRENT LIABILITIES						
Compensated Absences Payable	3,580	3,343	1,372	-	-	8,296
Total OPEB Liability	25,214	15,375	4,304	1,378	-	46,271
Net Pension Liability	254,477	146,636	29,916	12,285	-	443,314
Bonds Payable	9,301,811	345,900	-	-	-	9,647,711
Total Noncurrent Liabilities	9,585,082	511,254	35,592	13,663	-	10,145,592
Total Liabilities	10,896,328	609,859	46,134	13,809	82,322	11,648,452
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pensions	15,023	8,658	1,766	724	-	26,171
NET POSITION						
Net Investment in Capital Assets	11,511,922	7,602,432	3,466,242	-	-	22,580,596
Unrestricted	1,169,226	1,324,457	597,903	189,878	196,173	3,477,637
Total Net Position	12,681,148	8,926,889	4,064,145	189,878	196,173	26,058,233
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 23,592,499	\$ 9,545,406	\$ 4,112,045	\$ 204,411	\$ 278,495	\$ 37,732,856

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, 2022

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
OPERATING REVENUE						
Sales and User Fees	\$ 1,951,553	\$ 1,186,143	\$ 372,994	\$ 161,854	\$ 53,023	\$ 3,725,567
Other	-	-	796	-	-	796
Total Operating Revenue	1,951,553	1,186,143	373,790	161,854	53,023	3,726,363
OPERATING EXPENSES						
Personnel Services	387,636	231,622	46,885	18,935	-	685,078
Professional Services	93,816	106,369	53,193	-	22,489	275,867
Operating and Maintenance Supplies	33,981	145,156	58,093	-	3,322	240,552
Utilities	344,418	17,689	-	-	-	362,107
Depreciation	931,559	410,160	208,403	-	-	1,550,122
Maintenance and Repairs	9,830	1,601	1,247	-	-	12,678
Administrative Charges from the General Fund	-	-	-	-	66,652	66,652
Insurance	31,039	7,156	-	-	-	38,195
Other Expenses	8,874	370,221	15,885	210,816	-	605,796
Total Operating Expenses	1,841,153	1,289,974	383,706	229,751	92,463	3,837,047
OPERATING INCOME (LOSS)	110,400	(103,831)	(9,916)	(67,897)	(39,440)	(110,684)
NONOPERATING REVENUE (EXPENSES)						
Area Charges	458,104	31,316	-	-	-	489,420
Investment Income (Loss)	(53,157)	(59,812)	(25,293)	(10,352)	(14,989)	(163,603)
Interest Expense	(137,042)	(12,664)	-	-	-	(149,706)
Intergovernmental Grants	215,921	-	-	16,217	-	232,138
Miscellaneous Revenue	4,844	165	-	13,335	-	18,344
Total Nonoperating Revenue (Expenses)	488,670	(40,995)	(25,293)	19,200	(14,989)	426,593
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	599,070	(144,826)	(35,209)	(48,697)	(54,429)	315,909
Capital Contributions	354,069	332,871	246,701	-	-	933,641
CHANGES IN NET POSITION	953,139	188,045	211,492	(48,697)	(54,429)	1,249,550
NET POSITION						
Beginning of Year	11,728,009	8,738,844	3,852,653	238,575	250,602	24,808,683
End of Year	\$ 12,681,148	\$ 8,926,889	\$ 4,064,145	\$ 189,878	\$ 196,173	\$ 26,058,233

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Water	Recycling	Cable TV	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 1,837,051	\$ 1,161,242	\$ 368,116	\$ 155,039	\$ 53,023	\$ 3,574,471
Cash Paid to Suppliers	(758,348)	(836,911)	(195,220)	(210,773)	(91,843)	(2,093,095)
Cash Paid to Employees	(348,502)	(216,138)	(49,091)	(18,464)	1,003	(631,192)
Other Receipts	4,844	-	-	13,335	-	18,179
Non-Cash Transactions	248,796	-	-	-	78,500	327,296
Net Cash Provided (Used) by Operating Activities	983,841	108,193	123,805	(60,863)	40,683	1,195,659
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees Received	458,104	31,316	-	-	-	489,420
Principal Payments on Bonds	(770,500)	(67,500)	-	-	-	(838,000)
Interest Payments on Bonds	(155,773)	(12,664)	-	-	-	(168,437)
Acquisition of Capital Assets	(791,196)	(59,675)	(23,064)	-	-	(873,935)
Net Cash Used by Capital and Related Financing Activities	(1,259,365)	(108,523)	(23,064)	-	-	(1,390,952)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest (Loss) Received on Investments	(53,342)	(60,017)	(25,480)	(10,335)	(15,076)	(164,250)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants Received	215,921	-	-	16,217	-	232,138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(112,945)	(60,182)	75,261	(54,981)	25,607	(127,240)
Cash and Cash Equivalents - Beginning of the Year	1,520,245	1,145,858	433,428	200,470	252,559	3,552,560
CASH AND CASH EQUIVALENTS - END OF THE YEAR	<u>\$ 1,407,300</u>	<u>\$ 1,085,676</u>	<u>\$ 508,689</u>	<u>\$ 145,489</u>	<u>\$ 278,166</u>	<u>\$ 3,425,320</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Loss	\$ 110,400	\$ (103,831)	\$ (9,916)	\$ (67,897)	\$ (39,440)	\$ (110,684)
Adjustments to Operating Loss:						
Noncash Expenses Included in Net Income:						
Depreciation	931,559	410,160	208,403	-	-	1,550,122
Miscellaneous Income	4,844	-	-	13,335	-	18,179
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	(113,197)	(21,381)	(4,243)	(5,473)	-	(144,294)
Due from Other Governmental Units	246	268	119	112	-	745
Prepaid Assets	(15,767)	(49,185)	(5,322)	-	-	(70,274)
Special Assessments Receivable for Delinquent Utility Bills	(1,551)	(3,788)	(1,550)	(1,454)	-	(8,343)
Deferred Outflows - Pensions	13,285	12,204	6,293	1,339	-	33,121
Increase (Decrease) in:						
Accounts Payable	(220,623)	(139,534)	(61,480)	43	620	(420,974)
Accrued Salaries Payable	3,338	1,324	561	-	1,003	6,226
Deferred Revenue	248,796	-	-	-	78,500	327,296
Compensated Absences Payable	2,578	2,405	994	-	-	5,977
Total Other Postemployment Benefits	(4,029)	(2,347)	(483)	(197)	-	(7,056)
Net Pension Liability	126,615	66,756	8,434	5,161	-	206,966
Deferred Inflows - Pensions	(102,653)	(64,858)	(18,005)	(5,832)	-	(191,348)
Net Cash Provided (Used) by Operating Activities	<u>\$ 983,841</u>	<u>\$ 108,193</u>	<u>\$ 123,805</u>	<u>\$ (60,863)</u>	<u>\$ 40,683</u>	<u>\$ 1,195,659</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Capital Contributions	<u>\$ 354,069</u>	<u>\$ 332,871</u>	<u>\$ 246,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 933,641</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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, there is no activity in the Minnetrista EDA. 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 jointly governed organization created to protect, preserve, and use natural water storage retention systems. The Commission does not issue separate financial statements. 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. LMCD issues separate, audited financial statements which can be obtained on the District's website. The City does not have any ongoing commitments with regards to their participation in either of these organizations.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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. The City does not currently report any fiduciary funds. 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 are 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, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

Separate fund financial statements are provided for governmental and proprietary fund types. 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 financed purchases are reported as other financing sources.

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

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

Road Maintenance Fund – This special revenue fund is used to account for the resources accumulated and maintenance and related capital expenditures related to various road maintenance projects. Revenues include the road maintenance property tax levy, related road maintenance project special assessments, State municipal construction aid, and State municipal maintenance aid.

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

The City reports the following major enterprise funds:

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Basic Financial Statement Presentation

Adoption of New Accounting Standards

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The City has adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the City reporting a lease receivable and deferred inflow of resources.

F. 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.

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

G. Receivables

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

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

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

I. 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.

J. Interfund Receivables and Payables

Activity between funds that is representative of lending or borrowing arrangements is reported as either "due to/from other funds" (current portion) or "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

Capital assets are recorded in the government-wide and proprietary fund financial statements but are not reported in the governmental fund financial statements. 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 to 40 Years
Improvements	10 to 30 Years
Machinery and Equipment	3 to 10 Years
Vehicles	3 to 7 Years
Infrastructure	20 to 75 Years

L. 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 five years of service with the City and who leave in good standing will receive between 25% and 55% of their sick leave balance, paid out depending on length of service.

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

The police department's full-time union employees accrue vacation up to a maximum of 160 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 five years of service. Severance pay is the sick leave balance paid between 25% and 55% depending on years of service.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences Payable (Continued)

Full-time public works employees that are union members accrue vacation up to a maximum of 160 hours to carry over to the next year. Sick leave is accrued at a rate of eight hours per month of continuous employment. Employees are eligible for severance pay after completing five years of service. Severance pay is the sick leave balance paid between 25% and 55% depending on years of service.

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.

M. 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, which approximates the effective interest rate 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.

N. Leases

The City determines if an arrangement is a lease at inception. Lessor leases are included in lease receivables and deferred inflow of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Leases (Continued)

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City has elected to recognize payments received for short-term leases with a lease term of 12 months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Entity has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

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 assets 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 deferred outflow, related to pensions, which qualifies 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 assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has three types of items which qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting and is therefore reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The City also report deferred inflows related to leases. The City also reports deferred inflows related to pensions on its statements of net position in the governmental and business type activities and proprietary fund balance sheets. See Note 7 for additional detail.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. Any remaining net position is reported as unrestricted.

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

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

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

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

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Budgets and Budgetary Accounting

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

1. Budget requests are submitted by all department heads to the City Finance Director. The Finance Director compiles the budget requests into an overall preliminary city budget.
2. The Finance Director presents the proposed budget to the City Council. The budget resolution adopted by the City Council sets forth the budgets at the function level for the General Fund and special revenue funds, and the budgeted debt service and capital project funds.
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 States of America. The legal level of budgetary control is at the function level.

R. Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA’s fiduciary net position have been determined on the same basis as they are reported by PERA. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments, and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 178,699
Investments	11,596,784
Cash on Hand	300
Total	<u>\$ 11,775,783</u>

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

Statement of Net Position:	
Governmental Activities	\$ 8,350,463
Business-Type Activities	3,425,320
Total Cash and Investments	<u>\$ 11,775,783</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 fair value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated "A" or better; revenue obligations rated "AA" or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

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

At year-end, the carrying amount of the City's deposits was \$178,699 while the balance on the bank records was \$248,722. At December 31, 2022, 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

<u>Investment Type</u>	<u>Fair Value</u>
Federal Home Loan Bank	\$ 2,543,174
Federal Home Loan Mtg Corp.	172,220
Federal Ntl Mortgage Association	480,780
Federal Farm Credit Bank	400,929
Negotiable Certificates of Deposit	4,488,626
Municipal Bonds	345,627
Total	<u>\$ 8,431,356</u>

<u>Investment Type</u>	<u>Amortized Cost</u>
MN Municipal Money Market (4M)	\$ 3,105,984
Other Money Markets	59,444
Total	<u>\$ 3,165,428</u>

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). The City's investment in this fund is measured based on the amortized cost method that approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn.

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, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Minnesota Statutes limit the City's investments to direct obligations or obligations guaranteed by the United States or its agencies; shares of investment companies registered under the Federal Investment Company Act of 1940 that receive the highest credit rating, are rated in one of the two highest rating categories by a statistical rating agency, and all of the investments have a final maturity of 13 months or less; general obligations rated "A" or better; revenue obligations rated "AA" or better; general obligations of the Minnesota Housing Finance Agency rated "A" or better; bankers' acceptances of United States banks eligible for purchase by the Federal Reserve System; commercial paper issued by United States corporations or their Canadian subsidiaries, rated of the highest quality category by at least two nationally recognized rating agencies, and maturing in 270 days or less; Guaranteed Investment Contracts guaranteed by a United States commercial bank, domestic branch of a foreign bank, or a United States insurance company, and with a credit quality in one of the top two highest categories; repurchase or reverse purchase agreements and securities lending agreements with financial institutions qualified as a "depository" by the government entity, with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; that are a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; or certain Minnesota securities broker-dealers.

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

A schedule of the maturities and ratings of the City's investments as of December 31, 2022 is as follows:

Investment Type	Total Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank	\$ 2,543,174	\$ 288,534	\$ 2,254,640	\$ -	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	172,220	-	172,220	-	Aaa/AA+	Moody's/S&P
Federal Ntl Mortgage Association	480,780	480,780	-	-	Aaa/AAA	Moody's/S&P
Federal Farm Credit Bank	400,929	-	400,929	-	Aaa/AAA	Moody's/S&P
Negotiable Certificates of Deposit	4,488,626	-	4,283,561	205,065	N/R	N/A
Municipal Bonds	345,627	119,887	225,740	-	Aa2/N/R	Moody's/S&P
Money Market	59,444	59,444	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	3,105,984	3,105,984	-	-	N/R	N/A
Total	<u>\$ 11,596,784</u>	<u>\$ 4,054,629</u>	<u>\$ 7,337,090</u>	<u>\$ 205,065</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 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 of Credit 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, 2022, the City had the following investments requiring disclosure for individually comprising more than 5% of the City's total investments:

	Value	Percent of Total Value
Federal Home Loan Bank	\$ 2,543,174	21.9%

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.

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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	\$ -	\$ 2,543,174	\$ -	\$ 2,543,174
Federal Home Loan Mtg Corp.	-	172,220	-	172,220
Federal Ntl Mortgage Association	-	480,780	-	480,780
Federal Farm Credit Bank	-	400,929	-	400,929
Negotiable Certificates of Deposit	-	4,488,626	-	4,488,626
Municipal Bonds	-	345,627	-	345,627
Total	<u>\$ -</u>	<u>\$ 8,431,356</u>	<u>\$ -</u>	<u>8,431,356</u>
Investments Measured at Amortized Cost				3,165,428
Total				<u>\$ 11,596,784</u>

NOTE 3 INTERFUND TRANSFERS

A. Interfund Transfers

The following is a summary of transfers made by the City during 2022:

Fund	Transfer In	Transfer Out
General Fund	\$ 4,463	\$ 225,398
Capital Improvement	225,000	-
Park Development Fund	-	14,383
Road Maintenance	-	25,025
ARPA Grants	398	-
Mound Fire Improvement Bonds of 2003	-	4,463
G.O. Improvement Bonds of 2019A	14,383	-
G.O. Improvement Bonds of 2013A	25,025	-
Total	<u>\$ 269,269</u>	<u>\$ 269,269</u>

The \$14,383 transfer from the Park Development Fund to the G.O. Improvement Bonds of 2019A Fund related to the payment of related annual debt service expenditures. The \$25,025 transfer from the Road Maintenance Fund to the G.O. Improvements Bonds of 2013A Fund related to the payment of related annual debt service expenditures. The \$225,000 transfer from the General Fund to the Capital Improvement Fund related to a financing source for equipment purchases. The \$4,463 transfer from the Mound Fire Improvement Bonds of 2003 Fund to the General Fund related to closing out the Mound Fire Improvement Bonds of 2003 Fund. The \$398 transfer from the General Fund to the ARPA Grants Fund related to closing out the ARPA Grants Fund.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,733,976	\$ -	\$ -	\$ -	\$ 4,733,976
Construction in Progress	2,440,210	1,017,490	-	(2,629,008)	828,692
Total Capital Assets, Not Being Depreciated	7,174,186	1,017,490	-	(2,629,008)	5,562,668
Capital Assets, Being Depreciated:					
Land Improvements	2,342,916	-	-	-	2,342,916
Buildings and Building Improvements	6,881,591	-	-	-	6,881,591
Infrastructure	50,099,319	824,009	-	2,629,008	53,552,336
Vehicles and Equipment	5,973,701	173,043	(82,832)	-	6,063,912
Total Capital Assets, Being Depreciated	65,297,527	997,052	(82,832)	2,629,008	68,840,755
Accumulated Depreciation for:					
Land Improvements	(1,413,262)	(81,522)	-	-	(1,494,784)
Buildings and Building Improvements	(2,686,185)	(167,820)	-	-	(2,854,005)
Infrastructure	(25,187,656)	(1,433,614)	-	-	(26,621,270)
Vehicles and Equipment	(4,663,415)	(237,900)	82,832	-	(4,818,483)
Total Accumulated Depreciation	(33,950,518)	(1,920,856)	82,832	-	(35,788,542)
Total Capital Assets, Being Depreciated, Net	31,347,009	(923,804)	-	2,629,008	33,052,213
Governmental Activities Capital Assets, Net	\$ 38,521,195	\$ 93,686	\$ -	\$ -	\$ 38,614,881

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 102,471	\$ -	\$ -	\$ -	\$ 102,471
Construction in Progress	3,549,608	877,568	-	(3,702,816)	724,360
Total Capital Assets, Not Being Depreciated	3,652,079	877,568	-	(3,702,816)	826,831
Capital Assets, Being Depreciated:					
Infrastructure	45,109,507	930,008	-	3,702,816	49,742,331
Machinery and Equipment	1,068,868	-	-	-	1,068,868
Total Capital Assets, Being Depreciated	46,178,375	930,008	-	3,702,816	50,811,199
Accumulated Depreciation for:					
Infrastructure	(16,172,484)	(1,484,583)	-	-	(17,657,067)
Machinery and Equipment	(682,060)	(65,539)	-	-	(747,599)
Total Accumulated Depreciation	(16,854,544)	(1,550,122)	-	-	(18,404,666)
Total Capital Assets, Being Depreciated, Net	29,323,831	(620,114)	-	3,702,816	32,406,533
Business-Type Activities Capital Assets, Net	\$ 32,975,910	\$ 257,454	\$ -	\$ -	\$ 33,233,364

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 57,879
Public Safety	227,885
Public Works	1,538,954
Parks and Recreation	96,138
Total Depreciation Expense, Governmental Activities	<u>\$ 1,920,856</u>

Business-Type Activities:

Water Operating	\$ 931,559
Sewer Operating	410,160
Storm Water	208,403
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,550,122</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2022:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2012A	04/26/12	\$ 770,000	0.50-2.80%	02/01/27	\$ 275,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	250,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	2,570,000
G.O. Equipment Certificates 2017A	10/12/17	235,000	3.00%	02/01/23	50,000
G.O. Equipment Certificates 2020A	03/26/20	480,000	2.00-3.00%	02/01/26	390,000
G.O. Bonds of 2017A	10/12/17	2,865,000	3.00%	02/01/38	2,485,000
G.O. Improvement Refunding Bonds of 2019A	11/06/19	1,210,000	4.00-5.00%	02/01/31	945,000
Total Bonds					<u>6,965,000</u>
Unamortized Bond Premiums					292,378
Unamortized Bond Discounts					(4,225)
Compensated Absences					364,095
Total Governmental Activities					<u><u>\$ 7,617,248</u></u>
Business-Type Activities:					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 280,000
G.O. Water Revenue Bonds 2016A	06/09/16	2,620,000	2.00-3.00%	02/01/31	1,680,000
G.O. Water Revenue Bonds 2020A	03/26/20	1,910,000	2.00-3.00%	02/01/40	1,750,000
G.O. Refunding Bonds 2017C	10/12/17	770,000	1.35-3.05%	02/01/30	495,000
Total Bonds					<u>4,205,000</u>
Direct Borrowings:					
G.O. Rev. PFA Drinking Water Loan 2010	Various	719,813	1.189%	08/20/24	102,544
G.O. Rev. PFA Drinking Water Loan 2016	Various	9,074,697	1.000%	08/20/35	6,088,000
Total Direct Borrowings					<u>6,190,544</u>
Unamortized Bond Premiums					110,167
Compensated Absences					28,296
Total Business-Type Activities					<u><u>\$ 10,534,007</u></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 Fund will pay principal and interest on the general obligation revenue PFA Drinking Water Revolving Loan. The General Fund and Enterprise Funds will pay for the corresponding compensated absences, OPEB, and net pension liabilities.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 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	\$ 4,255,000	\$ -	\$ (300,000)	\$ 3,955,000	\$ 310,000
G.O. Capital Improvement Bonds	2,845,000	-	(275,000)	2,570,000	290,000
G.O. Equipment Certificates	580,000	-	(140,000)	440,000	145,000
Unamortized Bond Discounts	(4,821)	-	596	(4,225)	-
Unamortized Bond Premiums	362,578	-	(70,200)	292,378	-
Total Bonds Payable	8,037,757	-	(784,604)	7,253,153	745,000
Compensated Absences	321,766	290,831	(248,502)	364,095	150,000
Total Governmental Activities	8,359,523	290,831	(1,033,106)	7,617,248	895,000
Business-Type Activities:					
G.O. Revenue Bonds	4,555,000	-	(350,000)	4,205,000	365,000
G.O. Revenue PFA Drinking Water Loan - Direct Borrowing	6,678,544	-	(488,000)	6,190,544	493,000
Unamortized Bond Premiums	128,898	-	(18,731)	110,167	-
Total Bonds and Loans	11,362,442	-	(856,731)	10,505,711	858,000
Compensated Absences	22,319	30,265	(24,288)	28,296	20,000
Total Business-Type Activities	11,384,761	30,265	(881,019)	10,534,007	878,000
Total Debt	<u>\$ 19,744,284</u>	<u>\$ 321,096</u>	<u>\$ (1,914,125)</u>	<u>\$ 18,151,255</u>	<u>\$ 1,773,000</u>

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

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

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

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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt (Continued)

General Obligation Revenue PFA Drinking Water Revolving Loans – Direct Borrowing – The City entered into two loans through the Minnesota PFA: a \$692,604 Drinking Water Revolving Loan in 2009 and a \$9,074,697 Drinking Water Revolving Loan in 2016. These notes contain (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised (a) withhold approval of any disbursement request (b) reject any pending application by the City for financial assistance (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment (d) exercise any other remedy available under law and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

C. Future Minimum Debt Payments

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

Year Ending December 31,	Governmental Activities	
	Bonds and Equipment	
	Certificates Payable	
	Principal	Interest
2023	\$ 745,000	\$ 212,205
2024	710,000	187,046
2025	740,000	162,988
2026	760,000	139,734
2027	675,000	118,240
2028-2032	2,265,000	306,900
2033-2037	875,000	96,375
2038-2039	195,000	2,925
Totals	<u>\$ 6,965,000</u>	<u>\$ 1,226,412</u>

Year Ending December 31,	Business-Type Activities				
	Bonds Payable		Loans Payable - Direct Borrowing		Totals
	Principal	Interest	Principal	Interest	
2023	\$ 365,000	\$ 90,743	\$ 493,000	\$ 62,097	\$ 1,010,840
2024	370,000	80,535	498,544	57,051	1,006,130
2025	380,000	70,355	451,000	51,970	953,325
2026	385,000	61,144	456,000	47,460	949,604
2027	400,000	52,436	460,000	42,900	955,336
2028-2032	1,450,000	150,008	2,371,000	144,560	4,115,568
2033-2037	520,000	60,000	1,461,000	29,080	2,070,080
2038-2042	335,000	10,150	-	-	345,150
Totals	<u>\$ 4,205,000</u>	<u>\$ 575,371</u>	<u>\$ 6,190,544</u>	<u>\$ 435,118</u>	<u>\$ 11,406,033</u>

D. Legal Debt Margin

Per Minnesota Statutes § 475.53, subdivision 1, the City of Minnetrista is subject to a legal debt margin of 3% of the estimated market value of taxable property in the City. As of December 31, 2022, the City had net applicable debt of \$2,535,971, and the City was \$78,978,118 below its debt limit of \$81,514,089.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 6 LEASES

The City, acting as lessor, leases building and roof space under various long-term, noncancelable lease agreements. The leases expire at various dates through 2027 and 2036. During the year ended December 31, 2022, the City recognized \$105,794 and \$18,200 in lease revenue and interest revenue, respectively, pursuant to these contracts. None of the leases contain stated discount rates, therefore the City utilized its incremental borrowing rate for specified terms that best aligned with the term of the leases. Therefore, the City used a rate of 1.95% as of January 1, 2022 for the remaining 180 months of a lease with Verizon and 1.35% as of January 1, 2022 for the remaining 72 months of a lease with T-Mobile.

Total future minimum lease payments to be received under lease agreements are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Lease Receivable</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 86,076	\$ 16,848
2024	91,620	15,409
2025	97,429	13,878
2026	103,515	12,252
2027	109,891	10,526
2028-2032	283,325	37,291
2033-2037	208,402	7,986
Totals	<u>\$ 980,258</u>	<u>\$ 114,190</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City of Minnetrista (the City) participates in the following cost-sharing multiemployer 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 Plan

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

2. Public Employees Police and Fire Plan

The Police and Fire Plan, 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 Police and Fire Plan also covers police officers and firefighters belonging to local relief associations that elected to merge with and transfer assets and administration to PERA.

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state Legislature. Vested, terminated employees who are entitled to benefits, but are not receiving them yet, are bound by the provisions in effect at the time they last terminated their public service.

1. General Employees Retirement Plan Benefits

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

B. Benefits Provided (Continued)

1. General Employees Retirement Plan Benefits (Continued)

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a reduced prorated increase. For members retiring on January 1, 2024, or later, the increase will be delayed until normal retirement age (age 65 if hired prior to July 1, 1989, or age 66 for individuals hired on or after July 1, 1989). Members retiring under Rule of 90 are exempt from the delay to normal retirement.

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for Police and Fire Plan members first hired after June 30, 2014, vest on a prorated basis from 50% after 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 Police and Fire Plan members who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a reduced prorated increase.

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. General Employees Fund Contributions

Coordinated Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2022 and the City was required to contribute 7.50% for Coordinated Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2022, were \$126,409. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

C. Contributions (Continued)

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2022 and the City was required to contribute 17.70% for Police and Fire Plan members. The City contributions to the Police and Fire Fund for the year ended December 31, 2022, were \$221,298. The City's contributions were equal to the required contributions as set by state statute.

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2022, the City reported a liability of \$1,694,887 for its proportionate share of the General Employees Fund's net pension liability. The City's net pension liability reflected a reduction due to the state of Minnesota's contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state's contribution meets the definition of a special funding situation. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$49,627.

The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0214% at the end of the measurement period and 0.0232% for the beginning of the period.

City's Proportionate Share of the Net Pension Liability	\$ 1,694,887
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	49,627
Total	<u><u>\$ 1,744,514</u></u>

For the year ended December 31, 2022, the City recognized pension expense of \$217,954 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized an additional \$8,561 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the General Employees Fund.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2022, the City reported its proportionate share of the General Employees Plan's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	5 Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 14,157	\$ 18,105
Changes in Actuarial Assumptions	383,583	6,893
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	29,399	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	41,127	75,065
City Contributions Subsequent to the Measurement Date	67,786	-
Total	<u>\$ 536,052</u>	<u>\$ 100,063</u>

A total of \$67,786 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, 2023. 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>	Pension Expenses Amount
2023	\$ 144,474
2024	149,486
2025	(79,034)
2026	153,277

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2022, the City reported a liability of \$4,281,979 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2022, 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 proportionate share 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, 2021 through June 30, 2022, relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0984% at the end of the measurement period and 0.1019% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2022. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2021. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90% funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90% funded, whichever occurs later.

The state of Minnesota is included as a nonemployer contributing entity in the police and fire retirement plan schedule of employer allocations and schedule of pension amounts by employer, current reporting period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the state of Minnesota's pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended June 30, 2022, the City recognized pension expense of \$337,605 for its proportionate share of the Police and Fire Plan's pension expense. The City recognized \$36,250 as grant revenue for its proportionate share of the state of Minnesota's pension expense for the contribution of \$9 million to the Police and Fire Fund.

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid. The City recognized \$8,856 for the year ended December 31, 2022 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota's on-behalf contributions to the Police and Fire Fund.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

City's Proportionate Share of the Net Pension Liability	\$ 4,281,979
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	186,881
Total	<u>\$ 4,468,860</u>

At December 31, 2022, the City reported its proportionate share of the Police and Fire Plan'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	\$ 261,536	\$ -
Changes in Actuarial Assumptions	2,520,605	25,741
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	57,393	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	53,206	104,799
City Contributions Subsequent to the Measurement Date	112,069	-
Total	<u>\$ 3,004,809</u>	<u>\$ 130,540</u>

A total of \$112,069 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, 2023.

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

Year Ending December 31,	Pension Expenses Amount
2023	\$ 541,417
2024	531,758
2025	462,467
2026	878,387
2027	348,171

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

D. Pension Costs (Continued)

3. Pension Totals

For the year ended December 31, 2022, the City had the following recorded in relation to all of the plans in which it participates:

	GERF	PEPFF	Total
Net Pension Liability	\$ 1,694,887	\$ 4,281,979	\$ 5,976,866
Deferred Inflows of Resources	100,063	130,540	230,603
Deferred Outflows of Resources	536,052	3,004,809	3,540,861
Pension Expense	226,515	373,855	600,370

E. Long-Term Expected Return on Investment

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	<u>100.00 %</u>	

F. Actuarial Assumptions

The total pension liability in the June 30, 2022, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.%. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5% was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25% for the General Employees Plan and 2.25% for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25% for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1% per year and that increase was used in the valuation.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

F. Actuarial Assumptions (Continued)

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25% after one year of service to 3.0% after 27 years of service. In the Police and Fire Plan, salary growth assumptions range from 11.75% after one year of service to 3.0% after 24 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police and Fire Plan are based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. State of completed in 2019. The assumption changes were adopted by the board and became effective with the July 1, 2020 actuarial valuation. The most recent four-year experience studies for the Police and Fire Plan were completed in 2020 were adopted by the board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2022:

General Employees Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

Police and Fire Fund

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

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

G. Discount Rate

The discount rate for the General Employees Plan used to measure the total pension liability in 2022 was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2060 and June 30, 2061 respectively. Beginning in fiscal year ended June 30, 2061 for the Police and Fire Fund, projected benefit payments exceed the funds' projected fiduciary net position. Benefit payments projected after were discounted at the municipal bond rate of 3.69% (based on the weekly rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The resulting equivalent single discount rate of 5.40% for the Police and Fire Fund was determined to give approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 6.5% applied to all years of projected benefits through the point of asset depletion and 3.69% thereafter.

H. 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 one percentage point lower or one percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (5.50%)	Current Discount Rate (6.50%)	1% Increase in Discount Rate (7.50%)
Description			
City's Proportionate Share of the GERF Net Pension Liability	\$ 2,677,163	\$ 1,694,887	\$ 889,269
PEPFF PENSION LIABILITY	1% Decrease in Discount Rate (4.40%)	Current Discount Rate (5.40%)	1% Increase in Discount Rate (6.40%)
Description			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 6,480,226	\$ 4,281,979	\$ 2,504,828

I. 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 8 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

I. Pension Plan Fiduciary Net Position (Continued)

The City administrator is covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies plan provisions, including the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes five percent of salary which is matched by the elected official's employer. For ambulance service personnel, employer contributions are determined by the employer, and for salaried employees contributions must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives two percent of employer contributions and twenty-five hundredths of one percent (0.25 percent) of the assets in each member's account annually.

Total contributions made by the City of Minnetrista during fiscal year 2022 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 6,489	\$ 6,489	5%	5%	5%

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

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

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 City does not have assets accumulated in a trust for purposes of funding OPEB liabilities.

The benefits provided are as follows:

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

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

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently	
Receiving Benefit Payments	-
Inactive Plan Members Entitled to but not yet	
Receiving Benefit Payments	-
Active Plan Members	34
Total	<u>34</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Contributions and Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2022, the City contributed \$-0- to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2022, there were no retirees receiving health benefits from the City's health plans.

C. Total OPEB Liability

The City's Total OPEB liability was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2020. As the City has less than 100 employees (active and inactive) who are provided with OPEB through the plan, this valuation was done utilizing the alternative method of measuring the City's net OPEB liability.

Actuarial Assumptions

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date:</u>	December 31, 2020
<u>Measurement Date:</u>	December 31, 2022
<u>Methods and Assumptions Used to Determine the Contribution Rates:</u>	
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Amortization Period	Investment gains/losses are amortized over 5 years and liability gains/losses are amortized over Average Working Lifetime
Inflation	2.50%
Healthcare Cost Trend Rate	6.20% for 2022, decreasing 0.30% per year through 2025 and then to an ultimate rate of 3.90% over the next fifty years
Salary Increases	3.25%
Discount Rate	4.05% (municipal bond rate)
Retirement Age	Age 56 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	RP-2014 with MP-2018 generational improvements

Discount Rate

The City's OPEB plan is not funded by a trust, and therefore, the City's uses the 20-year municipal bond index rate to develop its long-term rate of return and discount rate. This rate was 4.05% in the current actuarial valuation and measurement date, which was updated from the 2.06% used in the prior measurement date.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB Liability were as follows for 2022:

	Increase (Decrease) Total OPEB Liability (a)
Balances at 12/31/21	\$ 401,546
Changes for the Year:	
Service Cost	31,025
Interest	8,911
Differences Between Expected and Actual Experience	(9,445)
Changes in Assumptions	(78,640)
Net Changes	(48,149)
Balances at 12/31/22	\$ 353,397

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

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 2.06% to 4.05%.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Sensitivity of Total OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.05%) or 1-percentage-point higher (5.05%) than the current discount rate:

	1% Decrease (3.05)%	Discount Rate (4.05)%	1% Increase (5.05)%
Total OPEB Liability (Asset)	\$ 391,260	\$ 353,397	\$ 318,788

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.5% decreasing to 2.9%) or 1-percentage-point higher (7.5% decreasing to 4.9%) than the current healthcare cost trend rates:

	1% Decrease (5.50% Decreasing to 2.90%)	Healthcare Cost Trend Rates (6.50% Decreasing to 3.90%)	1% Increase (7.50% Decreasing to 4.90%)
Total OPEB Liability (Asset)	\$ 301,343	\$ 353,397	\$ 415,307

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

For the year ended December 31, 2022, the City recognized OPEB revenue of \$(48,149). At December 31, 2022, the City did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 10 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, Committed, and Assigned fund balances at December 31, 2022 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 State municipal construction aid and municipal maintenance aid as well as levied revenues that are restricted to be used for various road maintenance projects.
- D. **Committed for Emergency Warning Siren** – Represents amounts committed by the City Council for the replacement of the emergency warning siren system.
- E. **Committed for Tree Replacement** – Represents amounts committed by the City Council to be used for various tree replacement projects.
- F. **Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.
- G. **Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.

NOTE 11 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. 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; injuries to employees; and natural disasters. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool for its workers' compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years. The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance. There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

C. Public Safety Contract

The City has a contract to provide public safety services 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 2022, the City received \$245,082 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 \$513,235 for fire protection services in 2022.

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 bonds. The City's payments for 2022 for principal and interest totaled \$75,856. The underlying bonds with the City of Mound were paid off, so any future payments would be determined by the related fire services contract and are contingent upon the City continuing participation in the area fire service.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2022**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

F. Construction Commitments

The City had the following construction commitments as of December 31, 2022:

<u>Project</u>	<u>Final Contracted Amount</u>	<u>Expended Through 12/31/2022</u>	<u>Remaining Commitment</u>
2021 MSA Improvement Project	\$ 599,919	\$ 530,568	\$ 69,351

NOTE 12 SUBSEQUENT EVENT

On March 20, 2023 the City authorized the sale of General Obligation Bonds, Series 2023A in the amount of \$6,790,000 to be dated and delivered April 26, 2023 for the purposes of financing the construction of various assessable street improvements, the construction of street reconstruction projects included in the five-year street reconstruction plan approved by the City Council on January 9, 2023, the construction of water system improvements, and the acquisition of various capital equipment for the City.

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, 2022

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 3,602,204	\$ 3,602,204	\$ 3,589,974	\$ (12,230)
Licenses and Permits	782,000	782,000	834,638	52,638
Intergovernmental Revenue	181,500	181,500	190,211	8,711
Charges for Services	346,086	346,086	349,017	2,931
Fines and Forfeits	35,000	35,000	30,315	(4,685)
Other Revenue:				
Investment Income (Loss)	25,000	25,000	(168,095)	(193,095)
Miscellaneous Revenue	149,000	149,000	73,560	(75,440)
Total Revenue	5,120,790	5,120,790	4,899,620	(221,170)
EXPENDITURES				
General Government:				
Mayor and City Council	32,398	32,398	30,580	(1,818)
Administration	537,356	537,356	450,953	(86,403)
Elections	21,495	21,495	13,409	(8,086)
Assessing	178,000	178,000	178,000	-
Legal	105,000	105,000	99,381	(5,619)
Planning	228,616	228,616	262,532	33,916
Government Building	73,500	73,500	84,884	11,384
Total General Government	1,176,365	1,176,365	1,119,739	(56,626)
Public Safety:				
Police	2,359,168	2,359,168	2,385,758	26,590
Fire	509,465	509,465	513,235	3,770
Inspection and Zoning	244,490	244,490	242,988	(1,502)
Total Public Safety	3,113,123	3,113,123	3,141,981	28,858
Public Works:				
Other	989,087	989,087	1,041,716	52,629
Parks and Recreation:				
Other	125,788	125,788	147,225	21,437
Miscellaneous:				
Other	27,000	27,000	24,819	(2,181)
Total Expenditures	5,431,363	5,431,363	5,475,480	44,117
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(310,573)	(310,573)	(575,860)	(265,287)
OTHER FINANCE SOURCES (USES)				
Transfers In	-	-	4,463	4,463
Transfers Out	(225,000)	(225,000)	(225,398)	(398)
Total Other Finance Sources (Uses)	(225,000)	(225,000)	(220,935)	4,065
NET CHANGE IN FUND BALANCES	<u>\$ (535,573)</u>	<u>\$ (535,573)</u>	(796,795)	<u>\$ (261,222)</u>
FUND BALANCES				
Beginning of Year			3,332,308	
End of Year			<u>\$ 2,535,513</u>	

CITY OF MINNETRISTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ROAD MAINTENANCE FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 875,000	\$ 875,000	\$ 875,000	\$ -
Special Assessments	154,000	154,000	226,440	72,440
Intergovernmental Revenue	90,000	90,000	477,890	387,890
Investment Income (Loss)	3,000	3,000	(40,399)	(43,399)
Miscellaneous Revenue	-	-	49,616	49,616
Total Revenue	<u>1,122,000</u>	<u>1,122,000</u>	<u>1,588,547</u>	<u>466,547</u>
EXPENDITURES				
Streets:				
Other	441,383	441,383	352,796	(88,587)
Capital Outlay:				
Other	637,700	637,700	634,542	(3,158)
Total Expenditures	<u>1,079,083</u>	<u>1,079,083</u>	<u>987,338</u>	<u>(91,745)</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES	42,917	42,917	601,209	558,292
OTHER FINANCE USES				
Transfers Out	<u>(25,025)</u>	<u>(25,025)</u>	<u>(25,025)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 17,892</u>	<u>\$ 17,892</u>	576,184	<u>\$ 558,292</u>
FUND BALANCES				
Beginning of Year			<u>544,201</u>	
End of Year			<u>\$ 1,120,385</u>	

CITY OF MINNETRISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
YEAR ENDED DECEMBER 31, 2022

Expenditures exceeded budgeted amounts in the following major funds at December 31, 2022:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 5,431,363	\$ 5,475,480	\$ 44,117

CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
DECEMBER 31, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 31,025	\$ 28,337	\$ 24,495	\$ 19,755	\$ 8,424
Interest	8,911	8,337	9,077	4,575	3,311
Difference Between Expected and Actual Experience	(9,445)	11,874	-	164,245	-
Changes in Assumptions	(78,640)	(11,925)	24,555	26,129	(7,481)
Net Change in Total OPEB Liability	(48,149)	36,623	58,127	214,704	4,254
Total OPEB Liability - Beginning	401,546	364,923	306,796	92,092	87,838
Total OPEB Liability - Ending	<u>\$ 353,397</u>	<u>\$ 401,546</u>	<u>\$ 364,923</u>	<u>\$ 306,796</u>	<u>\$ 92,092</u>
Total OPEB Liability	\$ 353,397	\$ 401,546	\$ 364,923	\$ 306,796	\$ 92,092
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 3,100,000	\$ 3,000,000	\$ 2,400,000	\$ 2,300,000	\$ 2,500,000
City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	11.40%	13.38%	15.21%	13.34%	3.68%

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

Notes to Schedule

Valuation Date: December 31, 2020
Measurement Date: December 31, 2022

Methods and Assumptions Used to Determine the Contribution Rates:

Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Amortization Period	Investment gains/losses are amortized over 5 years and liability gains/losses are amortized over Average Working Lifetime
Inflation	2.50%
Healthcare Cost Trend Rate	6.20% for 2022, decreasing 0.30% per year through 2025 and then to an ultimate rate of 3.90% over the next fifty years
Salary Increases	3.25%
Discount Rate	4.05% (municipal bond rate)
Retirement Age	Age 56 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	RP-2014 with MP-2018 generational improvements

The City does not have assets accumulated in a trust for purposes of funding OPEB liabilities.

CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND RELATED RATIOS
(CONTINUED)
DECEMBER 31, 2022

Changes in Assumptions:

2018:

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

2019:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 4.09% to 2.74%.

2020:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 2.74% to 2.12%.
- The assumed rate for salary increases decreased from 3.5% to 3.25%

2021:

- The medical trend rate was updated based on recently published trend models and trend surveys to better reflect future anticipated experience.
- The medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 2.12% to 2.06%.
- Withdrawal, mortality, and salary scale assumptions were updated to those included in the recently published PERA General and Police & Fire actuarial valuations.

2022:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 2.06% to 4.05%.

CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2022

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

	Measurement Date 6/30/2022	Measurement Date 6/30/2021	Measurement Date 6/30/2020	Measurement Date 6/30/2019	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
City's Proportion of the Net Pension Liability	0.0214%	0.0232%	0.0219%	0.0218%	0.0219%	0.0204%	0.0212%	0.0183%	0.0186%
City's Proportionate Share of the Net Pension Liability	\$ 1,694,887	\$ 990,744	\$ 1,313,005	\$ 1,205,273	\$ 1,214,923	\$ 1,302,323	\$ 1,721,335	\$ 948,401	\$ 873,735
State's Proportionate Share of the Net Pension Liability Associated with the City	49,627	30,245	40,353	37,332	39,798	16,384	-	-	-
Total	<u>\$ 1,744,514</u>	<u>\$ 1,020,989</u>	<u>\$ 1,353,358</u>	<u>\$ 1,242,605</u>	<u>\$ 1,254,721</u>	<u>\$ 1,318,707</u>	<u>\$ 1,721,335</u>	<u>\$ 948,401</u>	<u>\$ 873,735</u>
City's Covered Payroll	\$ 1,622,649	\$ 1,669,085	\$ 1,561,695	\$ 1,543,927	\$ 1,492,082	\$ 1,319,516	\$ 1,317,129	\$ 1,077,624	\$ 1,008,276
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	107.51%	61.17%	86.66%	80.48%	84.09%	99.94%	130.69%	88.01%	86.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%	78.20%	78.70%

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

	Measurement Date 6/30/2022	Measurement Date 6/30/2021	Measurement Date 6/30/2020	Measurement Date 6/30/2019	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016	Measurement Date 6/30/2015	Measurement Date 6/30/2014
City's Proportion of the Net Pension Liability	0.0984%	0.1019%	0.1005%	0.1080%	0.1032%	0.1000%	0.0940%	0.0920%	0.0910%
City's Proportionate Share of the Net Pension Liability	\$ 4,281,979	\$ 786,560	\$ 1,324,698	\$ 1,149,769	\$ 1,100,006	\$ 1,350,119	\$ 3,772,384	\$ 1,045,335	\$ 982,837
State's Proportionate Share of the Net Pension Liability Associated with the City	186,881	35,368	31,217	-	-	-	-	-	-
Total	<u>\$ 4,468,860</u>	<u>\$ 821,928</u>	<u>\$ 1,355,915</u>	<u>\$ 1,149,769</u>	<u>\$ 1,100,006</u>	<u>\$ 1,350,119</u>	<u>\$ 3,772,384</u>	<u>\$ 1,045,335</u>	<u>\$ 982,837</u>
City's Covered Payroll	\$ 1,229,303	\$ 1,206,250	\$ 1,141,708	\$ 1,138,475	\$ 1,087,631	\$ 1,024,530	\$ 904,985	\$ 845,708	\$ 788,333
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	348.33%	65.21%	116.03%	100.99%	101.14%	131.78%	416.84%	123.60%	124.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.53%	93.70%	87.19%	89.26%	88.84%	85.40%	63.88%	86.61%	87.10%

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

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

General Employees Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued):

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.0% for the period July 1, 2020 through December 31, 2023 and 0.0% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The State's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

**NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (CONTINUED)**

2017 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The State's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the State's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

Police and Fire Fund

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.5% to 5.4%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

2020 Changes (Continued)

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2019 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2022**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued)

- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.
- Assumed percentage of married female members was decreased from 65.00% to 60.00%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

**CITY OF MINNETRISTA
PERA SCHEDULE OF CITY CONTRIBUTIONS
DECEMBER 31, 2022**

GERF Schedule of City Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 126,409	\$ 108,473	\$ 119,898	\$ 116,456	\$ 114,742	\$ 105,809	\$ 94,798	\$ 92,221	\$ 73,100
Contributions in Relation to the Statutorily Required Contribution	(126,409)	(108,473)	(119,898)	(116,456)	(114,742)	(105,809)	(94,798)	(92,221)	(73,100)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,685,453	\$ 1,446,307	\$ 1,598,640	\$ 1,552,747	\$ 1,529,893	\$ 1,410,787	\$ 1,263,973	\$ 1,229,613	\$ 1,008,276
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.25%

PEPFF Schedule of City Contributions

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily Required Contribution	\$ 221,298	\$ 210,625	\$ 204,476	\$ 194,775	\$ 180,459	\$ 172,220	\$ 151,797	\$ 144,518	\$ 127,710
Contributions in Relation to the Statutorily Required Contribution	(221,298)	(210,625)	(204,476)	(194,775)	(180,459)	(172,220)	(151,797)	(144,518)	(127,710)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,250,271	\$ 1,189,972	\$ 1,155,232	\$ 1,149,115	\$ 1,113,944	\$ 1,063,086	\$ 937,019	\$ 892,086	\$ 788,333
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	16.95%	16.20%	16.20%	16.20%	16.20%	16.20%

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022**

	Special Revenue	Debt Service	Capital Project	Totals
ASSETS				
Cash and Investments	\$ 1,623,526	\$ 1,587,677	\$ 174,522	\$ 3,385,725
Receivables:				
Miscellaneous Receivables (Net of Allowance)	44,835	-	-	44,835
Accrued Interest	1,909	1,880	207	3,996
Delinquent Special Assessments	-	19,486	-	19,486
Other Special Assessments Receivable	-	589,667	-	589,667
Due from Other Governmental Units	-	150,622	-	150,622
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,670,270</u>	<u>\$ 2,349,332</u>	<u>\$ 174,729</u>	<u>\$ 4,194,331</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 61,137	\$ 753	\$ 3,995	\$ 65,885
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	609,153	-	609,153
Unavailable Revenue - Other	-	145,357	-	145,357
Total Deferred Inflows of Resources	<u> </u>	<u>754,510</u>	<u> </u>	<u>754,510</u>
FUND BALANCE				
Restricted:				
Debt Service	-	1,594,069	-	1,594,069
Parkland Acquisitions and Improvement	1,007,108	-	-	1,007,108
Committed:				
Emergency Warning Siren Operation	240,528	-	-	240,528
Tree Replacement	361,497	-	-	361,497
Assigned:				
Capital Plan Improvements	-	-	170,734	170,734
Total Fund Balance	<u>1,609,133</u>	<u>1,594,069</u>	<u>170,734</u>	<u>3,373,936</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,670,270</u>	<u>\$ 2,349,332</u>	<u>\$ 174,729</u>	<u>\$ 4,194,331</u>

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ -	\$ 740,444	\$ 150,000	\$ 890,444
Special Assessments	-	109,675	-	109,675
Other Revenue:				
Investment Income (Loss)	(100,113)	(57,047)	(6,677)	(163,837)
Miscellaneous Revenue	324,445	50,759	-	375,204
Total Revenue	<u>224,332</u>	<u>843,831</u>	<u>143,323</u>	<u>1,211,486</u>
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	1,889	1,889
Public Works:				
Other	1,453	-	-	1,453
Capital Outlay:				
Other	292,337	-	202,964	495,301
Debt Service:				
Principal	-	787,162	-	787,162
Interest and Fiscal Charges	-	247,210	-	247,210
Total Expenditures	<u>293,790</u>	<u>1,034,372</u>	<u>204,853</u>	<u>1,533,015</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(69,458)	(190,541)	(61,530)	(321,529)
OTHER FINANCE SOURCES (USES)				
Transfers In	398	39,408	225,000	264,806
Transfers Out	(14,383)	(4,463)	-	(18,846)
Proceeds form Sale of Capital Assets	-	-	14,820	14,820
Total Other Finance Sources (Uses)	<u>(13,985)</u>	<u>34,945</u>	<u>239,820</u>	<u>260,780</u>
NET CHANGE IN FUND BALANCES	(83,443)	(155,596)	178,290	(60,749)
FUND BALANCES				
Beginning of Year	<u>1,692,576</u>	<u>1,749,665</u>	<u>(7,556)</u>	<u>3,434,685</u>
End of Year	<u>\$ 1,609,133</u>	<u>\$ 1,594,069</u>	<u>\$ 170,734</u>	<u>\$ 3,373,936</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

ARPA Grants – Used to account for amounts received and related expenditures for federal American Rescue Plan Act grants.

Land Use Fund – Used to account for amounts received and expended for various land use projects of the City.

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2022**

	Emergency Warning Siren (402)	Park Development (404)	Tree Replacement (407)	ARPA Grants (409)	Land Use (801)	Totals
ASSETS						
Cash and Investments	\$ 240,243	\$ 1,009,660	\$ 361,231	\$ -	\$ 12,392	\$ 1,623,526
Receivables:						
Miscellaneous Receivables (Net of Allowance)	-	-	-	-	44,835	44,835
Accrued Interest	285	1,196	428	-	-	1,909
	<u>285</u>	<u>1,196</u>	<u>428</u>	<u>-</u>	<u>-</u>	<u>1,909</u>
Total Assets	<u>\$ 240,528</u>	<u>\$ 1,010,856</u>	<u>\$ 361,659</u>	<u>\$ -</u>	<u>\$ 57,227</u>	<u>\$ 1,670,270</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts and Contracts Payable	\$ -	\$ 3,748	\$ 162	\$ -	\$ 57,227	\$ 61,137
FUND BALANCE						
Restricted:						
Parkland Acquisitions and Improvement	-	1,007,108	-	-	-	1,007,108
Committed:						
Emergency Warning Siren Operation	240,528	-	-	-	-	240,528
Tree Replacement	-	-	361,497	-	-	361,497
Total Fund Balance	<u>240,528</u>	<u>1,007,108</u>	<u>361,497</u>	<u>-</u>	<u>-</u>	<u>1,609,133</u>
Total Liabilities and Fund Balance	<u>\$ 240,528</u>	<u>\$ 1,010,856</u>	<u>\$ 361,659</u>	<u>\$ -</u>	<u>\$ 57,227</u>	<u>\$ 1,670,270</u>

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	Emergency Warning Siren (402)	Park Development (404)	Tree Replacement (407)	ARPA Grants (409)	Land Use (801)	Totals
REVENUE						
Other Revenue:						
Investment Income (Loss)	\$ (13,164)	\$ (63,887)	\$ (23,062)	\$ -	\$ -	\$ (100,113)
Miscellaneous Revenue	19,500	304,945	-	-	-	324,445
Total Revenue	6,336	241,058	(23,062)	-	-	224,332
EXPENDITURES						
Public Works:						
Other	-	-	1,453	-	-	1,453
Capital Outlay	-	266,609	25,728	-	-	292,337
Total Expenditures	-	266,609	27,181	-	-	293,790
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	6,336	(25,551)	(50,243)	-	-	(69,458)
OTHER FINANCE USES						
Transfers In	-	-	-	398	-	398
Transfers Out	-	(14,383)	-	-	-	(14,383)
Total Other Finance Sources (Uses)	-	(14,383)	-	398	-	(13,985)
NET CHANGE IN FUND BALANCES	6,336	(39,934)	(50,243)	398	-	(83,443)
FUND BALANCES						
Beginning of Year	234,192	1,047,042	411,740	(398)	-	1,692,576
End of Year	\$ 240,528	\$ 1,007,108	\$ 361,497	\$ -	\$ -	\$ 1,609,133

**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, 2022**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings (Loss)	\$ 500	\$ (13,164)	\$ (13,664)
Miscellaneous Revenue	<u>1,500</u>	<u>19,500</u>	<u>18,000</u>
Total Revenue	2,000	6,336	4,336
EXPENDITURES			
Capital Outlay:			
Other	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 2,000</u></u>	6,336	<u><u>\$ 4,336</u></u>
FUND BALANCES			
Beginning of Year		<u>234,192</u>	
End of Year		<u><u>\$ 240,528</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, 2022**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings (Loss)	\$ 2,000	\$ (63,887)	\$ (65,887)
Miscellaneous Revenue	<u>50,000</u>	<u>304,945</u>	<u>254,945</u>
Total Revenue	52,000	241,058	189,058
EXPENDITURES			
Capital Outlay:			
Other	<u>475,000</u>	<u>266,609</u>	<u>(208,391)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(423,000)	(25,551)	397,449
OTHER FINANCE USES			
Transfers Out	<u>(14,383)</u>	<u>(14,383)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (437,383)</u></u>	<u>(39,934)</u>	<u><u>\$ 397,449</u></u>
FUND BALANCES			
Beginning of Year		<u>1,047,042</u>	
End of Year		<u><u>\$ 1,007,108</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, 2022**

	<u>Budgeted Amounts</u>			<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUE				
Investment Earnings (Loss)	\$ 1,000	\$ 1,000	\$ (23,062)	\$ (24,062)
EXPENDITURES				
Streets:				
Other	-	-	1,453	1,453
Capital Outlay	5,000	5,000	25,728	20,728
Total Expenditures	5,000	5,000	27,181	22,181
NET CHANGE IN FUND BALANCES	<u>\$ (4,000)</u>	<u>\$ (4,000)</u>	(50,243)	<u>\$ (46,243)</u>
FUND BALANCES				
Beginning of Year			411,740	
End of Year			<u>\$ 361,497</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, 2022**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2019A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
ASSETS								
Cash and Investments	\$ -	\$ 22,859	\$ 410,652	\$ 155,004	\$ 117,062	\$ 347,369	\$ 534,731	\$ 1,587,677
Receivables:								
Accrued Interest	-	27	486	184	139	411	633	1,880
Delinquent Special Assessments	-	16,713	-	2,773	-	-	-	19,486
Other Special Assessments Receivable	-	-	-	210,776	14,667	-	364,224	589,667
Due from Other Governmental Units	-	-	2,521	1,136	145,357	743	865	150,622
Total Assets	<u>\$ -</u>	<u>\$ 39,599</u>	<u>\$ 413,659</u>	<u>\$ 369,873</u>	<u>\$ 277,225</u>	<u>\$ 348,523</u>	<u>\$ 900,453</u>	<u>\$ 2,349,332</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts and Contracts Payable	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 750	\$ 753
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Special Assessment	-	16,713	-	213,549	14,667	-	364,224	609,153
Unavailable Revenue - Other	-	-	-	-	145,357	-	-	145,357
Total Deferred Inflows of Resources	-	16,713	-	213,549	160,024	-	364,224	754,510
FUND BALANCE								
Restricted:								
Debt Service	-	22,883	413,659	156,324	117,201	348,523	535,479	1,594,069
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ -</u>	<u>\$ 39,599</u>	<u>\$ 413,659</u>	<u>\$ 369,873</u>	<u>\$ 277,225</u>	<u>\$ 348,523</u>	<u>\$ 900,453</u>	<u>\$ 2,349,332</u>

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2022**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2019A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
REVENUE								
Property Taxes	\$ 70,778	\$ 20,300	\$ 342,643	\$ 88,858	\$ -	\$ 101,010	\$ 116,855	\$ 740,444
Special Assessments	-	4,602	-	38,696	3,695	-	62,682	109,675
Other Revenue:								
Investment Income (Loss)	-	(4,184)	(6,731)	(2,209)	(5,122)	(15,210)	(23,591)	(57,047)
Miscellaneous Revenue	-	-	19,664	-	31,095	-	-	50,759
Total Revenue	70,778	20,718	355,576	125,345	29,668	85,800	155,946	843,831
EXPENDITURES								
Debt Service:								
Principal Retirement	72,162	50,000	275,000	80,000	50,000	140,000	120,000	787,162
Interest and Fiscal Charges	3,694	11,084	85,059	47,784	8,977	13,947	76,665	247,210
Total Debt Service	75,856	61,084	360,059	127,784	58,977	153,947	196,665	1,034,372
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(5,078)	(40,366)	(4,483)	(2,439)	(29,309)	(68,147)	(40,719)	(190,541)
OTHER FINANCE SOURCES								
Transfers In	-	-	-	14,383	25,025	-	-	39,408
Transfers Out	(4,463)	-	-	-	-	-	-	(4,463)
Total Other Finance Sources (Uses)	(4,463)	-	-	14,383	25,025	-	-	34,945
NET CHANGE IN FUND BALANCES	(9,541)	(40,366)	(4,483)	11,944	(4,284)	(68,147)	(40,719)	(155,596)
FUND BALANCES								
Beginning of Year	9,541	63,249	418,142	144,380	121,485	416,670	576,198	1,749,665
End of Year	\$ -	\$ 22,883	\$ 413,659	\$ 156,324	\$ 117,201	\$ 348,523	\$ 535,479	\$ 1,594,069

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, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 72,000	\$ 72,000	\$ 70,778	\$ (1,222)
EXPENDITURES				
Debt Service:				
Principal Retirement	72,000	72,000	72,162	162
Interest and Fiscal Charges	-	-	3,694	3,694
Total Debt Service	72,000	72,000	75,856	3,856
Excess (Deficiency) of Revenue Over (Under) Expenditures	-	-	(5,078)	(5,078)
OTHER FINANCE SOURCES (USES)				
Transfers In (Out)	-	-	(4,463)	(4,463)
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	(9,541)	<u>\$ (9,541)</u>
FUND BALANCES				
Beginning of Year			9,541	
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, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 20,500	\$ 20,500	\$ 20,300	\$ (200)
Special Assessments	5,000	5,000	4,602	(398)
Investment Earnings (Loss)	500	500	(4,184)	(4,684)
Total Revenue	<u>26,000</u>	<u>26,000</u>	<u>20,718</u>	<u>(5,282)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	10,000	10,000	11,084	1,084
Total Debt Service	<u>60,000</u>	<u>60,000</u>	<u>61,084</u>	<u>1,084</u>
NET CHANGE IN FUND BALANCES	<u>\$ (34,000)</u>	<u>\$ (34,000)</u>	<u>(40,366)</u>	<u>\$ (6,366)</u>
FUND BALANCES				
Beginning of Year			<u>63,249</u>	
End of Year			<u>\$ 22,883</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, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 346,000	\$ 346,000	\$ 342,643	\$ (3,357)
Investment Earnings (Loss)	750	750	(6,731)	(7,481)
Miscellaneous Revenue	19,664	19,664	19,664	-
Total Revenue	<u>366,414</u>	<u>366,414</u>	<u>355,576</u>	<u>(10,838)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	275,000	275,000	275,000	-
Interest and Fiscal Charges	85,075	85,075	85,059	(16)
Total Debt Service	<u>360,075</u>	<u>360,075</u>	<u>360,059</u>	<u>(16)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 6,339</u>	<u>\$ 6,339</u>	(4,483)	<u>\$ (10,822)</u>
FUND BALANCES				
Beginning of Year			<u>418,142</u>	
End of Year			<u>\$ 413,659</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2019A FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 89,729	\$ 89,729	\$ 88,858	\$ (871)
Special Assessments	40,000	40,000	38,696	(1,304)
Investment Earnings (Loss)	250	250	(2,209)	(2,459)
Total Revenue	<u>129,979</u>	<u>129,979</u>	<u>125,345</u>	<u>(4,634)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	80,000	80,000	80,000	-
Interest and Fiscal Charges	47,800	47,800	47,784	(16)
Total Debt Service	<u>127,800</u>	<u>127,800</u>	<u>127,784</u>	<u>(16)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	2,179	2,179	(2,439)	(4,618)
OTHER FINANCE SOURCES				
Transfers In	<u>14,383</u>	<u>14,383</u>	<u>14,383</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 16,562</u>	<u>\$ 16,562</u>	11,944	<u>\$ (4,618)</u>
FUND BALANCES				
Beginning of Year			<u>144,380</u>	
End of Year			<u>\$ 156,324</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, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Special Assessments	\$ 3,500	\$ 3,500	\$ 3,695	\$ 195
Investment Earnings (Loss)	500	500	(5,122)	(5,622)
Miscellaneous Revenue	31,000	31,000	31,095	95
Total Revenue	<u>35,000</u>	<u>35,000</u>	<u>29,668</u>	<u>(5,332)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	7,430	7,430	8,977	1,547
Total Debt Service	<u>57,430</u>	<u>57,430</u>	<u>58,977</u>	<u>1,547</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(22,430)	(22,430)	(29,309)	(6,879)
OTHER FINANCE SOURCES				
Transfers In	<u>25,025</u>	<u>25,025</u>	<u>25,025</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 2,595</u>	<u>\$ 2,595</u>	(4,284)	<u>\$ (6,879)</u>
FUND BALANCES				
Beginning of Year			<u>121,485</u>	
End of Year			<u>\$ 117,201</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, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 102,000	\$ 102,000	\$ 101,010	\$ (990)
Investment Earnings (Loss)	1,000	1,000	(15,210)	(16,210)
Total Revenue	103,000	103,000	85,800	(17,200)
EXPENDITURES				
Debt Service:				
Principal Retirement	140,000	140,000	140,000	-
Interest and Fiscal Charges	14,300	14,300	13,947	(353)
Total Debt Service	154,300	154,300	153,947	(353)
NET CHANGE IN FUND BALANCES	<u>\$ (51,300)</u>	<u>\$ (51,300)</u>	(68,147)	<u>\$ (16,847)</u>
FUND BALANCES				
Beginning of Year			416,670	
End of Year			<u>\$ 348,523</u>	

CITY OF MINNETRISTA
2017 STREET PROJECT DEBT SERVICE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2022

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 118,000	\$ 118,000	\$ 116,855	\$ (1,145)
Special Assessments	15,000	15,000	62,682	47,682
Investment Earnings (Loss)	3,000	3,000	(23,591)	(26,591)
Total Revenue	<u>136,000</u>	<u>136,000</u>	<u>155,946</u>	<u>19,946</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	120,000	120,000	120,000	-
Interest and Fiscal Charges	74,950	74,950	76,665	1,715
Total Expenditures	<u>194,950</u>	<u>194,950</u>	<u>196,665</u>	<u>1,715</u>
NET CHANGE IN FUND BALANCES	<u>\$ (58,950)</u>	<u>\$ (58,950)</u>	(40,719)	<u>\$ 18,231</u>
FUND BALANCES				
Beginning of Year			<u>576,198</u>	
End of Year			<u>\$ 535,479</u>	

NONMAJOR CAPITAL PROJECT FUNDS

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

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

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
BALANCE SHEET
DECEMBER 31, 2022**

	Capital Improvement (401)
	<u> </u>
ASSETS	
Cash and Investments	\$ 174,522
Receivables:	
Accrued Interest	<u>207</u>
Total Assets	<u><u>\$ 174,729</u></u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts and Contracts Payable	\$ 3,995
FUND BALANCE	
Assigned:	
Capital Plan Improvements	<u>170,734</u>
Total Liabilities and Fund Balance	<u><u>\$ 174,729</u></u>

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2022**

	Capital Improvement (401)
REVENUE	
Property Taxes	\$ 150,000
Other Revenue:	
Investment Income (Loss)	(6,677)
Total Revenue	<u>143,323</u>
EXPENDITURES	
General Government:	
Administration	1,889
Capital Outlay:	
Other	202,964
Total Expenditures	<u>204,853</u>
EXCESS (DEFICIENCY) OF REVENUE UNDER EXPENDITURES	(61,530)
OTHER FINANCE SOURCES	
Transfers In	225,000
Proceeds from Sale of Capital Assets	14,820
Total Other Finance Sources	<u>239,820</u>
NET CHANGE IN FUND BALANCE	178,290
FUND BALANCES	
Beginning of Year	<u>(7,556)</u>
End of Year	<u><u>\$ 170,734</u></u>

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Investment Earnings (Loss)	500	500	(6,677)	(7,177)
Total Revenue	150,500	150,500	143,323	(7,177)
EXPENDITURES				
General Government:				
Administration	-	-	1,889	1,889
Capital Outlay:				
Other	332,750	332,750	202,964	(129,786)
Total Expenditures	332,750	332,750	204,853	(127,897)
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(182,250)	(182,250)	(61,530)	120,720
OTHER FINANCE SOURCES				
Transfers In	225,000	225,000	225,000	-
Proceeds form Sale of Capital Assets	-	-	14,820	14,820
Total Other Finance Sources	225,000	225,000	239,820	14,820
NET CHANGE IN FUND BALANCES	<u>\$ 42,750</u>	<u>\$ 42,750</u>	178,290	<u>\$ 135,540</u>
FUND BALANCES				
Beginning of Year			(7,556)	
End of Year			<u>\$ 170,734</u>	

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

These schedules contain information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within the City which the City's financial activities take place.

Operating Information

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

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

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
Net Investment in Capital Assets	\$ 15,964,011	\$ 16,231,151	\$ 16,563,080	\$ 16,599,988	\$ 23,024,394	\$ 23,462,495	\$ 27,898,559	\$ 28,358,298	\$ 30,090,017	\$ 31,236,787
Restricted	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298	10,127,484	6,718,472	5,588,460	5,830,114	6,333,750
Unrestricted	<u>1,857,939</u>	<u>2,991,147</u>	<u>1,857,033</u>	<u>3,457,549</u>	<u>530,081</u>	<u>(215,288)</u>	<u>(848,372)</u>	<u>1,499,308</u>	<u>1,210,495</u>	<u>398,001</u>
Total Governmental Activities Net Position	<u>\$ 27,711,897</u>	<u>\$ 29,869,717</u>	<u>\$ 27,691,550</u>	<u>\$ 27,763,716</u>	<u>\$ 32,321,773</u>	<u>\$ 33,374,691</u>	<u>\$ 33,768,659</u>	<u>\$ 35,446,066</u>	<u>\$ 37,130,626</u>	<u>\$ 37,968,538</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 10,563,847	\$ 11,169,939	\$ 12,775,949	\$ 11,846,587	\$ 17,722,284	\$ 17,783,999	\$ 18,281,381	\$ 19,596,755	\$ 21,613,468	\$ 22,580,596
Unrestricted	<u>4,495,729</u>	<u>4,962,343</u>	<u>3,833,870</u>	<u>6,922,646</u>	<u>4,960,954</u>	<u>5,091,286</u>	<u>4,984,513</u>	<u>4,714,240</u>	<u>3,195,215</u>	<u>3,477,637</u>
Total Business-Type Activities Net Position	<u>\$ 15,059,576</u>	<u>\$ 16,132,282</u>	<u>\$ 16,609,819</u>	<u>\$ 18,769,233</u>	<u>\$ 22,683,238</u>	<u>\$ 22,875,285</u>	<u>\$ 23,265,894</u>	<u>\$ 24,310,995</u>	<u>\$ 24,808,683</u>	<u>\$ 26,058,233</u>
Primary Government:										
Net Investment in Capital Assets	\$ 26,527,858	\$ 27,401,090	\$ 29,339,029	\$ 28,446,575	\$ 40,746,678	\$ 41,246,494	\$ 46,179,940	\$ 47,955,053	\$ 51,703,485	\$ 53,817,383
Restricted	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298	10,127,484	6,718,472	5,588,460	5,830,114	6,333,750
Unrestricted	<u>6,353,668</u>	<u>7,953,490</u>	<u>5,690,903</u>	<u>10,380,195</u>	<u>5,491,035</u>	<u>4,875,998</u>	<u>4,136,141</u>	<u>6,213,548</u>	<u>4,405,710</u>	<u>3,875,638</u>
Total Primary Government Net Position	<u>\$ 42,771,473</u>	<u>\$ 46,001,999</u>	<u>\$ 44,301,369</u>	<u>\$ 46,532,949</u>	<u>\$ 55,005,011</u>	<u>\$ 56,249,976</u>	<u>\$ 57,034,553</u>	<u>\$ 59,757,061</u>	<u>\$ 61,939,309</u>	<u>\$ 64,026,771</u>

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses:										
Governmental Activities:										
General Government	\$ 887,188	\$ 1,019,379	\$ 1,013,834	\$ 1,374,469	\$ 1,299,321	\$ 1,182,492	\$ 1,140,693	\$ 1,189,982	\$ 1,109,025	\$ 1,202,452
Public Safety	2,333,287	2,515,524	2,592,622	3,199,782	3,100,825	3,009,188	3,127,972	3,142,580	3,147,746	3,602,225
Public Works	2,171,994	2,226,393	2,403,548	2,516,668	2,688,371	2,614,558	2,641,106	3,077,375	2,653,554	2,858,023
Parks and Recreation	198,709	253,802	225,307	239,887	260,196	282,717	249,280	254,594	386,974	271,004
Interest and Fiscal Charges	604,518	1,029,562	477,254	433,674	595,435	400,772	359,516	236,443	109,752	168,648
Total Governmental Activities Expenses	6,195,696	7,044,660	6,712,565	7,764,480	7,944,148	7,489,727	7,518,567	7,900,974	7,407,051	8,102,352
Business-Type Activities:										
Water	778,481	687,528	746,686	965,379	900,399	1,634,763	1,805,493	1,768,567	1,747,551	1,978,195
Sewer	823,690	888,377	838,815	850,928	978,903	1,101,419	1,139,570	1,200,684	1,356,987	1,302,638
Storm Water	208,830	216,860	264,832	255,656	331,965	335,745	398,925	379,024	405,317	383,706
Recycling	98,893	112,990	119,733	131,935	133,800	147,877	146,680	150,154	216,037	229,751
Cable TV	-	45,659	3,548	-	-	-	18,701	41,595	63,154	92,463
Total Business-Type Activities Expenses	1,909,894	1,951,414	1,973,614	2,203,898	2,345,067	3,219,804	3,509,369	3,540,024	3,789,046	3,986,753
Total Primary Government Expenses	\$ 8,105,590	\$ 8,996,074	\$ 8,686,179	\$ 9,968,378	\$ 10,289,215	\$ 10,709,531	\$ 11,027,936	\$ 11,440,998	\$ 11,196,097	\$ 12,089,105
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 634,342	\$ 841,958	\$ 925,087	\$ 867,659	\$ 828,270	\$ 1,090,940	\$ 1,137,227	\$ 1,156,637	\$ 1,035,989	\$ 974,622
Public Safety	195,221	178,786	189,649	204,286	217,406	211,599	220,851	223,348	234,514	245,082
Public Works	233	251,784	134	190	32	152,400	8,665	55,800	2,000	-
Operating Grants and Contributions	440,828	835,875	507,773	277,650	327,664	465,156	298,536	924,185	572,458	676,593
Capital Grants and Contributions	5,383,439	2,968,198	384,022	340,638	6,519,798	1,135,793	1,323,833	2,147,948	2,194,739	1,708,929
Total Governmental Activities Program Revenues	6,654,063	5,076,601	2,006,665	1,690,423	7,893,170	3,055,888	2,989,112	4,507,918	4,039,700	3,605,226
Business-Type Activities:										
Charges for Services:										
Water	1,174,714	1,683,013	1,177,345	994,989	1,365,113	1,333,584	1,429,907	1,621,254	1,769,446	2,414,213
Sewer	709,365	850,803	830,784	877,481	929,997	993,426	1,071,824	1,109,591	1,143,180	1,217,459
Storm Water	181,069	187,059	224,120	261,853	294,973	328,426	336,816	349,086	365,889	373,790
Recycling	98,460	105,512	110,860	115,136	121,159	127,647	129,070	120,198	160,679	175,189
Cable TV	-	86,034	40,762	40,772	41,588	42,415	51,266	53,657	51,573	53,023
Operating Grants and Contributions	21,452	34,215	182,574	23,014	21,869	19,509	23,312	15,131	28,281	16,217
Capital Grants and Contributions	-	3,207	165	165	3,629,055	465,268	698,614	1,296,626	793,854	934,094
Total Business-Type Activities Program Revenues	2,185,060	2,949,843	2,566,610	2,313,410	6,403,754	3,310,275	3,740,809	4,565,543	4,312,902	5,183,985
Total Primary Government Program Revenues	\$ 8,839,123	\$ 8,026,444	\$ 4,573,275	\$ 4,003,833	\$ 14,296,924	\$ 6,366,163	\$ 6,729,921	\$ 9,073,461	\$ 8,352,602	\$ 8,789,211

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net Revenue (Expense):										
Governmental Activities	\$ 458,367	\$ (1,968,059)	\$ (4,705,900)	\$ (6,074,057)	\$ (50,978)	\$ (4,433,839)	\$ (4,529,455)	\$ (3,393,056)	\$ (3,367,351)	\$ (4,497,126)
Business-Type Activities	275,166	998,429	592,996	109,512	4,058,687	90,471	231,440	1,025,519	523,856	1,197,232
Total Primary Government Net Expense	\$ 733,533	\$ (969,630)	\$ (4,112,904)	\$ (5,964,545)	\$ 4,007,709	\$ (4,343,368)	\$ (4,298,015)	\$ (2,367,537)	\$ (2,843,495)	\$ (3,299,894)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 3,890,282	\$ 3,891,397	\$ 4,010,604	\$ 4,127,926	\$ 4,275,961	\$ 4,464,200	\$ 4,677,533	\$ 4,940,472	\$ 5,100,930	\$ 5,366,373
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	345,247
Investment Earnings	(34,452)	119,528	75,954	76,062	84,864	128,750	243,771	72,226	(49,019)	(391,402)
Capital Contribution	1,171,000	-	-	1,914,289	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	180	114,954	21,396	27,946	47,870	-	-	7,765	-	14,820
Miscellaneous	-	-	-	-	340	-	2,119	-	-	-
Transfers	-	-	-	-	200,000	-	-	50,000	-	-
Total Governmental Activities	5,027,010	4,125,879	4,107,954	6,146,223	4,609,035	4,592,950	4,923,423	5,070,463	5,051,911	5,335,038
Business-Type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	-	-	-	215,921
Investment Earnings	(34,523)	74,277	54,936	52,385	55,318	68,089	159,169	69,582	(26,168)	(163,603)
Capital Contribution	-	-	-	1,997,517	-	-	-	-	-	-
Transfers	-	-	-	-	(200,000)	-	-	(50,000)	-	-
Total Business-Type Activities	(34,523)	74,277	54,936	2,049,902	(144,682)	68,089	159,169	19,582	(26,168)	52,318
Total Primary Government	\$ 4,992,487	\$ 4,200,156	\$ 4,162,890	\$ 8,196,125	\$ 4,464,353	\$ 4,661,039	\$ 5,082,592	\$ 5,090,045	\$ 5,025,743	\$ 5,387,356
Change in Net Position:										
Governmental Activities	\$ 5,485,377	\$ 2,157,820	\$ (597,946)	\$ 72,166	\$ 4,558,057	\$ 159,111	\$ 393,968	\$ 1,677,407	\$ 1,684,560	\$ 837,912
Business-Type Activities	240,643	1,072,706	647,932	2,159,414	3,914,005	158,560	390,609	1,045,101	497,688	1,249,550
Total Primary Government	\$ 5,726,020	\$ 3,230,526	\$ 49,986	\$ 2,231,580	\$ 8,472,062	\$ 317,671	\$ 784,577	\$ 2,722,508	\$ 2,182,248	\$ 2,087,462

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Nonspendable	\$ -	\$ -	\$ 22,434	\$ 23,820	\$ 15,888	\$ 86,762	\$ 86,762	\$ 42,774	\$ 35,929	\$ 162,251
Assigned	280,680	150,000	258,314	444,566	361,830	397,484	163,113	217,416	310,573	149,064
Unassigned	<u>2,440,056</u>	<u>2,543,786</u>	<u>2,937,851</u>	<u>2,543,877</u>	<u>2,519,530</u>	<u>2,360,966</u>	<u>2,556,452</u>	<u>3,220,792</u>	<u>2,985,806</u>	<u>2,224,198</u>
Total General Fund	<u>\$ 2,720,736</u>	<u>\$ 2,693,786</u>	<u>\$ 3,218,599</u>	<u>\$ 3,012,263</u>	<u>\$ 2,897,248</u>	<u>\$ 2,845,212</u>	<u>\$ 2,806,327</u>	<u>\$ 3,480,982</u>	<u>\$ 3,332,308</u>	<u>\$ 2,535,513</u>
All Other Governmental Funds:										
Restricted	\$ 3,488,442	\$ 5,008,847	\$ 4,169,403	\$ 3,842,779	\$ 4,197,649	\$ 5,577,204	\$ 3,007,086	\$ 3,942,027	\$ 3,340,908	\$ 3,721,562
Committed	-	-	410,398	406,781	421,317	571,480	582,491	638,936	645,932	602,025
Assigned	2,258,497	802,133	227,155	326,804	1,560,724	243,131	38,437	88,704	38,960	190,623
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(136,568)</u>	<u>-</u>	<u>-</u>	<u>(296,820)</u>	<u>-</u>	<u>(7,954)</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 5,746,939</u>	<u>\$ 5,810,980</u>	<u>\$ 4,806,956</u>	<u>\$ 4,439,796</u>	<u>\$ 6,179,690</u>	<u>\$ 6,391,815</u>	<u>\$ 3,331,194</u>	<u>\$ 4,669,667</u>	<u>\$ 4,017,846</u>	<u>\$ 4,514,210</u>

Source: City's financial records.

**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>
2013	\$ 3,863,571
2014	\$ 3,878,323
2015	\$ 4,004,111
2016	\$ 4,157,599
2017	\$ 4,289,150
2018	\$ 4,473,650
2019	\$ 4,678,750
2020	\$ 4,945,212
2021	\$ 5,097,602
2022	\$ 5,375,433

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	\$ 3,913,257	\$ 3,908,750	\$ 4,022,425	\$ 4,157,304	\$ 4,266,743	\$ 4,463,911	\$ 4,669,485	\$ 4,909,287	\$ 5,104,471	\$ 5,355,418
Licenses and Permits	394,487	666,305	740,757	652,035	624,524	883,738	921,166	956,557	812,506	834,638
Intergovernmental	1,359,991	286,418	526,191	215,547	1,513,053	271,379	264,470	2,033,571	853,863	668,101
Charges for Services	259,168	513,250	271,046	329,901	325,524	301,873	336,564	325,603	351,709	349,017
Investment Earnings	(34,452)	119,528	75,954	76,062	84,864	128,750	243,771	72,226	(49,019)	(391,402)
Special Assessments	1,001,429	1,956,154	767,248	742,386	1,236,851	1,116,580	2,862,259	291,189	564,718	336,115
Gifts and Contributions	-	-	-	-	-	152,400	-	55,800	2,000	-
Miscellaneous	522,016	709,520	405,238	282,144	335,816	448,717	287,677	306,358	545,870	528,695
Total Revenues	7,415,896	8,159,925	6,808,859	6,455,379	8,387,375	7,767,348	9,585,392	8,950,591	8,186,118	7,680,582
Expenditures:										
General Government	1,057,405	1,167,794	974,569	1,303,870	1,121,798	1,091,051	1,083,657	1,140,411	1,091,723	1,121,628
Public Safety	1,980,708	2,240,017	2,200,045	2,330,657	2,538,467	2,688,397	2,771,973	2,820,850	2,937,134	3,141,981
Public Works	963,487	1,135,254	1,163,555	1,291,473	1,240,620	1,069,915	1,405,535	1,561,996	1,501,049	1,395,965
Parks and Recreation	111,257	126,927	129,905	155,671	149,900	157,331	139,117	147,269	172,437	147,225
Other	12,184	10,838	13,689	17,294	36,382	30,293	11,256	14,055	24,571	24,819
Capital Outlay	6,552,680	1,800,066	745,670	852,956	3,347,426	1,359,976	809,876	709,382	2,255,519	1,129,843
Debt Service:										
Principal	499,048	1,307,849	1,292,413	1,041,728	1,027,862	809,095	6,054,377	834,922	756,328	787,162
Interest	537,735	1,078,085	481,435	458,911	666,272	401,391	469,347	276,696	272,857	247,210
Total Expenditures	11,714,504	8,866,830	7,001,281	7,452,560	10,128,727	7,607,449	12,745,138	7,505,581	9,011,618	7,995,833
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,298,608)	(706,905)	(192,422)	(997,181)	(1,741,352)	159,899	(3,159,746)	1,445,010	(825,500)	(315,251)
Other Financing Sources (Uses):										
Bonds Issued	7,695,000	5,150,000	331,000	375,000	8,315,000	-	1,210,000	480,000	-	-
Premium on Bonds Issued	-	326,382	-	20,739	130,666	-	210,430	30,353	-	-
Discount on Bonds Issued	-	-	-	-	(7,305)	-	-	-	-	-
Payment of Refunded Bonds	-	(4,965,000)	(635,000)	-	(5,320,000)	-	(1,360,000)	-	-	-
Sales of Capital Assets	-	120,250	17,211	27,946	47,870	-	-	7,765	25,005	14,820
Transfers In	653,908	403,104	39,458	350,731	526,016	119,408	286,224	89,408	39,408	269,269
Transfers Out	(2,321,984)	(403,104)	(39,458)	(350,731)	(326,016)	(119,408)	(286,224)	(39,408)	(39,408)	(269,269)
Total Other Financing Sources (Uses)	6,026,924	631,632	(286,789)	423,685	3,366,231	-	60,430	568,118	25,005	14,820
Net Change in Fund Balances	\$ 1,728,316	\$ (75,273)	\$ (479,211)	\$ (573,496)	\$ 1,624,879	\$ 159,899	\$ (3,099,316)	\$ 2,013,128	\$ (800,495)	\$ (300,431)
Debt Service as a Percentage of Noncapital Expenditures	19.9%	34.3%	28.2%	20.1%	16.7%	19.1%	55.5%	16.3%	16.2%	15.2%

*The ratio of debt service as a percentage of noncapital expenditures was unusually high in 2019 due to the City using a large amount of prepaid special assessments collections to pay off the remainder of the 2013A and 2014A bonds in 2019.

**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			
2013	\$ 12,732,540	\$ 168,869	\$ 12,901,409	29.55	\$ 1,206,365,054	1.07 %
2014	12,650,081	169,765	12,819,846	29.76	1,200,801,283	1.07
2015	13,538,197	181,771	13,719,968	28.44	1,295,560,255	1.06
2016	15,550,109	292,723	15,842,832	28.79	1,470,711,462	1.08
2017	16,781,818	305,702	17,087,520	26.59	1,584,382,887	1.08
2018	18,105,070	324,780	18,429,850	25.74	1,709,974,365	1.08
2019	19,247,950	380,736	19,628,686	24.92	1,817,709,203	1.08
2020	20,705,553	395,544	21,101,097	24.73	1,963,840,700	1.07
2021	22,458,963	346,394	22,805,357	23.68	2,117,710,100	1.08
2022	29,534,035	402,600	29,936,635	23.68	2,717,136,300	1.10

* 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	Total	County			**School District Averages			
		Service Tax Rate	City Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total County Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total School Tax Rate	
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136
2014	24.737	5.024	29.761	N/A	N/A	49.959	N/A	N/A	31.883	111.603
2015	23.541	4.907	28.448	N/A	N/A	46.398	N/A	N/A	30.952	105.798
2016	23.427	5.365	28.792	N/A	N/A	45.356	N/A	N/A	32.920	107.068
2017	21.673	4.917	26.590	N/A	N/A	44.087	N/A	N/A	31.834	102.511
2018	20.490	5.252	25.742	N/A	N/A	42.808	N/A	N/A	35.424	103.974
2019	19.628	5.287	24.915	N/A	N/A	41.861	N/A	N/A	31.169	97.945
2020	20.454	4.281	24.735	N/A	N/A	41.084	N/A	N/A	29.822	95.641
2021	20.028	3.653	23.681	N/A	N/A	38.210	N/A	N/A	28.860	90.751
2022	19.882	3.215	23.097	N/A	N/A	38.535	N/A	N/A	27.086	88.718

** 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	2022			2013		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Center Point Energy	\$ 276,412	1	1.2 %	—	—	— %
Woodland Cove LLC	77,895	2	0.3	78,813	1	0.6
Towering Spruce Lodge LLC	66,288	3	0.3	—	—	—
Individual	62,013	4	0.3	—	—	—
Individual	54,313	5	0.2	—	—	—
Individual	54,000	6	0.2	—	—	—
Enchanted Development LLC	51,587	7	0.2	—	—	—
Individual	49,275	8	0.2	—	—	—
Individual	46,488	9	0.2	—	—	—
Individual	46,225	10	0.2	—	—	—
Woodland Cove, LLC	—	—	—	48,894	2	0.4
JP Morgan Chase Bank NA	—	—	—	46,950	3	0.4
Individual	—	—	—	46,688	4	0.4
Individual	—	—	—	44,038	5	0.3
JE Meyer Memorial Park Association	—	—	—	41,614	6	0.3
Individual	—	—	—	40,125	7	0.3
Individual	—	—	—	38,830	8	0.3
Burl Oaks Golf Club	—	—	—	37,025	9	0.3
Individual	—	—	—	39,920	10	0.3
Total	<u>\$ 784,496</u>		<u>3.3 %</u>	<u>\$ 462,897</u>		<u>3.6 %</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
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	20,349	3,878,323	100.00
2015	4,004,111	3,999,672	99.9	4,439	4,004,111	100.00
2016	4,157,599	4,140,337	99.6	11,929	4,152,266	99.87
2017	4,289,150	4,266,743	99.5	20,541	4,287,284	99.96
2018	4,473,650	4,451,285	99.5	7,882	4,459,167	99.68
2019	4,678,750	4,648,359	99.4	27,889	4,676,248	99.95
2020	4,945,212	4,915,135	99.4	23,748	4,938,883	99.87
2021	5,097,602	5,060,676	99.3	27,773	5,088,449	99.82
2022	5,375,433	5,327,685	99.1	—	5,327,685	99.11

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

Fiscal Year	Governmental Activities		Business-Type Activities	Total Primary Government	Per Capita (1)	Percentage of Personal Income
	G.O. Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds and Loans			
2013	\$ 4,965,000	\$ 12,445,000	\$ 1,900,364	\$ 19,310,364	\$ 2,867	5.2 %
2014	4,595,000	11,760,000	1,699,364	18,054,364	2,657	4.9
2015	4,691,000	10,140,000	1,503,364	16,334,364	2,415	3.9
2016	5,021,906	9,499,417	11,375,398	25,896,721	3,684	5.6
2017	5,288,316	11,630,000	11,901,645	28,819,961	3,982	5.8
2018	4,594,787	11,270,000	11,131,255	26,996,042	3,587	4.9
2019	4,325,187	4,855,000	10,992,086	20,172,273	2,623	3.5
2020	4,327,486	4,545,000	12,234,632	21,107,118	2,603	3.7
2021	3,782,757	4,255,000	11,362,442	19,404,744	2,349	3.4
2022	3,298,153	3,955,000	10,505,711	17,758,864	2,067	N/A

(1) See the Schedule of Demographic Statistics on page 116 for population and personal income data.

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

2022 per capita income was not available at the time of the preparation of the City's reports.

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>
2013	\$ 12,445,000	\$ 1,870,981	\$ 10,574,019	0.82 %	1,570
2014	11,760,000	3,748,283	8,011,717	0.66	1,179
2015	14,831,000	2,904,647	11,926,353	0.99	1,763
2016	14,521,323	2,992,862	11,528,461	0.89	1,640
2017	16,918,316	3,390,024	13,528,292	0.92	1,869
2018	15,864,787	4,282,061	11,582,726	0.73	1,539
2019	9,180,187	1,750,973	7,429,214	0.43	966
2020	8,872,486	1,736,440	7,136,046	0.39	880
2021	8,037,757	1,749,665	6,288,092	0.32	761
2022	7,253,153	1,594,069	5,659,084	0.27	659

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 108 for property value data.

(2) Population data can be found in the Schedule of Demographic Statistics on page 116.

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, 2022**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 7,253,153	100.00 %	\$ 7,253,153
Overlapping:			
School Districts:			
ISD No. 110*	103,970,000	9.28	9,648,416
ISD No. 111*	43,982,663	16.59	7,296,724
ISD No. 879**	61,565,000	0.82	504,833
ISD No. 277	29,325,559	33.69	9,879,781
Hennepin County:			
General	1,018,886,023	1.20	12,226,632
Three Rivers Park District	47,650,901	1.66	791,005
Regional Rail Authority	85,464,798	1.20	1,025,578
Metropolitan Council	83,059,397	0.65	539,886
Total Overlapping Debt			41,912,855
Total Direct and Overlapping Debt			\$ 49,166,008

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 36,190,952	\$ 36,024,038	\$ 38,866,808	\$ 44,121,344	\$ 47,531,487	\$ 51,299,231	\$ 54,531,276	\$ 58,915,221	\$ 63,531,303	\$ 81,514,089
Total Net Debt Applicable to Limit	3,094,019	846,717	1,786,353	2,029,044	1,898,292	3,338,559	3,483,508	3,485,089	2,947,945	2,535,971
Legal Debt Margin	<u>\$ 33,096,933</u>	<u>\$ 35,177,321</u>	<u>\$ 33,096,933</u>	<u>\$ 42,092,300</u>	<u>\$ 45,633,195</u>	<u>\$ 47,960,672</u>	<u>\$ 51,047,768</u>	<u>\$ 55,430,132</u>	<u>\$ 60,583,358</u>	<u>\$ 78,978,118</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	8.55%	2.35%	4.60%	4.60%	3.99%	6.51%	6.39%	5.92%	5.92%	3.11%

Legal Debt Margin Calculation for Fiscal Year 2022

Market value	\$ 2,717,136,300
Debt limit (3% of market value)	81,514,089
Debt applicable to limit	
General obligation bonds	7,253,153
Less special assessment bonds	(3,955,000)
Less amount set aside for repayment of G.O. debt	<u>(762,182)</u>
Total net debt applicable to limit	<u>2,535,971</u>
Legal debt margin	<u>\$ 78,978,118</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		
2013	\$ 546,875	\$ 558,280	\$ (11,405)	\$ 95,000	\$ 27,818	(0.09)	\$ 1,004,594	\$ 265,000	\$ 301,523	1.77	
2014	754,900	435,808	319,092	95,000	24,682	2.67	1,959,199	1,100,000	326,188	1.37	
2015	821,729	512,418	309,311	95,000	15,524	2.80	767,248	1,620,000	357,555	0.39	
2016	943,741	637,958	305,783	155,000	15,725	1.79	742,386	685,000	301,774	0.75	
2017	983,381	620,781	362,600	754,000	18,751	0.47	1,236,851	585,000	446,302	1.20	
2018	1,367,599	678,039	689,560	719,000	30,828	0.92	1,117,520	360,000	261,148	1.80	
2019	1,507,932	808,479	699,453	775,000	152,001	0.75	2,862,259	6,905,000	289,001	0.40	
2020	1,657,826	678,722	979,104	670,500	138,752	1.21	291,883	310,000	144,895	0.64	
2021	1,758,360	732,397	1,025,963	760,400	183,213	1.09	564,718	290,000	153,206	1.27	
2022	2,409,657	931,062	1,478,595	770,500	155,773	1.60	336,115	275,000	142,510	0.81	

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)
2013	6,735	\$ 55,663	\$ 374,890	2,466	5.0 %
2014	6,796	54,692	371,687	2,565	4.2
2015	6,763	61,202	413,909	2,651	2.8
2016	7,029	65,868	462,986	2,753	3.3
2017	7,238	69,140	500,435	2,835	3.5
2018	7,526	73,404	552,439	2,951	2.5
2019	7,692	75,709	582,354	3,093	2.6
2020	8,108	71,024	575,863	3,246	4.1
2021	8,262	70,098	579,150	3,361	2.4
2022	8,593	N/A	N/A	3,463	2.4

Data sources:

- (1) Metropolitan Council.
- (2) U.S. Census Bureau. Information only available for census years.
- (3) Hennepin County.
- N/A Not Available

**CITY OF MINNETRISTA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer		2022		2012	
		Employees	Rank	Employees	Rank
ISD No. 277 – Westonka School District	K–12 education	728 *	1	309 **	1
Burl Oaks Golf Club	Golf course	65	2	65	2
Westonka Bus Services	Transportation Services	52	3		
City of Minnetrista	Municipal Government	42	4	36	4
Norwesco Inc.	Plastic Tank Manufacturing	35	5		
YMCA	Day camp and other recreation activities	35	6		
Abel Onsite	Advertising - Marketing	19	7		
Cooks Bay Marketing	Air Conditioning contractors	15	8		
Big Stone Mini Golf	Golf course/miniature	7	9		
Marina Nastepniak	Marinas	7	10		
Al and Alma's	Restaurant and Boat Cruises			50	3
Lake Minnetonka Regional Park	Recreational Park			30	5
Waterfront Restoration, LLC	Bottled Water Delivery			20	6
Whaletail Lake Seaplane	Airport Operation			16	7
Williams Auto Sales	Automotive Sales			12	8
Widmer Construction, LLC	Water and Sewer Contractors			10	9
WRA Park	Nature Park			10	10
		<u>1,005</u>		<u>558</u>	

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

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function:										
General Government	9.0	9.0	10.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Safety:										
Police										
Officers	11.0	11.0	12.0	13.0	13.0	13.0	13.0	13.0	13.0	14.0
Civilians	3.6	3.8	3.8	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Highways and Streets	3.5	3.5	4.5	5.5	5.5	5.5	5.5	5.5	5.5	6.0
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	2.0	2.0	2.0	2.0	2.0	2.5
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	29.6	29.8	32.8	35.9	36.9	36.9	36.9	36.9	36.9	38.9

Source: City of Minnetrista records

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function:										
Police:										
Physical Arrests	134	116	152	112	148	148	124	90	56	69
Parking Violations	218	239	95	123	59	126	126	273	208	114
Traffic Violations	2,821	2,704	3,079	2,210	2,687	2,682	2,228	1,392	963	1,447
Highways and Streets:										
Street Seal Coated (Miles)	2.64	2.64	2.51	1.62	1.76	1.30	—	—	—	—
Blacktop Used in "Tons" for Repair of Potholes	301	724	545	650	611	640	585	905	205	285
Water:										
New Connections	29	57	110	89	64	102	128	145	145	90
Average Daily Consumption (Thousands of Gallons)	409	352	390	415	471	494	441	538	579	706
Wastewater:										
(Thousands of Gallons)	134	179	118	144	143	132	134	105	108	98

Source: Various city departments

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

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	12	13	13	12	12	12	12	12
Highways and Streets:										
Streets (Miles)	63	63	63	72	72	72	82	82	82	85
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	75	76	76	76	76	76	76	76	76	76
Parks	21	22	22	22	22	22	22	22	22	22
Water:										
Water Mains (Miles)	29	29	31	36	36	36	42	42	42	46
Fire Hydrants	296	296	296	361	361	400	442	449	449	455
Sewer:										
Sanitary Sewers (Miles)	35	35	35	36	36	36	36	36	36	36
Storm Sewers (Miles)	14	14	14	19	19	19	22	22	22	22

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

Source: Various city departments