

CITY OF MINNETRISTA, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2013

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

**BRIAN GRIMM
DIRECTOR OF FINANCE**

**CITY OF MINNETRISTA
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2013**

INTRODUCTORY SECTION

LETTER OF TRANSMITTAL	1
OFFICIAL DIRECTORY	6
ORGANIZATIONAL CHART	7
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	8

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	9
MANAGEMENT'S DISCUSSION AND ANALYSIS	12
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	23
STATEMENT OF ACTIVITIES	24
GOVERNMENTAL FUNDS	
BALANCE SHEET	25
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	26
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	27
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	28
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	29
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	30
STATEMENT OF CASH FLOWS	31
STATEMENT OF FIDUCIARY NET POSITION	32
NOTES TO BASIC FINANCIAL STATEMENTS	33

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)	58
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN	59

**CITY OF MINNETRISTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET	60
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	61

NONMAJOR SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET	62
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	63
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – EMERGENCY WARNING SIREN FUND	64
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – PARK DEVELOPMENT AND ACQUISITION FUND	65
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – ROAD MAINTENANCE FUND	66

NONMAJOR DEBT SERVICE FUNDS

COMBINING BALANCE SHEET	67
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	68
SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)	
MOUND FIRE IMPROVEMENT BONDS OF 2003 FUND	69
BRIDGE IMPROVEMENT BONDS OF 2003 FUND	70
G.O. IMPROVEMENT BONDS OF 2007 FUND	71
EDA LEASE REVENUE BONDS OF 2009 FUND	72
G.O. IMPROVEMENT BONDS OF 2010 FUND	73
G.O. IMPROVEMENT BONDS OF 2012 FUND	74

NONMAJOR CAPITAL PROJECT FUNDS

COMBINING BALANCE SHEET	75
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	76
SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – CAPITAL IMPROVEMENT FUND	77

**CITY OF MINNETRISTA
TABLE OF CONTENTS (CONTINUED)
YEAR ENDED DECEMBER 31, 2013**

STATISTICAL SECTION (UNAUDITED)

NET POSITION BY COMPONENT	78
CHANGES IN NET POSITION	79
FUND BALANCES, GOVERNMENTAL FUNDS	81
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS	82
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	83
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY	84
DIRECT AND OVERLAPPING TAX RATES	85
PRINCIPAL PROPERTY TAXPAYERS	86
PROPERTY TAX LEVIES AND COLLECTIONS	87
RATIOS OF OUTSTANDING DEBT BY TYPE	88
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	89
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	90
LEGAL DEBT MARGIN INFORMATION	91
PLEDGED REVENUE COVERAGE	92
DEMOGRAPHIC AND ECONOMIC STATISTICS	93
PRINCIPAL EMPLOYERS	94
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION	95
OPERATING INDICATORS BY FUNCTION	96
CAPITAL ASSET STATISTICS BY FUNCTION	97

INTRODUCTORY SECTION



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

May 14, 2014

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

The comprehensive annual financial report (CAFR) of the City of Minnetrista, Minnesota (the City) for the fiscal year ended December 31, 2013 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, 2013. The independent auditor's report on the basic financial statements is unmodified, and is included in the financial section of this report.

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

PROFILE OF THE CITY

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

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

The City issued building permits for 40 new single-family homes in 2013 with a total housing value of \$15,133,792.

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

ECONOMIC CONDITIONS AND OUTLOOK

The City is located in the southwest portion of Hennepin County approximately 20 miles southwest of Minneapolis on Lake Minnetonka. The population of the City was 6,735 per the latest 2013 Metropolitan Council Estimate

The City saw an increase from the previous year in the number of building permits for new homes in 2013, and continued controlled growth is expected.

NOTEWORTHY BUDGET AND FINANCIAL INFORMATION

Evaluation of the City Fee Structure

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

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

Capital and Long Range Planning

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management planning tool with a five year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2013 and going forward.

Development Market Conditions During 2013

Growth has been picking up the last couple years due to market conditions in the housing market improving. There are developments and proposed developments coming in and being discussed in 2013 and beyond. Building permit revenue should be higher in the upcoming year in comparison to previous years.

FINANCIAL CONTROLS

Investment Policy

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

The primary objectives, in order of priority, of the City's investment activities shall be: safety, liquidity and return on investment. In 2013, all of the City's investments fell into four categories: certificates of deposit (CD), federal agency securities, money market account, or pooled investments (4M Fund). Per the investment policy the City maintains no more than 30% of investments extending beyond five years and no more than 50% of the City's total investment portfolio invested in CDs. The City does not have any investments with a term of more than 10 years. For diversity purposes, the City does not keep more than 50% of the investment portfolio with any one broker or agency.

Fund Balance Policy

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

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

The General Fund balance for fiscal year-end 2013 is \$2,720,736. This is 65% of the 2014 operating budget.

FINANCIAL INFORMATION

The City annually adopts a budget for the following year. This budget is meant to be a guideline for expenditures and revenues for the year. The City always adopts a budget for the General Fund, special revenue funds, and most other governmental funds. The City has three special revenue funds: an Emergency Warning Siren Fund, a Park Development Fund, and a Road Maintenance 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.

2013 General Fund Actual to Budget

The General Fund was budgeted to spend down through budgeted transfers and fund balance use \$370,243 of reserves during 2013. At the end of the year, if the General Fund balance was anticipated to be below 40% of 2014 General Fund budgeted expenditures, the City Council would authorize any transfers into the fund. However, as noted earlier, the fund balance of the General Fund is at 65% of 2014 General Fund budgeted expenditures.

Special Project Funds

As a growing community, the City has concerns about the ongoing costs for infrastructure, maintenance and upgrades. Even though developers may fund the cost of new infrastructure, there will be ongoing costs to the City for sewer, water and street upgrades and repairs. To help defray these costs to the City and reduce the possibility of future assessments to property owners, the City Council established three special public improvement funds. The Water Improvement Fund, the Street Improvement Fund, and the Sewer Improvement Fund were originally established in 1998 with residual equity transfers from other water, sewer, or street related debt service or project funds. The City established a policy for sewer and water access charges and area charges to finance these funds. There are currently no revenue sources for the Street Improvement Fund.

AWARDS AND ACKNOWLEDGEMENTS

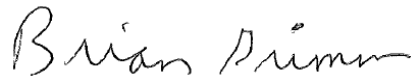
Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2012. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principle and applicable legal requirements.

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

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

Sincerely,

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

Brian Grimm
Finance Director

**CITY OF MINNETRISTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2013**

CITY COUNCIL AND OTHER OFFICIALS

Cheryl Fischer
Mark Vanderlinde
Arlene Donahue
Anne Hunt
Bob Christians

Mayor
Council Member
Council Member
Council Member
Council Member

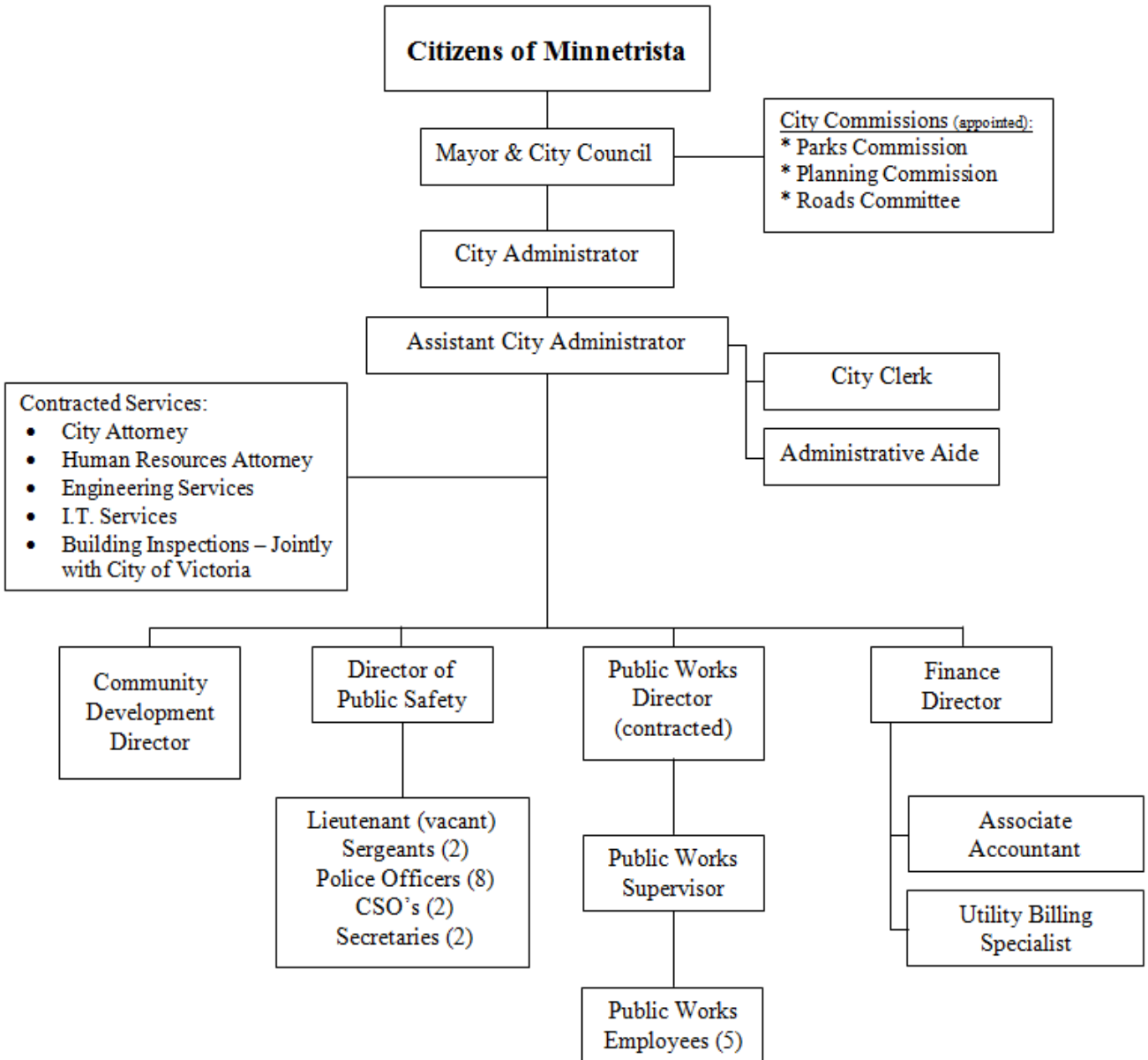
CITY OFFICIALS

Michael Funk
Michael Barone
Brian Grimm
Paul Falls

City Administrator
Assistant City Administrator
Finance Director
Director of Public Safety

**CITY OF MINNETRISTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2013**

**City of Minnetrista
Organization Chart**
October 1, 2013



CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2013



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Minnetrista
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

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

Executive Director/CEO

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Honorable Mayor and the City Council
City of Minnetrista, Minnesota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista as of December 31, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and schedule of funding progress, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Honorable Mayor and the City Council
City of Minnetrista, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2014, on our consideration of the City of Minnetrista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetrista's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 14, 2014

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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, 2013. 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 \$5,485,377 during the year to \$27,711,897 at year-end.
- The net position of the City's business-type activities increased by \$240,643 during the year to \$15,059,576.
- The fund balance of the General Fund increased by \$49,499 during the year to \$2,720,736 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,580,039.
- The Water, Sewer, Storm Water, and Recycling Operating Funds reported a combined operating loss of \$282,969.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements – The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to private sector businesses.

The statement of net position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes to net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. delinquent taxes and special assessments).

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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

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

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

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

Proprietary Funds – The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm water, and recycling.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the enterprise funds which are considered to be major funds of the City.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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

	Governmental Activities	
	2013	2012
Current and Other Assets	\$ 14,733,165	\$ 7,892,480
Capital Assets	32,042,371	25,736,817
Total Assets	46,775,536	33,629,297
Noncurrent Liabilities Outstanding	17,211,309	10,572,346
Other Liabilities	1,852,330	830,431
Total Liabilities	19,063,639	11,402,777
Net Position:		
Net Investment in Capital Assets	15,964,011	15,566,817
Restricted	9,889,947	3,933,026
Unrestricted	1,857,939	2,726,677
Total Net Position	\$ 27,711,897	\$ 22,226,520

	Business-Type Activities	
	2013	2012
Current and Other Assets	\$ 4,721,694	\$ 4,988,230
Capital Assets	12,464,211	12,115,113
Total Assets	17,185,905	17,103,343
Noncurrent Liabilities Outstanding	1,750,893	2,123,568
Other Liabilities	375,436	160,842
Total Liabilities	2,126,329	2,284,410
Net Position:		
Net Investment in Capital Assets	10,563,847	10,776,769
Unrestricted	4,495,729	4,042,164
Total Net Position	\$ 15,059,576	\$ 14,818,933

The City's net investment in capital assets is 62% of the total net position, and reflects its investment in capital assets (e.g. land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$9,889,947) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$6,353,668) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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			
	2013	2012	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 829,796	\$ 880,810	\$ (51,014)	(6)%
Operating Grants and Contributions	440,828	200,604	240,224	120
Capital Grants and Contributions	5,383,439	1,378,968	4,004,471	290
General Revenues:				
Property Taxes	3,890,282	3,878,823	11,459	-
Unrestricted Investment Earnings	89,009	61,284	27,725	45
Unrealized Gain (Loss) on Investments	(123,461)	-	(123,461)	-
Gain on Sale of Capital Assets	180	-	180	-
Other	1,171,000	202,226	968,774	479
Total Revenues	11,681,073	6,602,715	5,078,358	77
EXPENSES				
General Government	887,188	1,385,084	(497,896)	(36)
Public Safety	2,333,287	2,403,185	(69,898)	(3)
Public Works	2,171,994	2,372,757	(200,763)	(8)
Parks and Recreation	198,709	192,206	6,503	3
Interest on Long-Term Debt	604,518	411,838	192,680	47
Total Expenses	6,195,696	6,765,070	(569,374)	(8)
CHANGE IN NET POSITION	5,485,377	(162,355)	5,647,732	3479
Net Position - Beginning of Year	22,226,520	22,388,875	(162,355)	(1)
NET POSITION - END OF YEAR	<u>\$ 27,711,897</u>	<u>\$ 22,226,520</u>	<u>\$ 5,485,377</u>	25 %

Overall revenues increased 77% between 2012 and 2013. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year. Capital Grants and Contributions accounted for a majority of the increase as the result of a 2013 special assessment related to the T.H.7/Carver Co. Rd. 11/Kings Point Road roundabout project. The remaining increase was mostly due to \$1.2 million in other revenue received in the form of contributed capital for a parcel of land that was donated to the City in 2013.

The City also experienced an unrealized loss on the fair market value of its investments in 2013 totaling \$123,461. This is based on adjustments of investments to market per governmental reporting standards and reflects current market activity on the City's investments. This is a paper or book adjustment and does not represent any negative cash or impairment on the investments.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Expenses were monitored closely during the year which resulted in reductions from 2012 for most categories. The increase in interest expense and bond related expenses is related to bond issuance and bond discounts associated with the City's 2013A and 2013B bond issuances which occurred in 2013.

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

	Business-Type Activities			
	2013	2012	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,163,608	\$ 1,637,101	\$ 526,507	32 %
Operating Grants and Contributions	21,452	29,778	(8,326)	(28)
Capital Grants and Contributions	-	1,668	(1,668)	(100)
General Revenues:				
Unrestricted Investment Earnings	25,239	59,554	(34,315)	(58)
Unrealized Gain (Loss) on Investments	(59,762)	-	(59,762)	-
Total Revenues	<u>2,150,537</u>	<u>1,728,101</u>	<u>422,436</u>	24
EXPENSES				
Water Operating	778,481	686,378	92,103	13
Sewer Operating	823,690	754,958	68,732	9
Storm Water	208,830	204,343	4,487	2
Recycling	98,893	97,054	1,839	2
Total Expenses	<u>1,909,894</u>	<u>1,742,733</u>	<u>167,161</u>	10
CHANGE IN NET POSITION	240,643	(14,632)	255,275	1745
Net Position - Beginning of Year	<u>14,818,933</u>	<u>14,833,565</u>	<u>(14,632)</u>	(0)
NET POSITION - END OF YEAR	<u>\$ 15,059,576</u>	<u>\$ 14,818,933</u>	<u>\$ 240,643</u>	2 %

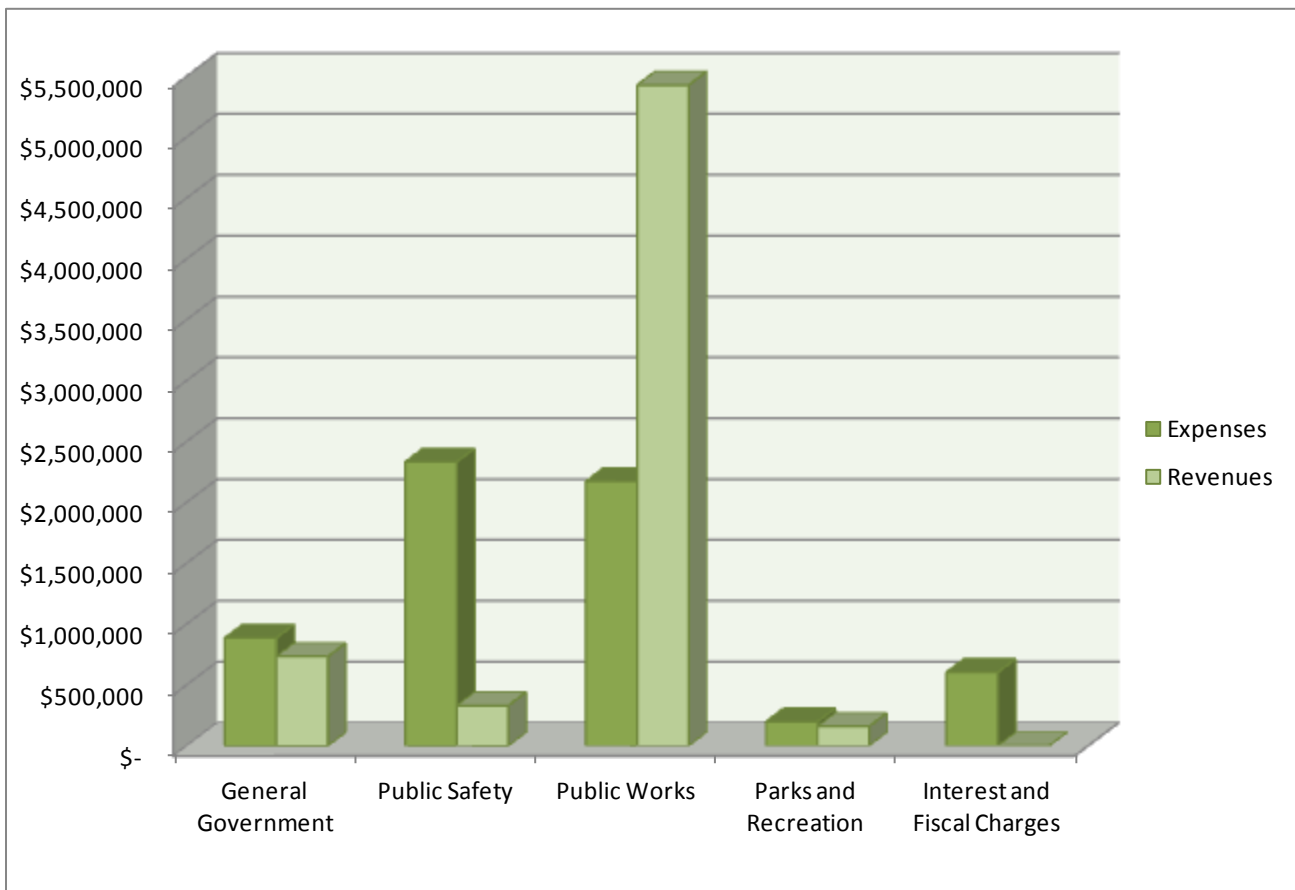
The business-type activities, primarily the City's utility operations, showed a slight growth in net position. Charges for Services increased significantly due to an increase in water area charges as a result of the Woodland Cove Development and phase I development fees. This large increase was partially offset by an increase in water operating expenditures (mainly additional maintenance that occurred in 2013) as well as an unrealized loss on investments and interest payments on long-term debt. All other amounts were fairly similar to the prior year.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Governmental Activities

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

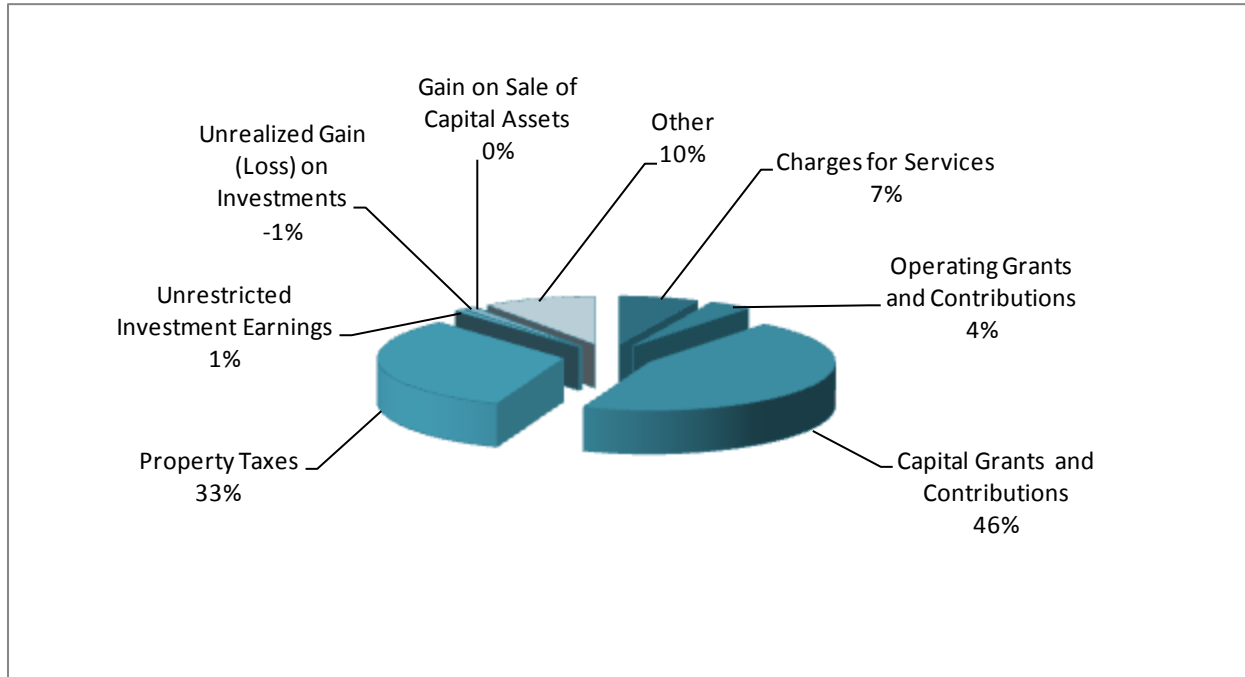
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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

Revenues by Source – Governmental Activities

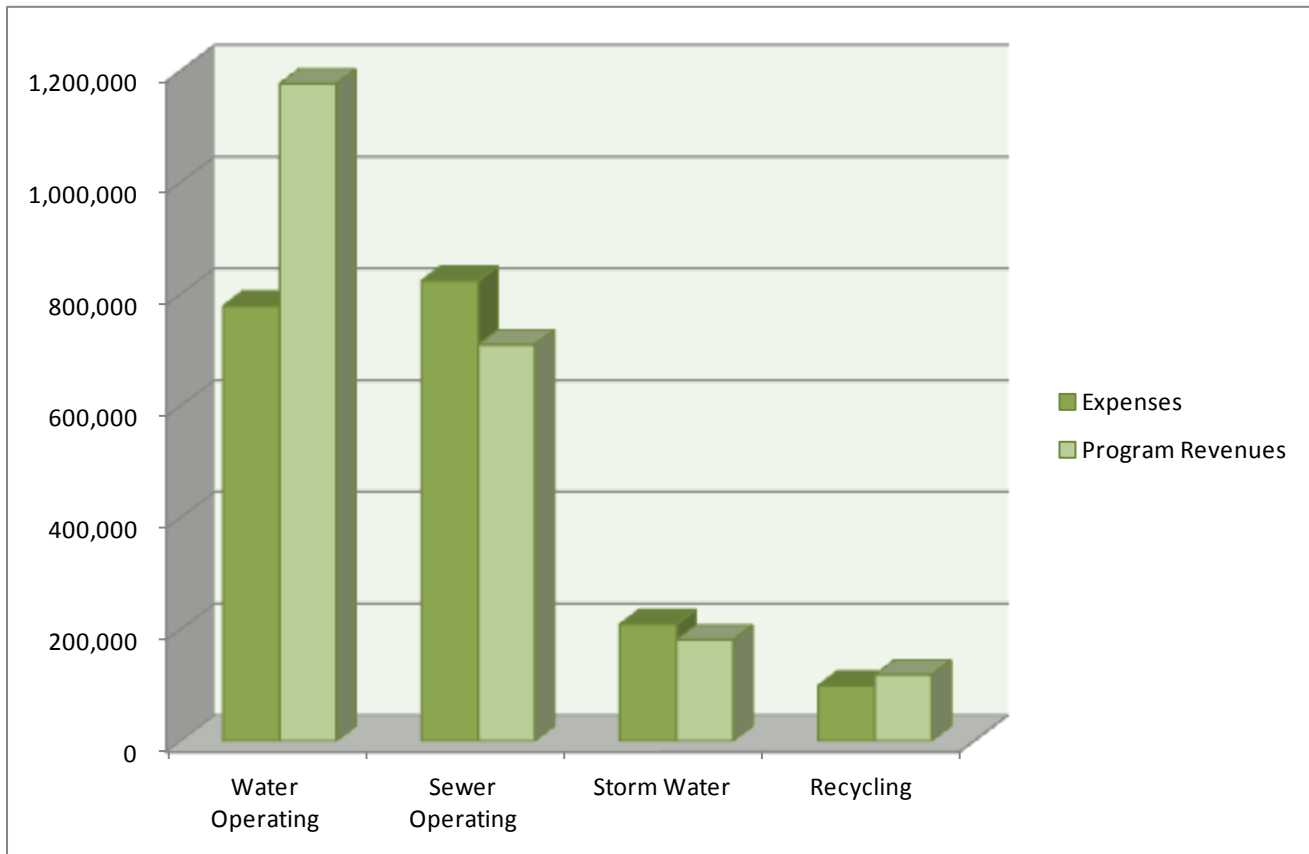


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Business-Type Activities

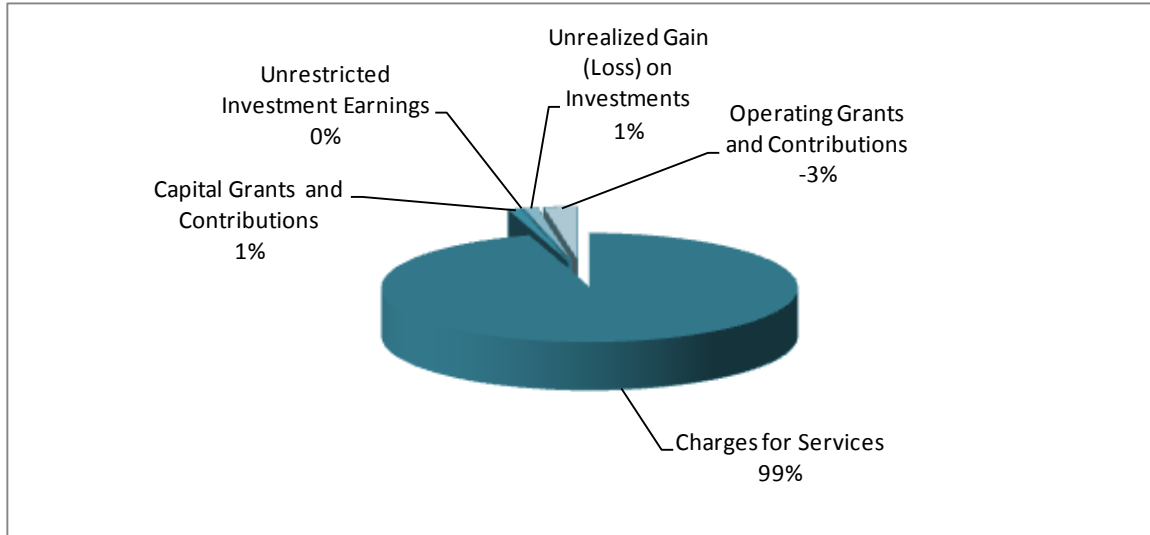
Business-Type Activities had an overall increase in net position of \$187,155, mainly due to a large increase in revenue from water area connection charges partially offset by operating losses in all four enterprise funds. One of the biggest expenses is depreciation (non-cash expense) within the water, sewer and surface water funds. Operating costs also did increase from 2012 to 2013 in each of the funds

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

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 2013 was property taxes at 75% of the total revenue, followed by licenses and permits at 9%. The total fund balance increased during the current fiscal year, resulting from an excess of revenue over expenditures of \$325,499 combined with transfers out to the Capital Improvement and Road Maintenance funds of \$226,000 and \$50,000, respectively. The unassigned fund balance of \$2,440,056 at the end of 2013 represents 62% of total General Fund expenditures for the year.

Other Major Governmental Funds

The G.O. Improvement Bonds of 2010 Fund was created as a debt service fund for the Game Farm Road and South Bay Drive Construction Project. The fund balance at the end of 2013 was \$789,065, which increased \$189,876 during the year as property taxes and special assessments exceeded the required debt service payments.

The G.O. Improvement Bonds of 2013A Fund was created in 2013 as a debt service fund for the Highway 7 Roundabout Project. The fund balance at the end of 2013 was \$649,329, which was due to special assessment prepayments received during the year to be used for future debt service payments.

The Highway 7/KPR Capital Projects Fund is a fund that was created in 2013 for the purpose of accounting for the Highway 7 Roundabout Project. At year-end, the fund had a fund balance of \$626,745, resulting from a combination of debt proceeds, state street aid and capital outlay expenditures.

The Kings Point Road Capital Project Fund is a fund that was created in 2013 for the purpose of accounting for Phase II of the Kings Point Road Improvement Project. At year-end, the fund had a fund balance of \$1,102,439, resulting from a combination of bond proceeds and capital outlay expenditures.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$12,494,641 at December 31, 2013. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- The biggest positive budget variances for revenue categories were within licenses and permits, property taxes and miscellaneous revenues. Property taxes exceeded budget by \$57,144 (1.8%) mainly due to higher than expected delinquent collections. Licenses and Permits saw the biggest variance as revenue exceeded budget by \$150,532 (62%) due to more building permits (new homes) than projected. Finally, miscellaneous revenues exceeded budget by \$49,953 (28%) due to insurance proceeds and other miscellaneous reimbursements exceeding what was projected.
- Total General Fund Expenditures were \$172,055 under budget. Police and Public Safety attributed for the majority of the positive variance. The police budget attributed for \$155,818 of the positive variance due to personnel costs in the department being lower than expected as a patrol officer position was open for most of the year and other line items also came in under budget. In the Public Safety function building inspection services did exceed budget and that was tied to the additional building permit activity. Public Works and Parks also had small positive variances due mainly to personal services cost savings.
- The Fund did have budgeted transfers of \$276,000 carried out during the year to help with technology and other CIP purchases that were not levied for as well as additional road maintenance funds made available to the special revenue fund for road maintenance for 2013.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2013 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 4,406,661	\$ 3,235,661	\$ -	\$ -	\$ 4,406,661	\$ 3,235,661
Construction in Progress	6,261,982	1,405,933	930,035	-	7,192,017	1,405,933
Buildings and Building Improvements	6,815,005	9,574,021	-	-	6,815,005	9,574,021
Improvements Other than Buildings	1,633,436	1,633,436	-	-	1,633,436	1,633,436
Streets and Infrastructure	29,292,414	25,089,542	19,637,000	19,637,000	48,929,414	44,726,542
Equipment and Furniture	4,929,168	4,769,357	609,318	609,318	5,538,486	5,378,675
Total Capital Assets	53,338,666	45,707,950	21,176,353	20,246,318	74,515,019	65,954,268
Less: Accumulated Depreciation	(21,296,295)	(19,971,133)	(8,712,142)	(8,131,205)	(30,008,437)	(28,102,338)
Total Capital Assets, Net	<u>\$ 32,042,371</u>	<u>\$ 25,736,817</u>	<u>\$ 12,464,211</u>	<u>\$ 12,115,113</u>	<u>\$ 44,506,582</u>	<u>\$ 37,851,930</u>

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2013**

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, compensated absences payable, and other postemployment benefits outstanding of \$19,768,202. 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	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ 12,445,000	\$ 5,015,000	\$ -	\$ -	\$ 12,445,000	\$ 5,015,000
General Obligation Revenue Bonds	-	-	1,900,364	2,090,364	1,900,364	2,090,364
Public Project Revenue Bonds	4,965,000	5,155,000	-	-	4,965,000	5,155,000
Compensated Absences	161,698	196,948	22,376	10,853	184,074	207,801
Other Postemployment Benefits	244,611	205,398	29,153	22,351	273,764	227,749
Total Outstanding Debt	<u>\$ 17,816,309</u>	<u>\$ 10,572,346</u>	<u>\$ 1,951,893</u>	<u>\$ 2,123,568</u>	<u>\$ 19,768,202</u>	<u>\$ 12,695,914</u>

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Finance Department, City of Minnetrista, 7701 County Road 110 West, Minnetrista, Minnesota 55364-9553.

BASIC FINANCIAL STATEMENTS

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
DECEMBER 31, 2013**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 9,151,213	\$ 4,284,993	\$ 13,436,206
Cash and Investments Held by Trustee	405,784	-	405,784
Accounts Receivable	-	348,113	348,113
Property Taxes Receivable	80,792	-	80,792
Special Assessments Receivable	4,589,379	81,672	4,671,051
Accrued Interest Receivable	14,731	6,753	21,484
Due from Other Governments	491,266	163	491,429
Capital Assets:			
Non-Depreciable:			
Land	4,406,661	-	4,406,661
Construction in Progress	6,261,982	930,035	7,192,017
Depreciable:			
Buildings and Building Improvements	6,815,005	20,246,318	27,061,323
Improvements Other than Buildings	1,633,436	-	1,633,436
Streets and Infrastructure	29,292,414	-	29,292,414
Equipment and Furniture	4,929,168	-	4,929,168
Total Capital Assets	53,338,666	21,176,353	74,515,019
Less: Accumulated Depreciation	(21,296,295)	(8,712,142)	(30,008,437)
Total Capital Assets, Net	32,042,371	12,464,211	44,506,582
Total Assets	46,775,536	17,185,905	63,961,441
LIABILITIES			
Accounts and Contracts Payable	719,955	151,827	871,782
Accrued Salaries and Fringes	104,706	12,790	117,496
Accrued Interest Payable	206,480	9,819	216,299
Other Liabilities	73,716	-	73,716
Deposits	142,473	-	142,473
Long-Term Liabilities:			
Due Within One Year	605,000	201,000	806,000
Due in More Than One Year	17,211,309	1,750,893	18,962,202
Total Liabilities	19,063,639	2,126,329	21,189,968
NET POSITION			
Net Investment in Capital Assets	15,964,011	10,563,847	26,527,858
Restricted for:			
Debt Service	7,230,243	-	7,230,243
Construction Activities	1,729,184	-	1,729,184
Park Improvement	930,520	-	930,520
Unrestricted	1,857,939	4,495,729	6,353,668
Total Net Position	\$ 27,711,897	\$ 15,059,576	\$ 42,771,473

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2013**

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	\$ 887,188	\$ 634,342	\$ 100,007	\$ -	\$ (152,839)	\$ -	\$ (152,839)
Public Safety	2,333,287	195,221	135,766	-	(2,002,300)	-	(2,002,300)
Public Works	2,171,994	233	45,035	5,383,439	3,256,713	-	3,256,713
Parks and Recreation	198,709	-	160,020	-	(38,689)	-	(38,689)
Interest and Fiscal Charges	604,518	-	-	-	(604,518)	-	(604,518)
Total Governmental Activities	6,195,696	829,796	440,828	5,383,439	458,367	-	458,367
Business-Type Activities:							
Water Operating	778,481	1,174,714	1,801	-	-	398,034	398,034
Sewer Operating	823,690	709,365	-	-	-	(114,325)	(114,325)
Storm Water	208,830	181,069	-	-	-	(27,761)	(27,761)
Recycling	98,893	98,460	19,651	-	-	19,218	19,218
Total Business-Type Activities	1,909,894	2,163,608	21,452	-	-	275,166	275,166
Total Primary Government	<u>\$ 8,105,590</u>	<u>\$ 2,993,404</u>	<u>\$ 462,280</u>	<u>\$ 5,383,439</u>	458,367	275,166	733,533
General Revenues:							
Property Taxes, Levied for General Purposes					3,890,282	-	3,890,282
Unrestricted Investment Earnings					89,009	25,239	114,248
Unrealized Gain (Loss) on Investments					(123,461)	(59,762)	(183,223)
Capital Contribution					1,171,000	-	1,171,000
Gain on Sale of Capital Assets					180	-	180
Total General Revenues and Transfers					<u>5,027,010</u>	<u>(34,523)</u>	<u>4,992,487</u>
Change in Net Position					5,485,377	240,643	5,726,020
Net Position - Beginning					22,226,520	14,818,933	37,045,453
Net Position - Ending					<u>\$ 27,711,897</u>	<u>\$ 15,059,576</u>	<u>\$ 42,771,473</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2013**

		Debt Service		Capital Projects		Other	
	General	G.O. Improvement	G.O. Improvement	Highway 7/ KPR	Kings	Governmental	Totals
	Fund	Bonds of 2010 (528)	Bonds of 2013A (530)	(497)	Point Road (498)	Funds	
ASSETS							
Cash and Investments	\$ 2,989,124	\$ 785,083	\$ 648,307	\$ 889,583	\$ 1,423,909	\$ 2,415,207	\$ 9,151,213
Cash and Investments Held by Trustee	-	-	-	-	-	405,784	405,784
Receivables:							
Accrued Interest	4,595	1,243	1,022	1,469	2,296	4,106	14,731
Delinquent Taxes	80,792	-	-	-	-	-	80,792
Delinquent Special Assessments	-	850,758	-	-	-	59,333	910,091
Other Special Assessments Receivable	-	5,084	3,394,025	-	-	280,179	3,679,288
Due from Other Governmental Units	42,704	2,739	-	-	-	445,823	491,266
Total Assets	<u>\$ 3,117,215</u>	<u>\$ 1,644,907</u>	<u>\$ 4,043,354</u>	<u>\$ 891,052</u>	<u>\$ 1,426,205</u>	<u>\$ 3,610,432</u>	<u>\$ 14,733,165</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ 109,265	\$ -	\$ -	\$ 264,307	\$ 323,766	\$ 22,617	\$ 719,955
Accrued Salaries Payable	104,706	-	-	-	-	-	104,706
Other Liabilities	73,716	-	-	-	-	-	73,716
Deposits	28,000	-	-	-	-	114,473	142,473
Total Liabilities	<u>315,687</u>	<u>-</u>	<u>-</u>	<u>264,307</u>	<u>323,766</u>	<u>137,090</u>	<u>1,040,850</u>
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Taxes	80,792	-	-	-	-	-	80,792
Unavailable Revenue - Special Assessments	-	855,842	3,394,025	-	-	339,512	4,589,379
Unavailable Revenue - Other	-	-	-	-	-	442,105	442,105
Total Deferred Inflows of Resources	<u>80,792</u>	<u>855,842</u>	<u>3,394,025</u>	<u>-</u>	<u>-</u>	<u>781,617</u>	<u>5,112,276</u>
FUND BALANCE							
Restricted:							
Debt Service	-	789,065	649,329	-	-	1,119,528	2,557,922
Parkland Acquisitions and Improvement	-	-	-	-	-	930,520	930,520
Road Construction Projects	-	-	-	626,745	1,102,439	-	1,729,184
Committed:							
Assigned:							
Emergency Warning Siren Operation	-	-	-	-	-	168,029	168,029
Road Maintenance	-	-	-	-	-	128,972	128,972
Subsequent Year Budget	280,680	-	-	-	-	-	280,680
Capital Plan Improvements	-	-	-	-	-	307,051	307,051
Capital Projects	-	-	-	-	-	37,625	37,625
Unassigned	2,440,056	-	-	-	-	-	2,440,056
Total Fund Balance	<u>2,720,736</u>	<u>789,065</u>	<u>649,329</u>	<u>626,745</u>	<u>1,102,439</u>	<u>2,691,725</u>	<u>8,580,039</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,117,215</u>	<u>\$ 1,644,907</u>	<u>\$ 4,043,354</u>	<u>\$ 891,052</u>	<u>\$ 1,426,205</u>	<u>\$ 3,610,432</u>	<u>\$ 14,733,165</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, 2013**

Total Fund Balances for Governmental Funds	\$	8,580,039
--	----	-----------

Total net position reported for governmental activities in the statement of net position is different because:

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

Land	\$	4,406,661	
Construction in Progress		6,261,982	
Buildings and Building Improvements		6,815,005	
Improvements Other than Buildings		1,633,436	
Streets and Infrastructure		29,292,414	
Equipment and Furniture		4,929,168	
Total Capital Assets		53,338,666	
Less: Accumulated Depreciation		(21,296,295)	32,042,371

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.

5,112,276

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.

(206,480)

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	(17,410,000)		
Other Postemployment Benefits	(244,611)		
Compensated Absence Payable	(161,698)		
		(17,816,309)	(17,816,309)

Total Net Position of Governmental Activities	\$	27,711,897
---	----	------------

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2013

	General Fund	Debt Service		Capital Projects		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2010 (528)	G.O. Improvement Bonds of 2013A (530)	Highway 7/ KPR (497)	Kings Point Road (498)		
REVENUE							
Property Taxes	\$ 3,216,040	\$ 121,289	\$ -	\$ -	\$ -	\$ 575,928	\$ 3,913,257
Special Assessments	-	284,281	649,580	-	-	67,568	1,001,429
Licenses and Permits	394,487	-	-	-	-	-	394,487
Intergovernmental Revenue	147,091	-	-	594,000	-	618,900	1,359,991
Charges for Services	259,168	-	-	-	-	-	259,168
Fines and Forfeitures	60,313	-	-	-	-	-	60,313
Other Revenue:							
Investment Earnings	14,791	6,714	8,313	20,285	22,323	16,583	89,009
Unrealized Gain (Loss) on Investments	(38,450)	(10,418)	(8,564)	(12,307)	(19,234)	(34,488)	(123,461)
Miscellaneous Revenue	229,953	16,517	-	-	-	215,233	461,703
Total Revenue	4,283,393	418,383	649,329	601,978	3,089	1,459,724	7,415,896
EXPENDITURES							
Current:							
General Government	1,020,078	-	-	5,054	-	32,273	1,057,405
Public Safety	1,980,708	-	-	-	-	-	1,980,708
Public Works	833,667	-	-	-	-	129,820	963,487
Parks and Recreation	111,257	-	-	-	-	-	111,257
Other	12,184	-	-	-	-	-	12,184
Total Current Expenditures	3,957,894	-	-	5,054	-	162,093	4,125,041
Capital Outlay	-	-	-	4,344,579	1,915,624	292,477	6,552,680
Debt Service:							
Principal Retirement	-	140,000	-	-	-	359,048	499,048
Interest and Fiscal Charges	-	88,507	-	85,600	67,343	296,285	537,735
Total Debt Service	-	228,507	-	85,600	67,343	655,333	1,036,783
Total Expenditures	3,957,894	228,507	-	4,435,233	1,982,967	1,109,903	11,714,504
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	325,499	189,876	649,329	(3,833,255)	(1,979,878)	349,821	(4,298,608)
OTHER FINANCE SOURCES (USES)							
Proceeds from Issuance of Debt	-	-	-	4,460,000	3,082,317	152,683	7,695,000
Transfers In	-	-	-	-	-	653,908	653,908
Transfers Out	(276,000)	-	-	-	-	(2,045,984)	(2,321,984)
Total Other Finance Sources (Uses)	(276,000)	-	-	4,460,000	3,082,317	(1,239,393)	6,026,924
NET CHANGE IN FUND BALANCES	49,499	189,876	649,329	626,745	1,102,439	(889,572)	1,728,316
FUND BALANCES							
Beginning of Year	2,671,237	599,189	-	-	-	3,581,297	6,851,723
End of Year	\$ 2,720,736	\$ 789,065	\$ 649,329	\$ 626,745	\$ 1,102,439	\$ 2,691,725	\$ 8,580,039

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, 2013**

Net Change in Fund Balances-Total Governmental Funds	\$	1,728,316
--	----	-----------

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital Outlays - Improvement Costs (Net of Proceeds)	\$ 6,501,739		
Capital Contributions	1,171,000		
Depreciation Expense	<u>(1,367,185)</u>		6,305,554

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

General Obligation Bond Proceeds	(7,695,000)		
Repayment of Bond Principal	455,000		
Change in Accrued Interest Expense	<u>(66,783)</u>		(7,306,783)

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

Deferred Inflows of Resources - December 31, 2012	2,018,099		
Deferred Inflows of Resources - December 31, 2013	<u>5,112,276</u>		3,094,177

In the statement of activities, compensated absences and other postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During fiscal year 2013, compensated absence payable and other post employment benefits payable changed.

(3,963)

In 2013, water and sewer capital projects funds activity was transferred into the water and sewer enterprise funds on the fund level statements. This activity was already reflected in business-type activities on the government-wide statements in prior years, therefore, these transfers to the business-type activities were eliminated on the government-wide financial statements.

1,668,076

Change in Net Position of Governmental Activities	\$	<u><u>5,485,377</u></u>
---	----	-------------------------

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2013**

	Business-Type Activities				
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Totals
ASSETS					
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 2,719,181	\$ 1,178,032	\$ 199,209	\$ 188,571	\$ 4,284,993
Receivables:					
Accounts Receivable (Net of Allowance)	102,564	170,680	49,589	25,280	348,113
Accrued Interest	4,278	1,851	314	310	6,753
Delinquent Special Assessments	-	-	7,623	7,147	14,770
Special Assessments	41,496	25,406	-	-	66,902
Due from Other Governmental Units	54	59	26	24	163
Total Current Assets	<u>2,867,573</u>	<u>1,376,028</u>	<u>256,761</u>	<u>221,332</u>	<u>4,721,694</u>
CAPITAL ASSETS					
Construction in Progress	107,054	822,981	-	-	930,035
Buildings and Improvements	8,849,556	8,862,751	2,534,011	-	20,246,318
Less: Accumulated Depreciation	<u>(2,838,560)</u>	<u>(4,760,994)</u>	<u>(1,112,588)</u>	<u>-</u>	<u>(8,712,142)</u>
Net Capital Assets	<u>6,118,050</u>	<u>4,924,738</u>	<u>1,421,423</u>	<u>-</u>	<u>12,464,211</u>
Total Assets	<u>\$ 8,985,623</u>	<u>\$ 6,300,766</u>	<u>\$ 1,678,184</u>	<u>\$ 221,332</u>	<u>\$ 17,185,905</u>
LIABILITIES AND NET POSITION					
CURRENT LIABILITIES					
Accounts and Contracts Payable	\$ 64,830	\$ 78,206	\$ 8,660	\$ 131	\$ 151,827
Accrued Salaries Payable	6,824	5,477	489	-	12,790
Compensated Absences Payable	7,171	6,968	861	-	15,000
Accrued Interest Payable	4,454	5,365	-	-	9,819
Bonds Payable	<u>141,000</u>	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>186,000</u>
Total Current Liabilities	<u>224,279</u>	<u>141,016</u>	<u>10,010</u>	<u>131</u>	<u>375,436</u>
NONCURRENT LIABILITIES					
Compensated Absences Payable	3,526	3,426	424	-	7,376
Other Post-Employment Benefits	13,573	11,522	2,813	1,245	29,153
Bonds Payable	<u>1,029,364</u>	<u>685,000</u>	<u>-</u>	<u>-</u>	<u>1,714,364</u>
Total Noncurrent Liabilities	<u>1,046,463</u>	<u>699,948</u>	<u>3,237</u>	<u>1,245</u>	<u>1,750,893</u>
Total Liabilities	<u>1,270,742</u>	<u>840,964</u>	<u>13,247</u>	<u>1,376</u>	<u>2,126,329</u>
NET POSITION					
Net Investment in Capital Assets	4,947,686	4,194,738	1,421,423	-	10,563,847
Unrestricted	<u>2,767,195</u>	<u>1,265,064</u>	<u>243,514</u>	<u>219,956</u>	<u>4,495,729</u>
Total Net Position	<u>7,714,881</u>	<u>5,459,802</u>	<u>1,664,937</u>	<u>219,956</u>	<u>15,059,576</u>
Total Liabilities and Net Position	<u>\$ 8,985,623</u>	<u>\$ 6,300,766</u>	<u>\$ 1,678,184</u>	<u>\$ 221,332</u>	<u>\$ 17,185,905</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013

	Business-Type Activities				
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Totals
OPERATING REVENUE					
Sales and User Fees	\$ 611,675	\$ 686,280	\$ 181,069	\$ 97,269	\$ 1,576,293
OPERATING EXPENSES					
Personnel Services	169,366	156,903	35,790	10,014	372,073
Professional Services	44,754	78,875	39,272	-	162,901
Operating and Maintenance Supplies	20,635	107,401	16,567	-	144,603
Utilities	258,743	18,782	-	-	277,525
Depreciation	230,533	245,551	104,853	-	580,937
Maintenance and Repairs	5,089	7,058	57	-	12,204
Insurance	7,205	2,853	-	-	10,058
Other Expenses	5,040	192,751	12,291	88,879	298,961
Total Operating Expenses	741,365	810,174	208,830	98,893	1,859,262
OPERATING LOSS	(129,690)	(123,894)	(27,761)	(1,624)	(282,969)
NONOPERATING REVENUE (EXPENSES)					
Area Charges	562,929	23,085	-	-	586,014
Investment Earnings	19,612	3,227	1,148	1,252	25,239
Unrealized Gain (Loss) on Investments	(35,841)	(18,703)	(2,627)	(2,591)	(59,762)
Interest Expense	(37,116)	(13,516)	-	-	(50,632)
State Grant	1,801	-	-	19,651	21,452
Miscellaneous Revenue	110	-	-	1,191	1,301
Total Nonoperating Revenue (Expenses)	511,495	(5,907)	(1,479)	19,503	523,612
INCOME (LOSS) BEFORE TRANSFERS	381,805	(129,801)	(29,240)	17,879	240,643
Transfers In	488,527	634,828	-	-	1,123,355
CHANGES IN NET POSITION	870,332	505,027	(29,240)	17,879	1,363,998
NET POSITION					
Beginning of Year	6,844,549	4,954,775	1,694,177	202,077	13,695,578
End of Year	\$ 7,714,881	\$ 5,459,802	\$ 1,664,937	\$ 219,956	\$ 15,059,576

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2013**

	Business-Type Activities - Enterprise Funds				
	Water	Sewer	Storm Water	Recycling	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash Receipts from Customers	\$ 632,749	\$ 686,341	\$ 179,450	\$ 97,123	\$ 1,595,663
Cash Paid to Suppliers	(363,042)	(367,050)	(68,536)	(88,782)	(887,410)
Cash Paid to Employees	(159,619)	(146,965)	(35,900)	(10,188)	(352,672)
Other Receipts	110	-	-	1,191	1,301
Non-Cash Transactions	(35,841)	(18,703)	(2,627)	(2,591)	(59,762)
Net Cash Provided (Used) by Operating Activities	74,357	153,623	72,387	(3,247)	297,120
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Connection Fees Received	562,929	23,085	-	-	586,014
Special Assessments for Capital Purposes	(25,122)	(7,543)	316	296	(32,053)
Principal Payments on Bonds	440,364	(50,000)	-	-	390,364
Interest Payments on Bonds	(35,004)	-	-	-	(35,004)
Acquisition of Capital Assets	(107,054)	(822,981)	-	-	(930,035)
Interest Paid on Advances from Other Funds	-	(16,506)	-	-	(16,506)
Net Cash Provided (Used) by Capital and Related Financing Activities	836,113	(873,945)	316	296	(37,220)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest Received on Investments	18,616	2,665	1,151	1,372	23,804
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES					
State Grants Received	1,801			19,651	21,452
Transfers In	488,527	634,828	-	-	1,123,355
Net Cash Provided by Non-Capital Financing Activities	490,328	634,828	-	19,651	1,144,807
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,419,414	(82,829)	73,854	18,072	1,428,511
Cash and Cash Equivalents at Beginning of the Year	1,299,767	1,260,861	125,355	170,499	2,856,482
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	<u>\$ 2,719,181</u>	<u>\$ 1,178,032</u>	<u>\$ 199,209</u>	<u>\$ 188,571</u>	<u>\$ 4,284,993</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating Loss	\$ (129,690)	\$ (123,894)	\$ (27,761)	\$ (1,624)	\$ (282,969)
Adjustments to Operating Loss Non-Cash					
Expenses Included in Net Income:					
Depreciation	230,533	245,551	104,853	-	580,937
Change in Fair Market Value of Investments	(35,841)	(18,703)	(2,627)	(2,591)	(59,762)
Miscellaneous Income	110	-	-	1,191	1,301
(Increase) Decrease in:					
Accounts Receivable	20,471	(597)	(1,912)	(421)	17,541
Due from Other Governmental Units	603	658	293	275	1,829
Increase (Decrease) in:					
Accounts Payable	(21,576)	40,670	(349)	97	18,842
Accrued Salaries Payable	427	1,154	(126)	(379)	1,076
Compensated Absences Payable	6,146	5,843	(466)	-	11,523
Other Postemployment Benefits	3,174	2,941	482	205	6,802
Net Cash Provided (Used) by Operating Activities	<u>\$ 74,357</u>	<u>\$ 153,623</u>	<u>\$ 72,387</u>	<u>\$ (3,247)</u>	<u>\$ 297,120</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2013**

	Land Use (801)
	<hr/>
ASSETS	
Cash and Investments	\$ 20,763
Land Use Receivable	<hr/> 55,318
Total Assets	<hr/> <hr/> \$ 76,081
LIABILITIES	
Accounts and Contracts Payable	\$ 57,956
Developer Payable	<hr/> 18,125
Total Liabilities	<hr/> <hr/> \$ 76,081

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

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

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

B. Reporting Entity

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

The Minnetrista Economic Development Authority (EDA) is a legally separate organization created to provide the City economic development assistance. The governing board consists of the City's mayor and council members, therefore the Minnetrista EDA has been reported as a blended component unit of the City, with its funds reported as though they are funds of the City. The purpose of the Minnetrista EDA is to issue revenue bonds to acquire land and to purchase or construct facilities and, currently, the only operation of the Minnetrista EDA is the repayment of the revenue bonds. The activity is presented in a separate fund, the EDA Lease Revenue Bonds of 2009 Debt Service Fund.

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all of the financial activities of the City, except fiduciary funds. Since, by definition, fiduciary fund assets are held for the benefit of a third party and cannot be used for activities or obligations of the City, these funds are excluded from the government-wide financial statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other internally directed revenues are reported as general revenues.

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

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

D. Fund Financial Statement Presentation

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

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

Major revenue that is susceptible to accrual includes property taxes, intergovernmental revenue, charges for services, and interest earned on investments. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Revenue that is not susceptible to accrual includes licenses and permits, fees, and miscellaneous revenue. Such revenue is recorded only when received because it is not measurable until collected. Grants and similar items are recognized when all eligibility requirements imposed by the provider have been met.

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

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

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

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

Highway 7/KPR Capital Projects Fund – This fund accounts for the activity of the Highway 7/Kings Point Road Roundabout Project.

Kings Point Road Capital Projects Fund – This fund accounts for the activity of Phase II of the Kings Point Road Project.

The City reports the following major enterprise funds:

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

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

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

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

The City also reports the following fund type:

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

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

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

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

F. Receivables

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

G. Property Taxes

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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

H. Special Assessments

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

I. Interfund Receivables and Payables

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

J. Capital Assets

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

K. Compensated Absences Payable

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities

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

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

M. Deferred Inflows of Resources

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

N. Net Position/Fund Balance

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position/Fund Balance (Continued)

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

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

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

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

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

O. Budgets and Budgetary Accounting

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgets and Budgetary Accounting (Continued)

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

P. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2013.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 260,550
Investments	13,601,953
Cash on Hand	250
	<u>\$ 13,862,753</u>

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

Statement of Net Position:

Cash and Investments - Statement of Net Position	\$ 13,436,206
Cash and Investments With Fiscal Agent - Statement of Net Position	405,784
Cash and Investments - Statement of Fiduciary Net Position	20,763
Total Cash and Investments	<u>\$ 13,862,753</u>

B. Deposits

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

B. Deposits (Continued)

Custodial Credit Risk (Continued)

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

At year-end, the carrying amount of the City's deposits was \$260,550 while the balance on the bank records was \$267,555. At December 31, 2013, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City's agent in the City's name.

C. Investments

The City has the following investments at year-end:

	Total Fair Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan	\$ 2,512,898	\$ -	\$ -	\$ 2,512,898	Aaa/AA+	Moody's/S&P
Federal National Mortgage	153,938	153,938	-	-	Aaa/AA+	Moody's/S&P
Negotiable Certificates of Deposit	3,936,890	1,049,714	2,552,894	334,282	N/R	N/A
Money Market	91,626	91,626	-	-	Aa2/AA-	Moody's/S&P
Mutual Funds	405,784	405,784	-	-	N/R	N/A
MN Municipal Money Market (4M)	6,500,817	6,500,817	-	-	N/R	N/A
	<u>\$ 13,601,953</u>	<u>\$ 1,295,278</u>	<u>\$ 2,552,894</u>	<u>\$ 2,847,180</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

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

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

At December 31, 2013, the following is a list of investments which individually comprise more than 5% of the City's total investments:

		Percent of Total Fair Value
Federal Home Loan	\$ 2,512,898	18.5%
Money Market- 4M Fund	6,500,817	47.8%

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

NOTE 3 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Transfers

The following is a summary of transfers made by the City during 2013:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 276,000
Capital Improvement	226,000	-
Road Maintenance	50,000	-
Street Improvement	361,918	-
Highland Road Improvement	-	377,908
Water Improvement	-	1,041,337
Sewer Improvement	-	626,739
G.O. Improvement Bonds of 2012	15,990	-
Water	488,527	
Sewer	634,828	-
	<u>\$ 1,777,263</u>	<u>\$ 2,321,984</u>

These funds were transferred to close a capital project fund, provide additional resources for capital projects and close the water improvement and sewer improvement capital projects funds into the water and sewer enterprise funds. The reason the transfers do not balance is due to transferring beginning fund balance of governmental funds into enterprise funds and the conversion entries associated with transferring converting from the modified basis of accounting to the full accrual basis of accounting.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013

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	\$ 3,235,661	\$ 1,171,000	\$ -	\$ -	\$ 4,406,661
Construction in progress	1,405,933	6,299,905	(1,443,856)	-	6,261,982
Total Capital Assets, Not Being Depreciated	4,641,594	7,470,905	(1,443,856)	-	10,668,643
Capital Assets, Being Depreciated:					
Land Improvements	1,633,436	-	-	-	1,633,436
Buildings and Building Improvements	9,574,021	-	-	(2,759,016)	6,815,005
Infrastructure	25,089,542	1,443,856	-	2,759,016	29,292,414
Vehicles and Equipment	4,769,357	201,834	(42,023)	-	4,929,168
Total Capital Assets, Being Depreciated	41,066,356	1,645,690	(42,023)	-	42,670,023
Accumulated Depreciation for:					
Land Improvements	(694,684)	(67,561)	-	-	(762,245)
Buildings and Building Improvements	(1,177,063)	(167,399)	-	-	(1,344,462)
Infrastructure	(14,805,573)	(846,353)	-	-	(15,651,926)
Vehicles and Equipment	(3,293,813)	(285,872)	42,023	-	(3,537,662)
Total Accumulated Depreciation	(19,971,133)	(1,367,185)	42,023	-	(21,296,295)
Total Capital Assets, Being Depreciated, Net	21,095,223	278,505	-	-	21,373,728
Governmental Activities Capital Assets, Net	\$ 25,736,817	\$ 7,749,410	\$ (1,443,856)	\$ -	\$ 32,042,371

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Construction in Progress	\$ -	\$ 930,035	\$ -	-	\$ 930,035
Capital Assets, Being Depreciated:					
Infrastructure	19,637,000	-	-	-	19,637,000
Machinery and Equipment	609,318	-	-	-	609,318
Total Capital Assets, Being Depreciated	20,246,318	-	-	-	20,246,318
Accumulated Depreciation for:					
Infrastructure	(7,889,743)	(543,401)	-	-	(8,433,144)
Machinery and Equipment	(241,462)	(37,536)	-	-	(278,998)
Total Accumulated Depreciation	(8,131,205)	(580,937)	-	-	(8,712,142)
Total Capital Assets, Being Depreciated, Net	12,115,113	(580,937)	-	-	11,534,176
Business-Type Activities Capital Assets, Net	\$ 12,115,113	\$ 349,098	\$ -	\$ -	\$ 12,464,211

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 4 CAPITAL ASSETS (CONTINUED)

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 24,207
Public Safety	250,960
Streets	1,024,457
Parks and Recreation	<u>67,561</u>
Total Depreciation Expense, Governmental Activities	<u><u>\$ 1,367,185</u></u>

Business-Type Activities:

Water Operating	\$ 230,533
Sewer Operating	245,551
Storm Water	<u>104,853</u>
Total Depreciation Expense, Business-Type Activities	<u><u>\$ 580,937</u></u>

NOTE 5 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2013:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2003	05/01/03	\$ 495,000	1.50-4.50%	12/31/18	\$ 185,000
G.O. Improvement Bonds of 2007A	10/01/07	890,000	3.75-4.50%	12/01/27	715,000
G.O. Improvement Bonds of 2010A	09/16/10	3,270,000	2.00-3.50%	02/01/31	3,130,000
G.O. Improvement bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	720,000
G.O. Improvement Bonds of 2013A	09/11/13	4,460,000	0.90-3.90%	02/01/29	4,460,000
G.O. Improvement Bonds of 2013B	10/10/13	3,235,000	1.10-4.60%	02/01/30	3,235,000
Public Project Revenue Bonds Payable:					
EDA Lease Revenue Bonds of 2009A	06/01/09	5,520,000	3.00-4.75%	02/01/31	4,965,000
Total Bonds					<u>17,410,000</u>
Compensated Absences					161,698
Other Post Employment Benefits					<u>244,611</u>
Total Governmental Activities					<u><u>\$ 17,816,309</u></u>
Business-Type Activities:					
General Obligation Revenue Bonds:					
G.O. Water Revenue Refunding Bonds of 2005A	10/01/05	\$ 1,070,000	3.30-3.95%	12/01/19	\$ 635,000
G.O. Sewer Revenue Bonds of 2012	04/26/12	780,000	0.50-2.80%	02/01/27	<u>730,000</u>
Total Bonds					<u>1,365,000</u>
PFA Drinking Water Revolving Loan	Various	719,813	1.189%	08/20/24	535,364
Compensated Absences					22,376
Other Postemployment Benefits					<u>29,153</u>
Total Business-Type Activities					<u><u>\$ 1,951,893</u></u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

A. Components Long-Term Debt (Continued)

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

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

B. Changes in Long-Term Debt

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
G.O. Special Assessment Bonds	\$ 5,015,000	\$ 7,695,000	\$ (265,000)	\$ 12,445,000	\$ 260,000
Lease Revenue Bonds	5,155,000	-	(190,000)	4,965,000	195,000
Total Bonds Payable	10,170,000	7,695,000	(455,000)	17,410,000	455,000
Compensated Absences	196,948	161,909	(197,159)	161,698	150,000
Other Postemployment Benefits	205,398	41,270	(2,057)	244,611	-
Total Governmental Activities	10,572,346	7,898,179	(654,216)	17,816,309	605,000
Business-Type Activities:					
G.O. Revenue Bonds	1,510,000	-	(145,000)	1,365,000	140,000
PFA Drinking Water Revolving Loan	580,364	-	(45,000)	535,364	46,000
Total Bonds and Loans	2,090,364	-	(190,000)	1,900,364	186,000
Compensated Absences	10,853	15,609	(4,086)	22,376	15,000
Other Postemployment Benefits	22,351	7,159	(357)	29,153	-
Total Business-Type Activities	2,123,568	22,768	(194,443)	1,951,893	201,000
Total Debt	<u>\$ 12,695,914</u>	<u>\$ 7,920,947</u>	<u>\$ (848,659)</u>	<u>\$ 19,768,202</u>	<u>\$ 806,000</u>

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

EDA Lease Revenue Bonds – These bonds were issued to finance the construction of the municipal campus expansion in 2009.

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt (Continued)

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

C. Future Minimum Debt Payments

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

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 455,000	\$ 548,945
2015	685,000	568,494
2016	915,000	552,459
2017	940,000	532,304
2018	960,000	508,519
2019-2023	5,015,000	2,109,042
2024-2028	5,780,000	1,152,881
2029-2031	2,660,000	146,561
Totals	\$ 17,410,000	\$ 6,119,203

<u>Years</u>	<u>Business-Type Activities</u>				
	<u>Bonds Payable</u>		<u>Loans Payable</u>		<u>Totals</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2014	\$ 140,000	\$ 37,445	\$ 46,000	\$ 6,365	\$ 229,810
2015	155,000	33,530	46,000	5,819	240,349
2016	155,000	29,313	47,000	5,272	236,585
2017	160,000	24,718	48,000	4,713	237,431
2018	160,000	19,828	48,000	4,142	231,970
2019-2023	370,000	46,713	249,000	11,995	677,708
2024-2027	225,000	12,233	51,364	611	289,208
Totals	\$ 1,365,000	\$ 203,778	\$ 535,364	\$ 38,917	\$ 2,143,059

D. Compensated Absences

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 6 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by Public Employees' Retirement Association of Minnesota (PERA). PERA administers the General Employees' Retirement Fund (GERF) and the Public Employees' Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated or Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, firefighters, and peace officers who qualify for membership by state statutes are covered by the PEPFF.

PERA provides retirement benefits and disability benefits to members and benefits to survivors upon death of eligible members. Benefits are established by state statutes, and vest after three years of credited service. The defined retirement benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service.

Two methods are used to compute benefits for GERF's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years of service and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3% for each year of service.

For all PEPFF members and for GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for reduced Social Security benefits capped at 66 for Coordinated Plan members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A normal annuity is a lifetime annuity that ceases upon the death of the retiree-no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

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

A. Plan Description (Continued)

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERS and PEPF. That report may be obtained on the web at mnpera.org; by writing to PERA at Public Employees' Retirement Association of Minnesota, Retirement Systems Building of Minnesota, 60 Empire Drive, Suite 200, St. Paul, Minnesota 55103; or by calling (651) 296-7460 or (800) 652-9026.

B. Funding Policy

Minnesota Statute, Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the State Legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERS Basic and Coordinated Plan members were required to contribute 9.10% and 6.25%, respectively, of their annual covered salary in 2013. PEPF members were required to contribute 9.6% of their annual covered salary in 2013. The City was required to contribute the following percentages of annual covered payroll in 2013: 11.78% for Basic Plan GERS members, 7.25% for Coordinated Plan GERS members, and 14.4% for PEPF members. The City's contributions for the past three years ended December 31, which were equal to the contractually required contributions for each year as set by state statutes, were as follows:

	<u>GERS</u>	<u>PEPF</u>	<u>Total</u>
2013	\$ 65,216	\$ 124,416	\$ 189,632
2012	68,001	114,985	297,851
2011	80,648	120,865	201,513

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS

At December 31, 2009, the City adopted GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The City engaged an actuary to determine the City's liability for postemployment healthcare benefits other than pensions as of January 1, 2012.

A. Plan Description

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

The benefits provided are as follows:

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

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

B. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2013, the City contributed \$2,414 to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2013, there were no retirees receiving health benefits from the City's health plans.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution	\$ 46,969
Interest on Net OPEB Obligation	10,249
Adjustment to Annual Required Contribution	<u>(8,789)</u>
Annual OPEB Cost (Expense)	48,429
Contributions Made	<u>(2,414)</u>
Increase in Net OPEB Obligation	46,015
Net OPEB Obligation - Beginning of Year	<u>227,749</u>
Net OPEB Obligation - End of Year	<u><u>\$ 273,764</u></u>

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2013	\$ 48,429	5.0%	\$ 273,764
12/31/2012	46,349	1.4%	227,749
12/31/2011	44,088	5.4%	182,070

D. Funded Status and Funding Progress

As of January 1, 2012, the most recent actuarial valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$275,566. The annual payroll for active employees covered by the plan in the actuarial valuation was \$1,785,728 for a ratio of UAAL to covered payroll of 15.4%.

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Actuarial Methods and Assumptions

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

In the January 1, 2012, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which the rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9%, reduced by decrements to an ultimate rate of 5% after twelve years. The rate includes a 3% inflation rate. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2013 was 30 years.

NOTE 8 FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. Restricted and Assigned fund balances at December 31, 2013, 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. Assigned for Emergency Warning Siren** – Represents amounts assigned by the City Council for the replacement of the emergency warning siren system.
- D. Assigned for Road Maintenance** – Represents amounts assigned by the City Council to be used for various road maintenance projects.
- E. Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 8 FUND BALANCES (CONTINUED)

F. 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.

G. Assigned for Capital Projects - Represents amounts which are assigned by the City for various capital projects.

NOTE 9 COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Litigation

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

C. Public Safety Contract

The City has a contract to provide public safety service to the City of St. Bonifacius, Minnesota. The annual service fee will be determined based on a percentage of the City's annual police department budget. The percentage of the annual budget to be paid by the City of Bonifacius will be based on the respective populations and tax capacities of the two cities. During 2013, the City received \$195,221 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 \$379,509 for fire protection services in 2013.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2013**

NOTE 9 COMMITMENTS AND CONTINGENCIES (CONTINUED)

E. Public Safety Building

The City of Mound issued general obligation bonds to finance the construction of a public safety building, a portion of which is used for the Mound Police Department and the other portion used by the area fire service, which consists of five area cities, including the City of Minnetrista. As part of its annual fee for fire protection services, the City has agreed to contribute its proportionate share of the area fire service's debt service obligation on the City of Mound's general obligation bonds. The City's payments of \$67,628 for 2013 are included in debt service principal (\$44,048) and interest (\$23,580) in the governmental fund financial statements. Future payments are contingent upon the City continuing participation in the area fire service.

F. Construction Commitments

The City entered into contracts in 2013 as follows:

Project	Final Contracted Amount	Expended Through 12/31/13	Remaining Commitment
7th at County Rd 11 Roundabout Project	\$ 4,033,624	\$ 3,725,515	\$ 308,109
Kings Point Road	2,413,364	1,468,141	945,223
Total	<u>\$ 6,446,988</u>	<u>\$ 5,193,656</u>	<u>\$ 1,253,332</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MINNETRISTA
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 3,158,896	\$ 3,158,896	\$ 3,216,040	\$ 57,144
Licenses and Permits	243,955	243,955	394,487	150,532
Intergovernmental Revenue	134,800	118,800	147,091	28,291
Charges for Services	264,055	264,055	259,168	(4,887)
Fines and Forfeits	67,000	67,000	60,313	(6,687)
Other Revenue:				
Investment Earnings	3,000	3,000	14,791	11,791
Unrealized Loss on Investments	-	-	(38,450)	(38,450)
Miscellaneous Revenue	123,000	180,000	229,953	49,953
Total Revenue	3,994,706	4,035,706	4,283,393	247,687
EXPENDITURES				
General Government:				
Mayor and City Council	42,883	50,883	47,820	(3,063)
Administration	508,658	508,658	500,545	(8,113)
Elections	1,000	1,000	369	(631)
Assessing	94,000	94,000	96,994	2,994
Legal	96,000	148,000	180,000	32,000
Central Services	113,602	113,602	90,806	(22,796)
Government Building	76,877	76,877	103,544	26,667
Total General Government	933,020	993,020	1,020,078	27,058
Public Safety:				
Police	1,627,349	1,627,349	1,471,531	(155,818)
Fire	387,821	387,821	379,509	(8,312)
Inspection and Zoning	102,700	102,700	129,668	26,968
Total Public Safety	2,117,870	2,117,870	1,980,708	(137,162)
Public Works:				
Other	855,343	855,343	833,667	(21,676)
Parks and Recreation:				
Other	134,216	134,216	111,257	(22,959)
Miscellaneous:				
Other	29,500	29,500	12,184	(17,316)
Total Expenditures	4,069,949	4,129,949	3,957,894	(172,055)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(75,243)	(94,243)	325,499	419,742
OTHER FINANCE USES				
Transfers Out	-	(276,000)	(276,000)	-
NET CHANGE IN FUND BALANCES	<u>\$ (75,243)</u>	<u>\$ (370,243)</u>	49,499	<u>\$ 419,742</u>
FUND BALANCES				
Beginning of Year			2,671,237	
End of Year			<u>\$ 2,720,736</u>	

CITY OF MINNETRISTA
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2013

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
1/1/2012	\$ -	\$ 275,566	\$ 275,566	-	\$ 1,785,728	15.4%
1/1/2010	-	222,602	222,602	-	1,998,138	11.1%
1/1/2008	-	222,612	222,612	-	1,786,878	12.5%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013**

	Special Revenue	Debt Service	Capital Project	Totals
ASSETS				
Cash and Investments	\$ 1,227,923	\$ 708,618	\$ 478,666	\$ 2,415,207
Cash and Investments Held by Trustee	-	405,784	-	405,784
Receivables:				
Accrued Interest	1,931	1,660	515	4,106
Delinquent Special Assessments	-	59,333	-	59,333
Other Special Assessments Receivable	-	280,179	-	280,179
Due from Other Governmental Units	-	445,823	-	445,823
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 1,229,854</u>	<u>\$ 1,901,397</u>	<u>\$ 479,181</u>	<u>\$ 3,610,432</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 2,333	\$ 252	\$ 20,032	\$ 22,617
Deposits	-	-	114,473	114,473
Total Liabilities	<u>2,333</u>	<u>252</u>	<u>134,505</u>	<u>137,090</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	339,512	-	339,512
Unavailable Revenue - Other	-	442,105	-	442,105
Total Deferred Inflows of Resources	<u>-</u>	<u>781,617</u>	<u>-</u>	<u>781,617</u>
FUND BALANCE				
Restricted:				
Debt Service	-	1,119,528	-	1,119,528
Parkland Acquisitions and Improvement	930,520	-	-	930,520
Assigned:				
Emergency Warning Siren Operation	168,029	-	-	168,029
Road Maintenance	128,972	-	-	128,972
Capital Plan Improvements	-	-	307,051	307,051
Capital Projects	-	-	37,625	37,625
Total Fund Balance	<u>1,227,521</u>	<u>1,119,528</u>	<u>344,676</u>	<u>2,691,725</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,229,854</u>	<u>\$ 1,901,397</u>	<u>\$ 479,181</u>	<u>\$ 3,610,432</u>

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2013**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ 50,000	\$ 525,928	\$ -	\$ 575,928
Special Assessments	-	67,568	-	67,568
Intergovernmental Revenue	76,393	-	542,507	618,900
Other Revenue:				
Investment Earnings	8,048	6,542	1,993	16,583
Unrealized Loss on Investments	(16,175)	(9,011)	(9,302)	(34,488)
Miscellaneous Revenue	173,713	40,998	522	215,233
Total Revenue	291,979	632,025	535,720	1,459,724
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	32,273	32,273
Public Works				
Other	129,820	-	-	129,820
Capital Outlay:				
Other	19,891	-	272,586	292,477
Debt Service:				
Principal Retirement	-	359,048	-	359,048
Interest and Fiscal Charges	-	296,285	-	296,285
Total Debt Service	-	655,333	-	655,333
Total Expenditures	149,711	655,333	304,859	1,109,903
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	142,268	(23,308)	230,861	349,821
OTHER FINANCE SOURCES (USES)				
Debt Proceeds	-	152,683	-	152,683
Transfers In	50,000	15,990	587,918	653,908
Transfers Out	-	-	(2,045,984)	(2,045,984)
Total Other Finance Sources (Uses)	50,000	168,673	(1,458,066)	(1,239,393)
NET CHANGE IN FUND BALANCES	192,268	145,365	(1,227,205)	(889,572)
FUND BALANCES				
Beginning of Year	1,035,253	974,163	1,571,881	3,581,297
End of Year	\$ 1,227,521	\$ 1,119,528	\$ 344,676	\$ 2,691,725

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Totals
ASSETS				
Cash and Investments	\$ 167,764	\$ 931,390	\$ 128,769	\$ 1,227,923
Receivables:				
Accrued Interest	<u>265</u>	<u>1,463</u>	<u>203</u>	<u>1,931</u>
Total Assets	<u><u>\$ 168,029</u></u>	<u><u>\$ 932,853</u></u>	<u><u>\$ 128,972</u></u>	<u><u>\$ 1,229,854</u></u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ -	\$ 2,333	\$ -	\$ 2,333
FUND BALANCE				
Restricted:				
Parkland Acquisitions and Improvement	-	930,520	-	930,520
Assigned:				
Emergency Warning Siren Operation	168,029	-	-	168,029
Road Maintenance	<u>-</u>	<u>-</u>	<u>128,972</u>	<u>128,972</u>
Total Fund Balance	<u><u>168,029</u></u>	<u><u>930,520</u></u>	<u><u>128,972</u></u>	<u><u>1,227,521</u></u>
Total Liabilities and Fund Balance	<u><u>\$ 168,029</u></u>	<u><u>\$ 932,853</u></u>	<u><u>\$ 128,972</u></u>	<u><u>\$ 1,229,854</u></u>

CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2013

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Totals
REVENUE				
Property Taxes	\$ -	\$ -	\$ 50,000	\$ 50,000
Intergovernmental Revenue	-	-	76,393	76,393
Other Revenue:				
Investment Earnings	1,009	6,238	801	8,048
Unrealized Loss on Investments	(2,213)	(12,253)	(1,709)	(16,175)
Miscellaneous Revenue	13,693	160,020	-	173,713
Total Revenue	12,489	154,005	125,485	291,979
EXPENDITURES				
Public Works				
Other	-	-	129,820	129,820
Capital Outlay	-	19,891	-	19,891
Total Expenditures	-	19,891	129,820	149,711
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	12,489	134,114	(4,335)	142,268
OTHER FINANCE SOURCES				
Transfers In	-	-	50,000	50,000
NET CHANGE IN FUND BALANCES	12,489	134,114	45,665	192,268
FUND BALANCES				
Beginning of Year	155,540	796,406	83,307	1,035,253
End of Year	\$ 168,029	\$ 930,520	\$ 128,972	\$ 1,227,521

**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, 2013**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings	\$ 2,000	\$ (1,204)	\$ (3,204)
Miscellaneous Revenue	2,000	13,693	11,693
Total Revenue	<u>4,000</u>	<u>12,489</u>	<u>8,489</u>
EXPENDITURES			
Capital Outlay:			
Other	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 2,000</u></u>	<u>12,489</u>	<u><u>\$ 10,489</u></u>
FUND BALANCES			
Beginning of Year		<u>155,540</u>	
End of Year		<u><u>\$ 168,029</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, 2013

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUE			
Investment Earnings	\$ 14,175	\$ (6,015)	\$ (20,190)
Miscellaneous Revenue	100,000	160,020	60,020
Total Revenue	<u>114,175</u>	<u>154,005</u>	<u>39,830</u>
EXPENDITURES			
Capital Outlay:			
Other	<u>47,000</u>	<u>19,891</u>	<u>(27,109)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 67,175</u></u>	<u>134,114</u>	<u><u>\$ 66,939</u></u>
FUND BALANCES			
Beginning of Year		<u>796,406</u>	
End of Year		<u><u>\$ 930,520</u></u>	

**CITY OF MINNETRISTA
ROAD MAINTENANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Intergovernmental Revenue	80,000	80,000	76,393	(3,607)
Investment Earnings	1,000	1,000	(908)	(1,908)
Total Revenue	<u>131,000</u>	<u>131,000</u>	<u>125,485</u>	<u>(5,515)</u>
EXPENDITURES				
Streets:				
Other	<u>145,000</u>	<u>145,000</u>	<u>129,820</u>	<u>(15,180)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(14,000)	(14,000)	(4,335)	9,665
OTHER FINANCE SOURCES				
Transfers In	<u>-</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ (14,000)</u>	<u>\$ 36,000</u>	45,665	<u>\$ 9,665</u>
FUND BALANCES				
Beginning of Year			<u>83,307</u>	
End of Year			<u>\$ 128,972</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, 2013**

	Mound Fire Improvement Bonds of 2003 (514)	Enchanted Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007 (526)	EDA Lease Revenue Bonds of 2009 (527)	G.O. Improvement Bonds of 2012 (529)	G.O. Improvement Bonds of 2013B (531)	Totals
ASSETS							
Cash and Investments	\$ 5,204	\$ 110,721	\$ 138,017	\$ 272,216	\$ 29,868	\$ 152,592	\$ 708,618
Cash and Investments Held by Trustee	-	-	-	405,784	-	-	405,784
Receivables:							
Accrued Interest	-	177	218	429	595	241	1,660
Delinquent Special Assessments	-	-	-	-	59,333	-	59,333
Other Special Assessments Receivable	-	20,747	259,432	-	-	-	280,179
Due from Other Governmental Units	503	256	154	2,805	442,105	-	445,823
Total Assets	<u>\$ 5,707</u>	<u>\$ 131,901</u>	<u>\$ 397,821</u>	<u>\$ 681,234</u>	<u>\$ 531,901</u>	<u>\$ 152,833</u>	<u>\$ 1,901,397</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ 252	\$ -	\$ 252
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Special Assessment	-	20,747	259,432	-	59,333	-	339,512
Unavailable Revenue - Other	-	-	-	-	442,105	-	442,105
Total Deferred Inflows of Resources	-	20,747	259,432	-	501,438	-	781,617
FUND BALANCE							
Restricted:							
Debt Service	5,707	111,154	138,389	681,234	30,211	152,833	1,119,528
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 5,707</u>	<u>\$ 131,901</u>	<u>\$ 397,821</u>	<u>\$ 681,234</u>	<u>\$ 531,901</u>	<u>\$ 152,833</u>	<u>\$ 1,901,397</u>

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2013**

	Mound Fire Improvement Bonds of 2003 (514)	Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007 (526)	EDA Lease Revenue Bonds of 2009 (527)	G.O. Improvement Bonds of 2012 (529)	G.O. Improvement Bonds of 2013B (531)	Totals
REVENUE							
Property Taxes	\$ 71,225	\$ 35,797	\$ 21,763	\$ 397,143	\$ -	\$ -	\$ 525,928
Special Assessments	-	5,731	42,573	-	19,264	-	67,568
Other Revenue:							
Investment Earnings	-	556	787	3,034	-	2,165	6,542
Unrealized Loss on Investments	-	(1,475)	(1,817)	(3,598)	(106)	(2,015)	(9,011)
Miscellaneous Revenue	-	-	-	19,664	21,334	-	40,998
Total Revenue	71,225	40,609	63,306	416,243	40,492	150	632,025
EXPENDITURES							
Debt Service:							
Principal Retirement	44,048	35,000	40,000	190,000	50,000	-	359,048
Interest and Fiscal Charges	23,580	9,471	32,172	212,632	18,430	-	296,285
Total Debt Service	67,628	44,471	72,172	402,632	68,430	-	655,333
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	3,597	(3,862)	(8,866)	13,611	(27,938)	150	(23,308)
OTHER FINANCE SOURCES							
Proceeds from Issuance of Debt	-	-	-	-	-	152,683	152,683
Transfers In	-	-	-	-	15,990	-	15,990
Total Other Finance Sources	-	-	-	-	15,990	152,683	168,673
NET CHANGE IN FUND BALANCES	3,597	(3,862)	(8,866)	13,611	(11,948)	152,833	145,365
FUND BALANCES							
Beginning of Year	2,110	115,016	147,255	667,623	42,159	-	974,163
End of Year	\$ 5,707	\$ 111,154	\$ 138,389	\$ 681,234	\$ 30,211	\$ 152,833	\$ 1,119,528

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, 2013

	<u>Budgeted Amounts</u>			<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Final Budget</u>
REVENUE				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,225	\$ (775)
EXPENDITURES				
Debt Service:				
Principal Retirement	72,000	72,000	44,048	(27,952)
Interest and Fiscal Charges	-	-	23,580	23,580
Total Debt Service	<u>72,000</u>	<u>72,000</u>	<u>67,628</u>	<u>(4,372)</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	3,597	<u>\$ 3,597</u>
FUND BALANCES				
Beginning of Year			<u>2,110</u>	
End of Year			<u>\$ 5,707</u>	

CITY OF MINNETRISTA
BRIDGE IMPROVEMENT BONDS OF 2003 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 36,600	\$ 36,600	\$ 35,797	\$ (803)
Special Assessments	8,000	8,000	5,731	(2,269)
Investment Earnings	1,500	1,500	(919)	(2,419)
Total Revenue	<u>46,100</u>	<u>46,100</u>	<u>40,609</u>	<u>(5,491)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	-
Interest and Fiscal Charges	-	9,370	9,471	101
Total Debt Service	<u>35,000</u>	<u>44,370</u>	<u>44,471</u>	<u>101</u>
NET CHANGE IN FUND BALANCES	<u>\$ 11,100</u>	<u>\$ 1,730</u>	(3,862)	<u>\$ (5,592)</u>
FUND BALANCES				
Beginning of Year			<u>115,016</u>	
End of Year			<u>\$ 111,154</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2007 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 22,000	\$ 22,000	\$ 21,763	\$ (237)
Special Assessments	10,000	10,000	42,573	32,573
Investment Earnings	2,000	2,000	(1,030)	(3,030)
Total Revenue	<u>34,000</u>	<u>34,000</u>	<u>63,306</u>	<u>29,306</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	32,173	32,173	32,172	(1)
Total Debt Service	<u>72,173</u>	<u>72,173</u>	<u>72,172</u>	<u>(1)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (38,173)</u>	<u>\$ (38,173)</u>	<u>(8,866)</u>	<u>\$ 29,307</u>
FUND BALANCES				
Beginning of Year			<u>147,255</u>	
End of Year			<u>\$ 138,389</u>	

CITY OF MINNETRISTA
EDA LEASE REVENUE BONDS OF 2009 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
REVENUE				
Property Taxes	\$ 401,466	\$ 401,466	\$ 397,143	\$ (4,323)
Investment Earnings	1,000	1,000	(564)	(1,564)
Miscellaneous Revenue	19,665	19,665	19,664	(1)
Total Revenue	<u>422,131</u>	<u>422,131</u>	<u>416,243</u>	<u>(5,888)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	190,000	190,000	190,000	-
Interest and Fiscal Charges	210,718	210,718	212,632	1,914
Total Debt Service	<u>400,718</u>	<u>400,718</u>	<u>402,632</u>	<u>1,914</u>
NET CHANGE IN FUND BALANCES	<u>\$ 21,413</u>	<u>\$ 21,413</u>	13,611	<u>\$ (7,802)</u>
FUND BALANCES				
Beginning of Year			<u>667,623</u>	
End of Year			<u>\$ 681,234</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2010 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
REVENUE				
Property Taxes	\$ 122,609	\$ 122,609	\$ 121,289	\$ (1,320)
Special Assessments	90,000	90,000	284,281	194,281
Investment Earnings	2,500	2,500	(3,704)	(6,204)
Miscellaneous Revenue	20,000	20,000	16,517	(3,483)
Total Revenue	<u>235,109</u>	<u>235,109</u>	<u>418,383</u>	<u>183,274</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	140,000	140,000	140,000	-
Interest and Fiscal Charges	87,956	87,956	88,507	551
Total Debt Service	<u>227,956</u>	<u>227,956</u>	<u>228,507</u>	<u>551</u>
NET CHANGE IN FUND BALANCES	<u>\$ 7,153</u>	<u>\$ 7,153</u>	189,876	<u>\$ 182,723</u>
FUND BALANCES				
Beginning of Year			<u>599,189</u>	
End of Year			<u>\$ 789,065</u>	

CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2012 FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ -	\$ -	\$ 19,264	\$ 19,264
Investment Earnings	-	-	(106)	(106)
Miscellaneous Revenue	-	-	21,334	21,334
Total Revenue	-	-	40,492	40,492
EXPENDITURES				
Debt Service:				
Principal Retirement	20,000	20,000	50,000	30,000
Interest and Fiscal Charges	6,190	6,190	18,430	12,240
Total Debt Service	26,190	26,190	68,430	42,240
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(26,190)	(26,190)	(27,938)	(1,748)
OTHER FINANCE SOURCES				
Transfers In	-	-	15,990	15,990
NET CHANGE IN FUND BALANCES	<u>\$ (26,190)</u>	<u>\$ (26,190)</u>	(11,948)	<u>\$ 14,242</u>
FUND BALANCES				
Beginning of Year			42,159	
End of Year			<u>\$ 30,211</u>	

NONMAJOR CAPITAL PROJECT FUNDS

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

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

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

Water Improvement Fund – Used to account for the resources accumulated and capital expenditures related to improvements and other capital projects for the City's water operations.

Sewer Improvement Fund – Used to account for the resources accumulated and capital expenditures related to improvements and other capital projects for the City's sewer operations.

Highland Road Improvement Fund – Used to account for the resources accumulated and capital expenditures related to the Highland Road Improvement Project.

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2013**

	Capital Improvement (401)	Street Improvement (490)	Water Improvement (491)	Sewer Improvement (492)	Highland Road Improvement (496)	Totals
ASSETS						
Cash and Investments	\$ 326,350	\$ 152,316	\$ -	\$ -	\$ -	\$ 478,666
Receivables:						
Accrued Interest	515	-	-	-	-	515
Total Assets	<u>\$ 326,865</u>	<u>\$ 152,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,181</u>
LIABILITIES AND FUND BALANCE						
LIABILITIES						
Accounts and Contracts Payable	\$ 19,814	\$ 218	\$ -	\$ -	\$ -	\$ 20,032
Deposits	-	114,473	-	-	-	114,473
Total Liabilities	<u>19,814</u>	<u>114,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>134,505</u>
FUND BALANCE						
Assigned:						
Capital Plan Improvements	307,051	-	-	-	-	307,051
Capital Projects	-	37,625	-	-	-	37,625
Total Fund Balance	<u>307,051</u>	<u>37,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>344,676</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 326,865</u>	<u>\$ 152,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 479,181</u>

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2013**

	Capital Improvement (401)	Street Improvement (490)	Water Improvement (491)	Sewer Improvement (492)	Highland Road Improvement (496)	Totals
REVENUE						
Intergovernmental Revenue	\$ -	\$ -	\$ -	\$ -	\$ 542,507	\$ 542,507
Other Revenue:						
Investment Earnings	1,774	-	-	-	219	1,993
Unrealized Gain(Loss) on Investments	(4,318)	-	-	-	(4,984)	(9,302)
Miscellaneous Revenue	522	-	-	-	-	522
Total Revenue	(2,022)	-	-	-	537,742	535,720
EXPENDITURES						
General Government						
Administration	10,896	9,079	-	-	12,298	32,273
Capital Outlay:						
Other	230,461	-	-	-	42,125	272,586
Total Expenditures	241,357	9,079	-	-	54,423	304,859
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(243,379)	(9,079)	-	-	483,319	230,861
OTHER FINANCE SOURCES (USES)						
Transfers In	226,000	361,918	-	-	-	587,918
Transfers Out	-	-	(1,041,337)	(626,739)	(377,908)	(2,045,984)
Total Other Finance Sources (Uses)	226,000	361,918	(1,041,337)	(626,739)	(377,908)	(1,458,066)
NET CHANGE IN FUND BALANCE	(17,379)	352,839	(1,041,337)	(626,739)	105,411	(1,227,205)
FUND BALANCES						
Beginning of Year	324,430	(315,214)	1,041,337	626,739	(105,411)	1,571,881
End of Year	\$ 307,051	\$ 37,625	\$ -	\$ -	\$ -	\$ 344,676

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Earnings	\$ 5,000	\$ 5,000	\$ (2,544)	\$ (7,544)
Miscellaneous Revenue	-	-	522	522
Total Revenue	<u>5,000</u>	<u>5,000</u>	<u>(2,022)</u>	<u>(7,022)</u>
EXPENDITURES				
General Government:				
Administration	-	-	10,896	10,896
Capital Outlay:				
Other	<u>(161,320)</u>	<u>312,320</u>	<u>230,461</u>	<u>(81,859)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	166,320	(307,320)	(243,379)	63,941
OTHER FINANCE SOURCES				
Transfers In	<u>-</u>	<u>226,000</u>	<u>226,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 166,320</u>	<u>\$ (81,320)</u>	<u>(17,379)</u>	<u>\$ 63,941</u>
FUND BALANCES				
Beginning of Year			<u>324,430</u>	
End of Year			<u>\$ 307,051</u>	

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities:										
Net Investment in Capital Assets	\$ 11,214,054	\$ 10,697,835	\$ 14,619,088	\$ 17,005,628	\$ 17,155,765	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011
Restricted	1,470,940	1,911,860	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947
Unrestricted	<u>2,854,140</u>	<u>2,524,411</u>	<u>2,901,925</u>	<u>524,825</u>	<u>134,772</u>	<u>2,439,958</u>	<u>2,597,269</u>	<u>2,797,210</u>	<u>2,726,677</u>	<u>1,857,939</u>
Total Governmental Activities Net Position	<u>\$ 15,539,134</u>	<u>\$ 15,134,106</u>	<u>\$ 18,582,336</u>	<u>\$ 20,486,636</u>	<u>\$ 20,261,802</u>	<u>\$ 21,022,529</u>	<u>\$ 22,784,369</u>	<u>\$ 22,388,875</u>	<u>\$ 22,226,520</u>	<u>\$ 27,711,897</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 9,135,912	\$ 8,865,789	\$ 10,360,220	\$ 10,533,641	\$ 11,026,422	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847
Unrestricted	<u>3,344,871</u>	<u>3,577,168</u>	<u>4,273,515</u>	<u>4,604,997</u>	<u>4,466,518</u>	<u>3,430,159</u>	<u>3,360,577</u>	<u>3,583,305</u>	<u>4,042,164</u>	<u>4,495,729</u>
Total Business-Type Activities Net Position	<u>\$ 12,480,783</u>	<u>\$ 12,442,957</u>	<u>\$ 14,633,735</u>	<u>\$ 15,138,638</u>	<u>\$ 15,492,940</u>	<u>\$ 15,163,684</u>	<u>\$ 14,729,416</u>	<u>\$ 14,833,565</u>	<u>\$ 14,818,933</u>	<u>\$ 15,059,576</u>
Primary Government:										
Net Investment in Capital Assets	\$ 20,349,966	\$ 19,563,624	\$ 24,979,308	\$ 27,539,269	\$ 28,182,187	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858
Restricted	1,470,940	1,911,860	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947
Unrestricted	<u>6,199,011</u>	<u>6,101,579</u>	<u>7,175,440</u>	<u>5,129,822</u>	<u>4,601,290</u>	<u>5,870,117</u>	<u>5,957,846</u>	<u>6,380,515</u>	<u>6,768,841</u>	<u>6,353,668</u>
Total Primary Government Net Position	<u>\$ 28,019,917</u>	<u>\$ 27,577,063</u>	<u>\$ 33,216,071</u>	<u>\$ 35,625,274</u>	<u>\$ 35,754,742</u>	<u>\$ 36,186,213</u>	<u>\$ 37,513,785</u>	<u>\$ 37,222,440</u>	<u>\$ 37,045,453</u>	<u>\$ 42,771,473</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses:										
Governmental Activities:										
General Government	\$ 842,820	\$ 1,029,858	\$ 1,222,367	\$ 1,281,429	\$ 1,184,154	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188
Public Safety	1,722,355	1,919,182	1,990,624	2,214,155	2,421,020	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287
Public Works	949,171	1,871,319	1,604,585	1,769,776	2,093,346	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994
Parks and Recreation	154,656	130,789	132,879	159,350	245,390	167,405	187,391	218,600	192,206	198,709
Interest and Fiscal Charges	141,772	175,264	170,660	156,650	173,255	375,092	346,216	386,100	411,838	604,518
Total Governmental Activities Expenses	3,810,774	5,126,412	5,121,115	5,581,360	6,117,165	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696
Business-Type Activities:										
Water	449,733	606,474	576,741	587,923	619,499	588,448	543,151	593,418	686,378	778,481
Sewer	508,451	563,784	678,729	675,917	735,947	744,469	686,443	804,553	754,958	823,690
Storm Water	115,126	161,748	133,497	154,752	186,620	195,835	162,901	198,138	204,343	208,830
Recycling	-	77,987	80,552	72,016	84,005	85,590	86,293	92,938	97,054	98,893
Total Business-Type Activities Expenses	1,073,310	1,409,993	1,469,519	1,490,608	1,626,071	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894
Total Primary Government Expenses	<u>\$ 4,884,084</u>	<u>\$ 6,536,405</u>	<u>\$ 6,590,634</u>	<u>\$ 7,071,968</u>	<u>\$ 7,743,236</u>	<u>\$ 8,313,222</u>	<u>\$ 7,988,827</u>	<u>\$ 7,862,521</u>	<u>\$ 8,507,803</u>	<u>\$ 8,105,590</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 125,227	\$ 67,329	\$ 37,386	\$ 122,348	\$ 49,705	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342
Public Safety	1,045,651	1,003,667	952,434	838,865	751,002	671,373	559,168	575,752	560,023	195,221
Public Works	50,229	35,655	16,789	25,941	23,445	34,254	-	-	-	233
Operating Grants and Contributions	302,951	273,945	474,371	129,734	102,241	106,321	186,286	233,568	200,604	440,828
Capital Grants and Contributions	-	46,590	3,918,094	1,944,639	413,575	1,004,261	1,415,745	403,713	1,378,968	5,383,439
Total Governmental Activities Program Revenues	1,524,058	1,427,186	5,399,074	3,061,527	1,339,968	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063
Business-Type Activities:										
Charges for Services:										
Water	430,173	466,867	547,824	919,868	794,468	568,261	567,648	590,895	696,488	1,174,714
Sewer	516,444	572,988	547,265	553,178	536,113	525,082	578,391	608,277	668,048	709,365
Storm Water	64,911	78,528	77,760	81,812	86,885	89,017	98,454	94,213	176,956	181,069
Recycling	-	80,524	81,546	84,917	90,140	92,087	101,582	97,355	95,609	98,460
Operating Grants and Contributions	-	15,086	14,627	15,473	18,562	18,727	19,709	19,657	29,778	21,452
Capital Grants and Contributions	1,014,063	93,073	1,539,136	88,719	333,044	774,551	1,911	1,791	1,668	-
Total Business-Type Activities Program Revenues	2,025,591	1,307,066	2,808,158	1,743,967	1,859,212	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060
Total Primary Government Program Revenues	<u>\$ 3,549,649</u>	<u>\$ 2,734,252</u>	<u>\$ 8,207,232</u>	<u>\$ 4,805,494</u>	<u>\$ 3,199,180</u>	<u>\$ 3,916,916</u>	<u>\$ 3,570,934</u>	<u>\$ 2,737,794</u>	<u>\$ 4,128,929</u>	<u>\$ 8,839,123</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net Revenue (Expense):										
Governmental Activities	\$ (2,286,716)	\$ (3,699,226)	\$ 277,959	\$ (2,519,833)	\$ (4,777,197)	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367
Business-Type Activities	952,281	(102,927)	1,338,639	253,359	233,141	453,383	(111,093)	(276,859)	(74,186)	275,166
Total Primary Government Net Expense	<u>\$ (1,334,435)</u>	<u>\$ (3,802,153)</u>	<u>\$ 1,616,598</u>	<u>\$ (2,266,474)</u>	<u>\$ (4,544,056)</u>	<u>\$ (4,396,306)</u>	<u>\$ (4,417,893)</u>	<u>\$ (5,124,727)</u>	<u>\$ (4,378,874)</u>	<u>\$ 733,533</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 2,482,094	\$ 2,993,382	\$ 3,641,062	\$ 4,155,617	\$ 4,364,500	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282
Investment Earnings	93,928	73,777	164,152	229,173	165,774	105,724	67,523	57,354	61,284	(34,452)
Capital Contribution	-	-	-	-	-	-	-	-	-	1,171,000
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	180
Miscellaneous	86,650	285,305	10,816	39,343	22,089	10,247	23,827	66,684	202,226	-
Transfers	(3,359)	-	(645,759)	-	-	890,000	460,000	(332,027)	-	-
Total Governmental Activities	<u>2,659,313</u>	<u>3,352,464</u>	<u>3,170,271</u>	<u>4,424,133</u>	<u>4,552,363</u>	<u>5,610,416</u>	<u>5,087,287</u>	<u>3,875,658</u>	<u>4,142,333</u>	<u>5,027,010</u>
Business-Type Activities:										
Investment Earnings	71,250	64,876	206,380	251,544	121,161	107,361	56,521	48,981	59,554	(34,523)
Transfers	3,359	225	645,759	-	-	(890,000)	(460,000)	323,027	-	-
Total Business-Type Activities	<u>74,609</u>	<u>65,101</u>	<u>852,139</u>	<u>251,544</u>	<u>121,161</u>	<u>(782,639)</u>	<u>(403,479)</u>	<u>372,008</u>	<u>59,554</u>	<u>(34,523)</u>
Total Primary Government	<u>\$ 2,733,922</u>	<u>\$ 3,417,565</u>	<u>\$ 4,022,410</u>	<u>\$ 4,675,677</u>	<u>\$ 4,673,524</u>	<u>\$ 4,827,777</u>	<u>\$ 4,683,808</u>	<u>\$ 4,247,666</u>	<u>\$ 4,201,887</u>	<u>\$ 4,992,487</u>
Change in Net Position:										
Governmental Activities	\$ 372,597	\$ (346,762)	\$ 3,448,230	\$ 1,904,300	\$ (224,834)	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377
Business-Type Activities	1,026,890	(37,826)	2,190,778	504,903	354,302	(329,256)	(514,572)	95,149	(14,632)	240,643
Total Primary Government	<u>\$ 1,399,487</u>	<u>\$ (384,588)</u>	<u>\$ 5,639,008</u>	<u>\$ 2,409,203</u>	<u>\$ 129,468</u>	<u>\$ 431,471</u>	<u>\$ 265,915</u>	<u>\$ (877,061)</u>	<u>\$ (176,987)</u>	<u>\$ 5,726,020</u>

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund:										
Reserved	\$ -	\$ -	\$ -	\$ 5,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,641,199	1,518,043	1,655,209	1,994,014	2,200,846	2,371,750	2,185,484	-	-	-
Assigned	-	-	-	-	-	-	-	154,422	120,243	280,680
Unassigned	-	-	-	-	-	-	-	2,246,964	2,550,994	2,440,056
Total General Fund	<u>\$ 1,641,199</u>	<u>\$ 1,518,043</u>	<u>\$ 1,655,209</u>	<u>\$ 1,999,388</u>	<u>\$ 2,200,846</u>	<u>\$ 2,371,750</u>	<u>\$ 2,185,484</u>	<u>\$ 2,401,386</u>	<u>\$ 2,671,237</u>	<u>\$ 2,720,736</u>
All Other Governmental Funds:										
Reserved	\$ 1,326,502	\$ 1,918,794	\$ 1,007,738	\$ -	\$ -	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	63,544	64,708	116,688	2,480,240	2,543,175	922,785	914,997	-	-	-
Debt Service Funds	-	-	-	347,949	386,397	572,332	795,832	-	-	-
Capital Project Funds	3,172,754	3,004,012	4,167,008	2,106,119	1,296,478	2,600,504	2,457,566	-	-	-
Restricted	-	-	-	-	-	-	-	2,004,013	2,158,391	3,488,442
Committed	-	-	-	-	-	-	-	156,038	184,223	-
Assigned	-	-	-	-	-	-	-	2,357,044	2,258,497	641,677
Unassigned	-	-	-	-	-	-	-	(282,835)	(420,625)	-
Total All Other Governmental Funds	<u>\$ 4,562,800</u>	<u>\$ 4,987,514</u>	<u>\$ 5,291,434</u>	<u>\$ 4,934,308</u>	<u>\$ 4,226,050</u>	<u>\$ 4,501,388</u>	<u>\$ 4,574,163</u>	<u>\$ 4,234,260</u>	<u>\$ 4,180,486</u>	<u>\$ 4,130,119</u>

Source: City's financial records.

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

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

<u>Fiscal Year</u>	<u>Property Taxes</u>
2004	\$ 2,482,094
2005	2,993,382
2006	3,641,062
2007	4,155,617
2008	4,364,500
2009	4,604,445
2010	4,535,937
2011	4,083,647
2012	3,878,823
2013	3,863,571

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues:										
Taxes	\$ 2,491,200	\$ 2,993,382	\$ 3,656,743	\$ 4,132,861	\$ 4,316,069	\$ 4,561,767	\$ 4,517,943	\$ 4,197,308	\$ 3,906,517	\$ 3,913,257
Licenses and Permits	678,701	592,564	516,728	500,209	392,803	330,125	240,645	291,747	274,871	394,487
Intergovernmental	89,797	140,528	118,074	141,821	111,723	261,861	127,516	422,015	810,238	1,359,991
Charges for Services	411,764	549,173	539,410	833,691	589,644	376,146	326,057	405,543	370,856	259,168
Investment Earnings	139,793	134,895	278,409	394,863	251,864	178,768	61,129	81,714	93,763	(34,452)
Special Assessments	142,282	52,885	20,944	158,438	143,739	82,628	226,342	140,448	217,265	1,001,429
Miscellaneous	614,692	556,736	478,701	1,780,974	376,076	81,938	191,042	289,703	667,328	522,016
Total Revenues	4,568,229	5,020,163	5,609,009	7,942,857	6,181,918	5,873,233	5,690,674	5,828,478	6,340,838	7,415,896
Expenditures:										
General Government	730,317	972,220	1,148,270	1,189,173	1,353,054	1,094,775	1,162,534	1,143,459	1,088,050	1,057,405
Public Safety	1,651,024	1,825,672	2,283,361	2,569,088	2,272,375	5,527,291	3,193,979	2,205,315	2,203,983	1,980,708
Public Works	515,879	717,855	1,103,035	2,445,937	2,043,553	2,676,506	4,507,049	1,662,321	2,447,216	7,496,276
Parks and Recreation	146,301	82,845	103,274	1,798,332	367,085	882,755	116,293	149,007	298,049	131,148
Other	729,903	1,128,385	35,492	39,306	36,254	57,221	31,438	46,137	114,923	12,184
Debt Service:										
Principal	639,124	536,988	658,294	687,623	539,041	580,460	312,753	387,335	343,179	499,048
Interest	94,133	95,735	99,042	121,280	141,275	241,786	355,172	384,548	413,908	537,735
Total Expenditures	4,506,681	5,359,700	5,430,768	8,850,739	6,752,637	11,060,794	9,679,218	5,978,122	6,909,308	11,714,504
Excess (Deficiency) of Revenues Over (Under) Expenditures	61,548	(339,537)	178,241	(907,882)	(570,719)	(5,187,561)	(3,988,544)	(149,644)	(568,470)	(4,298,608)
Other Financing Sources (Uses):										
Bonds Issued	260,000	648,450	260,000	890,000	-	5,600,304	3,866,350	15,950	770,000	7,695,000
Premium on Bonds Issued	-	-	-	-	-	26,134	304	-	-	-
Sales of Capital Assets	-	-	2,845	4,935	63,919	7,365	8,399	9,693	14,547	-
Transfers In	94,198	-	1,494,270	923	-	1,842,320	944,021	-	192,332	653,908
Transfers Out	(217,152)	-	(1,494,270)	(923)	-	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)
Total Other Financing Sources (Uses)	137,046	648,450	262,845	894,935	63,919	5,633,803	3,875,053	25,643	784,547	6,026,924
Net Change in Fund Balances	\$ 198,594	\$ 308,913	\$ 441,086	\$ (12,947)	\$ (506,800)	\$ 446,242	\$ (113,491)	\$ (124,001)	\$ 216,077	\$ 1,728,316
Debt Service as a Percentage of Noncapital Expenditures	16.3%	11.8%	13.9%	9.1%	10.1%	7.4%	6.9%	12.9%	11.0%	8.9%

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

Fiscal Year Ended December 31,	Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value* as a Percentage of Actual Value
	Real Estate	Personal Property	Total			
2004	\$ 7,910,521	\$ 245,671	\$ 8,156,192	25.68	870,121,500	0.94 %
2005	9,525,020	267,589	9,792,609	30.19	1,002,426,600	0.98
2006	11,539,167	306,221	11,845,388	30.69	1,117,065,800	1.06
2007	13,732,388	116,580	13,848,968	29.93	1,295,154,600	1.07
2008	15,462,321	113,482	15,575,803	27.73	1,442,627,300	1.08
2009	16,452,171	125,101	16,577,272	27.47	1,528,370,300	1.08
2010	16,388,056	163,470	16,551,526	27.07	1,528,605,700	1.08
2011	14,746,292	151,993	14,898,285	27.30	1,382,773,800	1.08
2012	13,732,806	154,033	13,886,839	27.44	1,294,326,273	1.07
2013	12,732,540	168,869	12,901,409	29.55	1,206,365,054	1.07

* Includes tax exempt property.

Note 1: Property in the county is reassessed annually.

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

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

Fiscal Year	City of Minnetrista			Overlapping Rates						Total Direct and Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	County			**School District Averages			
				Operating Tax Rate	Debt Service Tax Rate	Total County Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total School Tax Rate	
2004	18.934	6.746	25.680	43.516	3.804	47.320	7.065	17.790	24.855	97.855
2005	23.780	6.410	30.190	41.354	2.816	44.170	6.340	14.770	21.110	95.470
2006	24.159	6.531	30.690	37.594	3.422	41.016	N/A	N/A	25.430	97.136
2007	24.090	5.840	29.930	N/A	N/A	39.110	N/A	N/A	28.060	97.100
2008	23.710	4.023	27.733	N/A	N/A	38.571	N/A	N/A	23.970	90.274
2009	23.040	4.425	27.465	N/A	N/A	40.413	N/A	N/A	23.279	91.157
2010	22.659	4.408	27.067	N/A	N/A	42.640	N/A	N/A	26.030	95.737
2011	23.286	4.010	27.296	N/A	N/A	45.840	N/A	N/A	26.258	99.394
2012	22.807	4.633	27.440	N/A	N/A	48.231	N/A	N/A	22.780	98.451
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136

** 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	2013			2004		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Woodland Cove, LLC	\$ 78,813	1	0.6 %	\$ 65,047	1	0.8 %
Woodland Cove, LLC	49,894	2	0.4	28,353	3	0.3 %
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 Assoc.	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	44,850	2	0.5
Individual	36,920	10	0.3	—	—	—
Total	<u>\$ 460,897</u>		<u>3.6 %</u>	<u>\$ 138,250</u>		<u>1.7 %</u>

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

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

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 2,514,305	\$ 2,453,314	97.6 %	\$ 59,837	\$ 2,513,151	100.0 %
2005	2,980,529	2,928,250	98.2	47,728	2,975,978	99.8
2006	3,673,564	3,656,743	99.5	14,981	3,671,724	99.9
2007	4,188,079	4,132,861	98.7	55,218	4,188,079	100.0
2008	4,376,111	4,309,282	98.5	66,573	4,375,855	100.0
2009	4,614,798	4,421,182	95.8	186,724	4,607,906	99.9
2010	4,557,871	4,423,556	97.1	130,628	4,554,184	99.9
2011	4,133,111	4,053,877	98.1	66,649	4,120,526	99.7
2012	3,878,973	3,819,672	98.5	39,729	3,859,401	99.5
2013	3,863,571	3,825,771	99.0	—	3,825,771	99.0

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

Fiscal Year	Governmental Activities		Business-Type	Total Primary Government	Per Capita (1)	Percentage of Personal Income
	G.O. Bonds	Special	Activities			
		Assessment Bonds	Water/Sewer Revenue Bonds and Loans			
2004	\$ 1,900,000	\$ 470,000	\$ 1,280,000	\$ 3,650,000	695	— %
2005	2,120,000	440,000	2,290,000	4,850,000	875	—
2006	1,825,000	410,000	2,230,000	4,465,000	781	—
2007	1,200,000	1,270,000	2,170,000	4,640,000	786	—
2008	745,000	1,220,000	1,070,000	3,035,000	487	—
2009	5,775,000	1,165,000	1,070,304	8,010,304	1,272	—
2010	5,575,000	4,380,000	1,560,841	11,515,841	1,804	3.3
2011	5,340,000	4,315,000	1,445,791	11,100,791	1,721	—
2012	5,155,000	5,015,000	2,090,364	12,260,364	1,872	—
2013	4,965,000	12,445,000	1,900,364	19,310,364	2,867	—

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

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

Source: City of Minnetrista financial records

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

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2004	\$ 1,900,000	\$ 84,850	\$ 1,815,150	0.21 %	346
2005	2,120,000	1,526,651	593,349	0.06	107
2006	1,825,000	234,598	1,590,402	0.14	278
2007	1,200,000	347,949	852,051	0.07	144
2008	745,000	56,346	688,654	0.05	110
2009	5,775,000	652,187	5,122,813	0.34	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.34	726
2012	5,155,000	667,623	4,487,377	0.35	685
2013	12,445,000	1,870,981	10,574,019	0.88	1,570

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

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

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2013**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 17,410,000	100.00 %	\$ 17,410,000
Overlapping:			
School Districts:			
ISD No. 110*	52,680,000	18.93	9,969,690
ISD No. 111*	48,450,000	14.72	7,131,016
ISD No. 879**	22,235,000	0.38	85,071
ISD No. 277	31,762,414	31.75	10,084,566
Hennepin County:			
General	723,264,582	1.03	7,449,625
Three Rivers Park District	54,166,123	1.40	758,326
Regional Rail Authority	37,350,216	1.40	522,903
Metropolitan Council	158,664,771	0.47	745,724
Total Overlapping Debt			36,746,922
Total Direct and Overlapping Debt			\$ 54,156,922

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									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 20,048,532	\$ 24,441,818	\$ 26,748,406	\$ 31,134,364	\$ 30,567,406	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952
Total net debt applicable to limit	2,345,000	2,560,000	2,235,000	2,470,000	1,965,000	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019
Legal debt margin	\$ 17,703,532	\$ 21,881,818	\$ 24,513,406	\$ 28,664,364	\$ 28,602,406	\$ 38,766,008	\$ 40,574,489	\$ 36,479,540	\$ 34,342,411	\$ 33,096,933
Total net debt applicable to the limit as a percentage of debt limit	11.70%	10.47%	8.36%	7.93%	6.43%	15.18%	11.52%	11.38%	11.56%	8.55%

Legal Debt Margin Calculation for Fiscal Year 2013

Market value	\$ 1,206,365,054
Debt limit (3% of market value)	36,190,952
Debt applicable to limit	
General obligation bonds	17,410,000
Less special assessment bonds	(12,445,000)
Less amount set aside for repayment of G.O. debt	(1,870,981)
Total net debt applicable to limit	3,094,019
Legal debt margin	\$ 33,096,933

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		
2004	\$ 459,704	\$ 226,157	\$ 233,547	\$ 55,000	\$ 65,341	1.94	\$ 130,996	\$ 25,000	\$ 17,053	3.12	
2005	494,551	296,032	198,519	60,000	110,695	1.16	56,722	30,000	25,071	1.03	
2006	597,603	324,549	273,054	60,000	98,031	1.73	20,944	30,000	16,153	0.45	
2007	627,992	322,364	305,628	60,000	98,015	1.93	158,438	30,000	15,478	3.48	
2008	615,784	281,232	334,552	80,000	39,720	2.79	143,739	55,000	50,325	1.36	
2009	588,746	324,375	264,371	80,000	40,345	2.20	82,628	55,000	50,326	0.78	
2010	495,680	283,505	212,175	85,000	37,271	1.74	226,342	55,000	48,475	2.19	
2011	517,710	288,565	229,145	85,000	34,456	1.92	134,974	65,000	124,737	0.71	
2012	609,554	416,562	192,992	90,000	31,858	1.58	213,928	70,000	141,400	1.01	
2013	546,875	558,280	(11,405)	95,000	27,818	(0.09)	1,004,594	265,000	301,523	1.77	

* Does not include depreciation.

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

**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)
2004	5,250	\$ —	\$ —	1,894	— %
2005	5,542	—	—	2,118	3.7
2006	5,715	—	—	2,179	3.6
2007	5,902	—	—	2,220	4.1
2008	6,234	—	—	2,307	4.9
2009	6,296	—	—	2,342	7.5
2010	6,384	54,300	346,651	2,364	6.6
2011	6,450	—	—	2,393	6.1
2012	6,549	—	—	2,426	5.3
2013	6,735	—	—	2,466	5.0

Data sources:

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

**CITY OF MINNETRISTA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer		Employees*	Rank
ISD No. 277 – Westonka School District	K–12 education	323 **	1
Burl Oaks Golf Club	Golf course	75	2
Jubilee Foods	Grocery Store	64	3
City of Mound	Municipal government	61	4
Al & Alma's Supper Club and Charters	Restaurant and boat cruises	50	5
Lakeview Golf	Public Golf Course	40	6
Scotty B's Restaurant	Restaurant	40	7
Concept Landscaping	Landscape and Lakeshore Contr	35	8
City of Minnetrista	Municipal government	32	9
YMCA - Camp Christmas Tree	Day camp Outdoor Recreation	25	10
		<u>745</u>	

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

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

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

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
General Government	7.0	8.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0
Public Safety:										
Police										
Officers	10.0	11.0	11.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0
Civilians	2.4	2.6	2.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6
Highways and Streets	5.0	6.0	6.5	6.5	6.5	6.5	6.5	3.5	3.5	3.5
Parks and Recreation	–	–	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	<u>26.4</u>	<u>29.6</u>	<u>31.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>
Total	<u>26.4</u>	<u>29.6</u>	<u>31.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>

Source: City of Minnetrista records

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
Police:										
Physical Arrests	51	59	46	40	81	82	119	100	119	134
Parking Violations	100	178	263	279	234	326	235	223	235	218
Traffic Violations	2,740	2,901	2,814	1,478	3,332	3,419	3,572	3,523	3,572	2,821
Highways and Streets:										
Street Seal Coated (Miles)	4.40	4.50	1.90	2.70	7.70	5.91	5.05	4.67	3.39	2.64
Blacktop Used in "Tons" for Repair of Potholes	1,319	1,024	1,411	1,428	677	800	993	1,186	378	301
Water:										
New Connections	256	15	155	41	64	42	43	25	28	29
Average Daily Consumption (Thousands of Gallons)	246	302	322	396	360	386	361	358	392	409
Wastewater:										
(Thousands of Gallons)	231	251	245	277	284	272	236	233	197	139

Source: Various city departments

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

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	8	9	10	13	13	13	13	12	13	13
Highways and Streets:										
Streets (Miles)	52	56	60	60	60	60	60	64	63	63
Traffic Signals	–	–	1	1	1	1	1	2	2	2
Parks and Recreation:										
Parks Acreage	70	73	75	75	75	75	75	75	75	75
Parks	19	20	21	21	21	21	21	21	21	21
Water:										
Water Mains (Miles)	18	18	18	18	18	18	31	29	29	29
Fire Hydrants	205	223	257	262	289	289	309	296	296	296
Sewer:										
Sanitary Sewers (Miles)	23	23	23	23	23	23	28	35	35	35
Storm Sewers (Miles)	12	12	12	12	12	12	12	14	14	14

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

Source: Various city departments