

# **City of Minnetrista Minnesota**



## **Comprehensive Annual Financial Report**

**For the Fiscal Year Ended December 31, 2015**

**CITY OF MINNETRISTA, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

**INTRODUCTORY SECTION**

LETTER OF TRANSMITTAL	1
OFFICIAL DIRECTORY	5
ORGANIZATIONAL CHART	6
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING	7

**FINANCIAL SECTION**

INDEPENDENT AUDITORS' REPORT	8
MANAGEMENT'S DISCUSSION AND ANALYSIS	11
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	22
STATEMENT OF ACTIVITIES	23
GOVERNMENTAL FUNDS	
BALANCE SHEET	24
RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	25
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES	26
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES – GOVERNMENTAL ACTIVITIES	27
PROPRIETARY FUNDS	
STATEMENT OF NET POSITION	28
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	29
STATEMENT OF CASH FLOWS	30
STATEMENT OF FIDUCIARY NET POSITION	31
NOTES TO BASIC FINANCIAL STATEMENTS	32

**REQUIRED SUPPLEMENTARY INFORMATION**

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GENERAL FUND – BUDGET TO ACTUAL (GAAP BASIS)	60
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN	61
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY	62
PERA SCHEDULE OF CITY CONTRIBUTIONS	63

**CITY OF MINNETRISTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**NONMAJOR GOVERNMENTAL FUNDS**

COMBINING BALANCE SHEET	64
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	65

**NONMAJOR SPECIAL REVENUE FUNDS**

COMBINING BALANCE SHEET	66
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	67
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – EMERGENCY WARNING SIREN FUND	68
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – PARK DEVELOPMENT AND ACQUISITION FUND	69
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – ROAD MAINTENANCE FUND	70
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – TREE REPLACEMENT FUND	71

**NONMAJOR DEBT SERVICE FUNDS**

COMBINING BALANCE SHEET	72
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	73
SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS)	
MOUND FIRE IMPROVEMENT BONDS OF 2003 FUND	74
BRIDGE IMPROVEMENT BONDS OF 2003 FUND	75
G.O. IMPROVEMENT BONDS OF 2007A FUND	76
G.O. IMPROVEMENT BONDS OF 2014B FUND	77
G.O. IMPROVEMENT BONDS OF 2010A FUND	78
G.O. IMPROVEMENT BONDS OF 2012A FUND	79
G.O. IMPROVEMENT BONDS OF 2015A FUND	80
G.O. IMPROVEMENT BONDS OF 2013A FUND	81
G.O. IMPROVEMENT BONDS OF 2013B FUND	82

**CITY OF MINNETRISTA  
TABLE OF CONTENTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2015**

<b>NONMAJOR CAPITAL PROJECT FUNDS</b>	
COMBINING BALANCE SHEET	83
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES	84
SCHEDULES OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL (GAAP BASIS) – CAPITAL IMPROVEMENT FUND	85
<b>STATISTICAL SECTION (UNAUDITED)</b>	
NET POSITION BY COMPONENT	86
CHANGES IN NET POSITION	87
FUND BALANCES, GOVERNMENTAL FUNDS	89
TAX REVENUE BY SOURCE, GOVERNMENTAL FUNDS	90
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS	91
TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY	92
DIRECT AND OVERLAPPING TAX RATES	93
PRINCIPAL PROPERTY TAXPAYERS	94
PROPERTY TAX LEVIES AND COLLECTIONS	95
RATIOS OF OUTSTANDING DEBT BY TYPE	96
RATIOS OF GENERAL BONDED DEBT OUTSTANDING	97
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT	98
LEGAL DEBT MARGIN INFORMATION	99
PLEDGED REVENUE COVERAGE	100
DEMOGRAPHIC AND ECONOMIC STATISTICS	101
PRINCIPAL EMPLOYERS	102
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION	103
OPERATING INDICATORS BY FUNCTION	104
CAPITAL ASSET STATISTICS BY FUNCTION	105

## **INTRODUCTORY SECTION**



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

---

May 11, 2016

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, 2015 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, 2015. The independent auditor's report on the basic financial statements is unmodified, and is included in the financial section of this report.

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

### **PROFILE OF THE CITY**

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

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

The City issued building permits for 86 new single-family homes in 2015 with a total housing value of \$37,345,031.

The Minnetrista Public Safety Department operates with 12 licensed police officers, including: 1 Public Safety Director, 1 Lieutenant, 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 6,763 per the latest Metropolitan Council Estimate.

The City saw a slight decrease from the previous year in the number of building permits for new homes in 2015, but continued controlled growth is expected.

## **NOTEWORTHY BUDGET AND FINANCIAL INFORMATION**

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

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

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

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

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2015 and going forward.



### **Development Market Conditions During 2015**

Growth has really picked up during the last few years due to market conditions in the housing market improving. There are developments and proposed developments coming in and being discussed in 2015 and beyond. Building permit revenue should be comparable in the upcoming year in comparison to 2015.

## **FINANCIAL CONTROLS**

### **Investment Policy**

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

The primary objectives, in order of priority, of the City's investment activities shall be: safety, liquidity and return on investment. The City does not have any investments with a term of more than 10 years. For diversity purposes, the City does not keep more than 50% of the investment portfolio with any one broker or agency.

### **Fund Balance Policy**

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

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

### **Budget Policy**

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

## **AWARDS AND ACKNOWLEDGEMENTS**

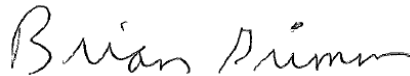
### **Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2014. 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, 2015**

**CITY COUNCIL AND OTHER OFFICIALS**

Lisa Whalen  
Bob Christians  
Mark Vanderlinde  
Pam Mortenson  
Patricia Thoele

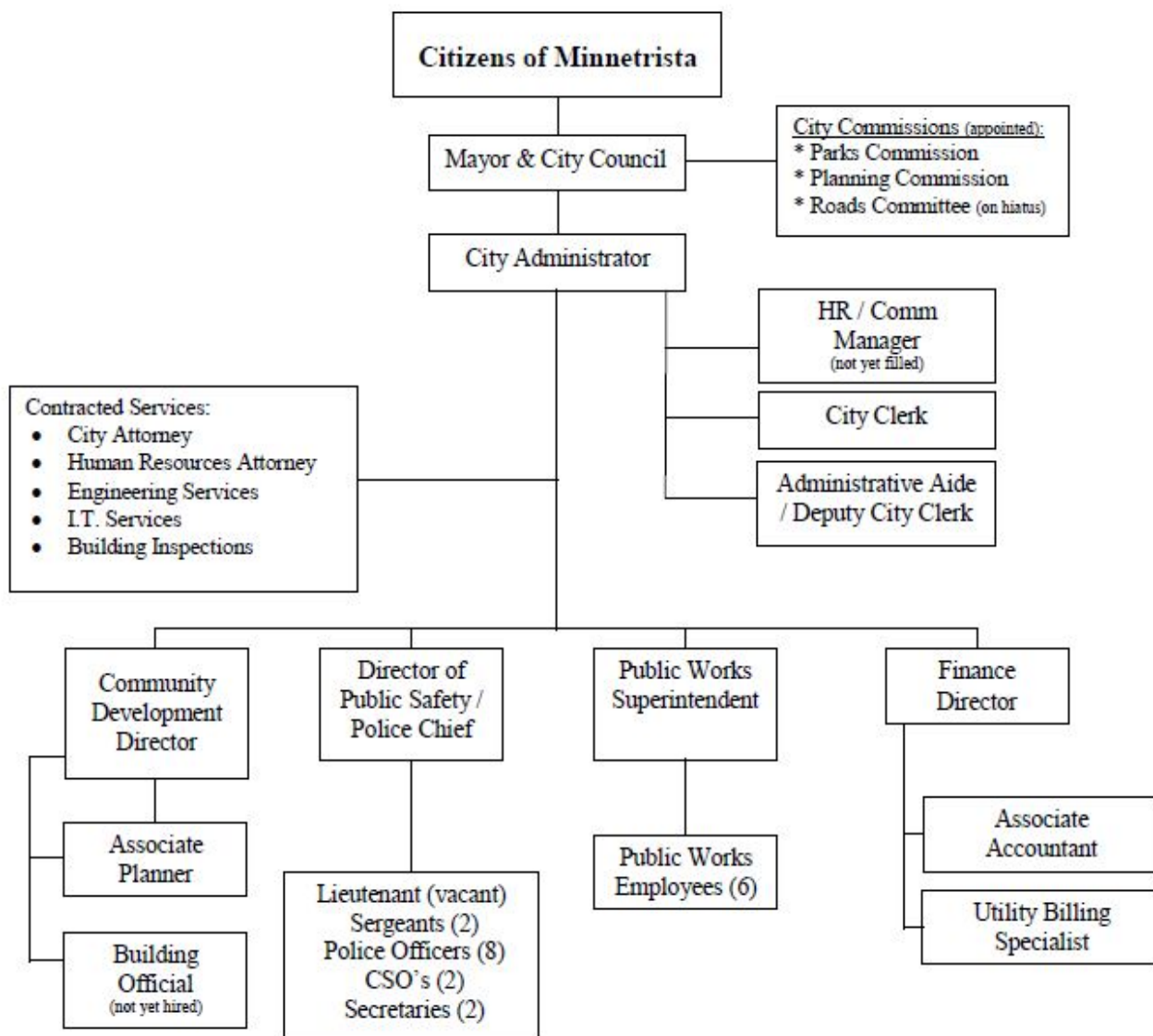
Mayor  
Council Member  
Council Member  
Council Member  
Council Member

**CITY OFFICIALS**

Michael Barone  
Brian Grimm  
Paul Falls

City Administrator  
Finance Director  
Director of Public Safety

**CITY OF MINNETRISTA  
ORGANIZATIONAL CHART  
YEAR ENDED DECEMBER 31, 2015**



CITY OF MINNETRISTA  
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING  
DECEMBER 31, 2015



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, 2014**

A handwritten signature in black ink, reading 'Jeffrey R. Egan'.

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, 2015, and the related notes to the financial statements, which collectively comprise the City of Minnetrista's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

During fiscal year ended December 31, 2015, the City of Minnetrista adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. As a result of the implementation of these standards, the City reported a restatement for the change in accounting principle (see Note 10). Our auditors' opinion was not modified with respect to the restatement.

### ***Other Matters***

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

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

#### ***Other Information***

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



Honorable Mayor and the City Council  
City of Minnetrista, Minnesota

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2016, 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.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 11, 2016

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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 decreased by \$2,178,167 during the year to \$27,691,550 at year-end.
- The net position of the City's business-type activities increased by \$477,537 during the year to \$16,609,819.
- The fund balance of the General Fund increased by \$524,813 (or 19%) during the year to \$3,218,599 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$8,025,555.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating \$53,767 of .

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

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

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

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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, 2015**

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

		Governmental Activities	
		2015	2014
Current and Other Assets		\$ 13,926,823	\$ 15,496,635
Capital Assets		31,694,192	32,579,058
Total Assets		45,621,015	48,075,693
Deferred Outflows of Resources		378,077	-
Noncurrent Liabilities Outstanding		16,352,926	15,676,965
Other Liabilities		1,738,616	2,529,011
Total Liabilities		18,091,542	18,205,976
Deferred Inflows of Resources		216,000	-
Net Position:			
Net Investment in Capital Assets		16,563,080	16,231,151
Restricted		9,271,437	10,647,419
Unrestricted		1,857,033	2,991,147
Total Net Position		\$ 27,691,550	\$ 29,869,717

		Business-Type Activities	
		2015	2014
Current and Other Assets		\$ 4,734,508	\$ 5,328,175
Capital Assets		14,304,594	12,928,744
Total Assets		19,039,102	18,256,919
Deferred Outflows of Resources		28,629	-
Noncurrent Liabilities Outstanding		1,563,506	1,572,957
Other Liabilities		882,502	551,680
Total Liabilities		2,446,008	2,124,637
Deferred Inflows of Resources		11,904	-
Net Position:			
Net Investment in Capital Assets		12,775,949	11,169,939
Unrestricted		3,833,870	4,962,343
Total Net Position		\$ 16,609,819	\$ 16,132,282

The City's net investment in capital assets is 66% of the total net position, and reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

An additional portion of the City's net position (\$9,271,437) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,690,903) may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities.

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

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

	Governmental Activities			
	2015	2014	Annual Change	Percent Change
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 1,114,870	\$ 1,272,528	\$ (157,658)	(12)%
Operating Grants and Contributions	507,773	835,875	(328,102)	(39)
Capital Grants and Contributions	384,022	2,968,198	(2,584,176)	(87)
General Revenues:				
Property Taxes	4,010,604	3,891,397	119,207	3
Unrestricted Investment Earnings	75,954	119,528	(43,574)	(36)
Gain on Sale of Capital Assets	21,396	114,954	(93,558)	(81)
Total Revenues	<u>6,114,619</u>	<u>9,202,480</u>	<u>(3,087,861)</u>	<u>(34)</u>
<b>EXPENSES</b>				
General Government	1,013,834	1,019,379	(5,545)	(1)
Public Safety	2,592,622	2,515,524	77,098	3
Public Works	2,403,548	2,226,393	177,155	8
Parks and Recreation	225,307	253,802	(28,495)	(11)
Interest on Long-Term Debt	477,254	1,029,562	(552,308)	(54)
Total Expenses	<u>6,712,565</u>	<u>7,044,660</u>	<u>(332,095)</u>	<u>(5)</u>
<b>CHANGE IN NET POSITION</b>	(597,946)	2,157,820	(2,755,766)	128
Net Position - Beginning of Year	29,869,717	27,711,897	2,157,820	8
Prior Period Restatement for Implementation of GASB Standard	(1,580,221)	-	(1,580,221)	-
Net Position - Beginning of Year, as Restated	<u>28,289,496</u>	<u>27,711,897</u>	<u>577,599</u>	<u>2</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 27,691,550</u>	<u>\$ 29,869,717</u>	<u>\$ (2,178,167)</u>	<u>(7)%</u>

Overall revenues decreased 34% between 2014 and 2015. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year. Capital Grants and Contributions accounted for a majority of the decrease as the result less activity related to both grants and FEMA dollars that happened in 2015 in comparison to 2014 regarding infrastructure items. There was also a large decrease in operating grants and contributions due to less developer fees coming in relation to Park Dedication and other activity when comparing 2015 to 2014. Charges for Services also decreased due to charges related to the City's tree replacement fund that happened in 2014 that did not occur again during 2015.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

Expenses decreased 5% between 2014 and 2015. The decrease is mainly due to a decrease in interest on long-term debt as principal was paid down/prepaid during 2014 on a couple of eligible issues (2013 A & 2013 B) that could be partially called at any time. This reduced the 2015 interest when compared with 2014. There were also two refunding bonds that occurred during 2014 that would have taken advantage of low interest rates and reduced interest expense during 2015.

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

	Business-Type Activities			
	2015	2014	Annual Change	Percent Change
<b>REVENUES</b>				
Program Revenues:				
Charges for Services	\$ 2,383,871	\$ 2,912,421	\$ (528,550)	(18)%
Operating Grants and Contributions	182,574	34,215	148,359	434
Capital Grants and Contributions	165	3,207	(3,042)	(95)
General Revenues:				
Unrestricted Investment Earnings	54,936	74,277	(19,341)	(26)
Total Revenues	2,621,546	3,024,120	(402,574)	(13)
<b>EXPENSES</b>				
Water Operating	746,686	687,528	59,158	9
Sewer Operating	838,815	888,377	(49,562)	(6)
Storm Water	264,832	216,860	47,972	22
Recycling	119,733	112,990	6,743	6
Cable TV	3,548	45,659	(42,111)	(92)
Total Expenses	1,973,614	1,951,414	22,200	1
<b>CHANGE IN NET POSITION</b>	647,932	1,072,706	(424,774)	40
Net Position - Beginning of Year	16,132,282	15,059,576	1,072,706	7
Prior Period Restatement for Implementation of GASB Standard	(170,395)	-	(170,395)	-
Net Position - Beginning of Year, as Restated	15,961,887	15,059,576	902,311	6
<b>NET POSITION - END OF YEAR</b>	<u>\$ 16,609,819</u>	<u>\$ 16,132,282</u>	<u>\$ 477,537</u>	3 %

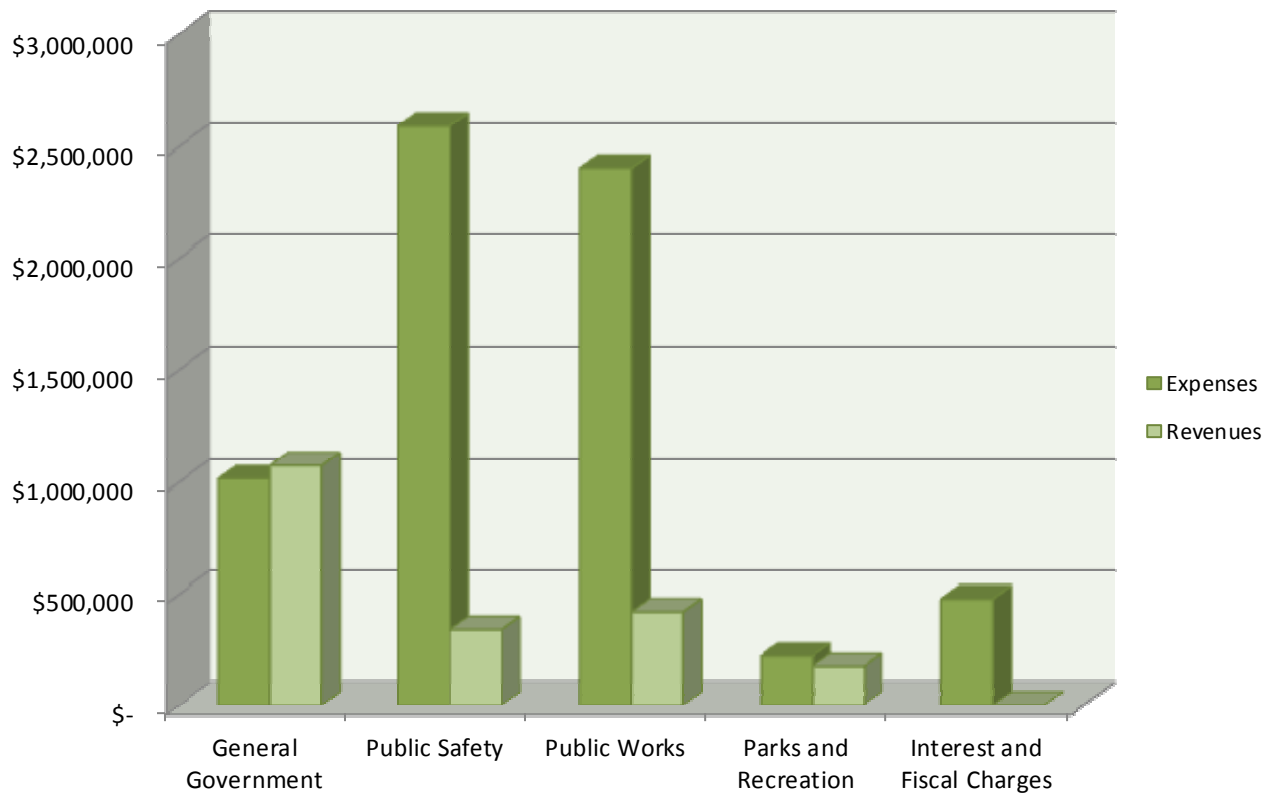
The business-type activities, primarily the City's utility operations, showed a growth in net position. Charges for Services decreased during 2015 due to Water and Sewer Area and Connection Charges being still significant but not quite as high as 2014 in connection with new developments. Even with this happening, revenues still outpaced expenditures in this fund as expenditures stayed fairly constant in 2015 from 2014 and led to an increase in net position.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**Governmental Activities**

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

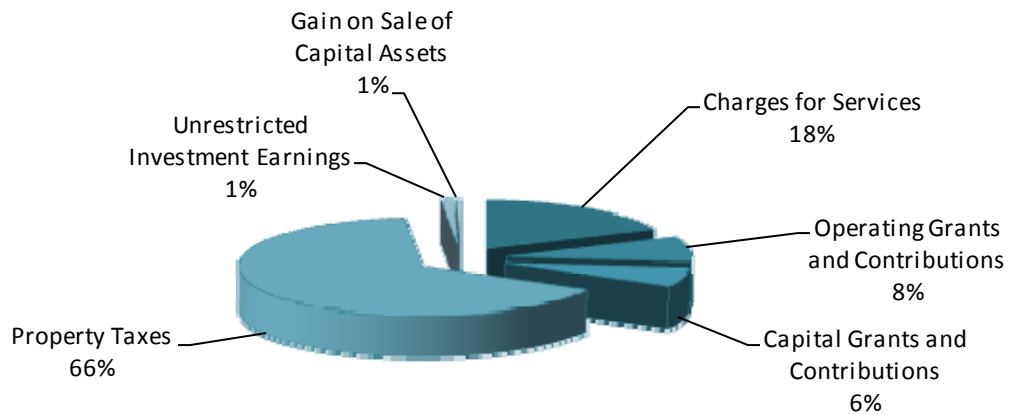
**Program Expenses and Revenues – Governmental Activities**



**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

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**



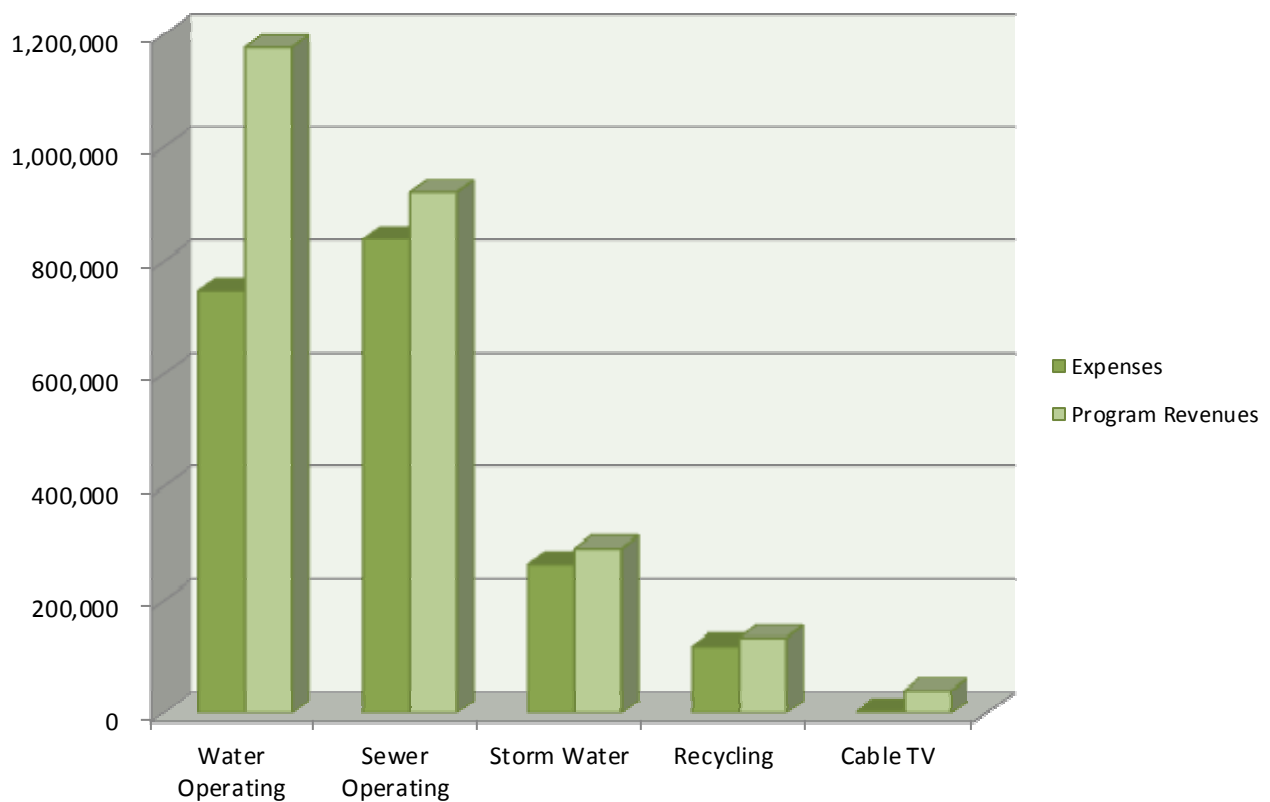


**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**Business-Type Activities**

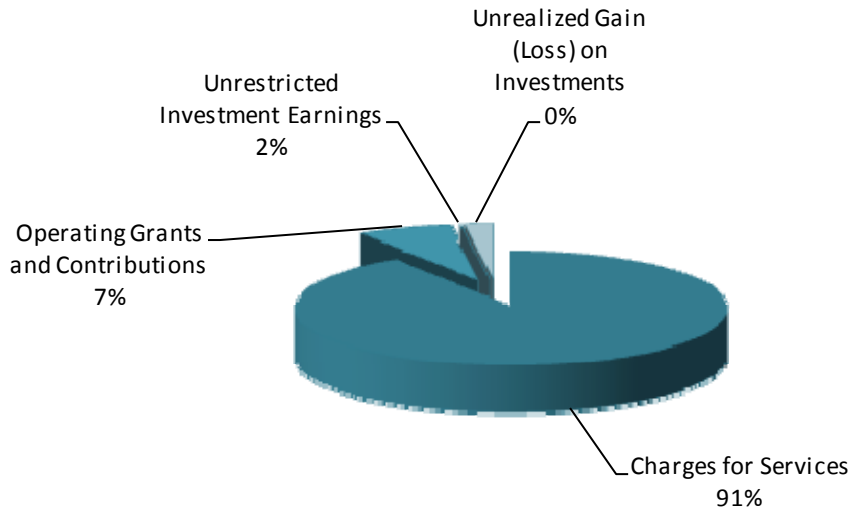
Business-Type Activities had an overall increase in net position of \$477,537, mainly due to revenue from water area /trunk charges as well as collection of FEMA dollars in 2015 related to 2014 expenditures. One of the biggest expenses is depreciation (non-cash expense) within the water, sewer and surface water funds. Operating costs increased \$59,158 in the Water Fund due to 2015 being a year where that has some additional utility system maintenance. Operating costs in the Sewer Fund decreased \$49,562 due to reduced operating and maintenance supplies costs in 2015 from 2014.

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



**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**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 2015 was property taxes at 67% of the total revenue, followed by licenses and permits at 16%. The total fund balance \$524,813 increased during the current fiscal year 2015, resulting from an excess of revenue over expenditures of \$2,937,851. The unassigned fund balance of 70% at the end of 2015 represents of total General Fund expenditures for the year 2015.

**Other Major Governmental Funds**

The G.O. Improvement Bonds of 2013A Fund was created in 2013 as a debt service fund for the Highway 7 Roundabout Project. The fund balance at the end of 2015 was \$867,306, which increased \$141,127 during the year due to special assessment collections exceeding the required debt service payments.

The G.O. Improvement Bonds of 2013B Fund was created in 2013 as a debt service fund for the Kings Point Road Project. The fund balance at the end of 2015 was \$393,225, which decreased \$422,503 during the year due to the required debt service payments exceeding the special assessment collections.

**Proprietary Funds**

The City's enterprise funds had a combined net position balance of \$16,609,819 at December 31, 2015. The financial activities of these funds have been summarized in previous charts within this discussion.

**CITY OF MINNETRISTA, MINNESOTA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEAR ENDED DECEMBER 31, 2015**

**General Fund Budgetary Highlights**

- The general fund revenues exceeded the final revenue budget by \$339,128. The biggest positive budget variance for revenue categories were within licenses and permits. Licenses and Permits saw a big variance as revenue exceeded budget by \$338,082 (84%) due to more building permits (new homes) than projected. Miscellaneous revenues fell short of budget projections by \$43,714 (28%) due to insurance proceeds and other miscellaneous reimbursements being less than what was projected.
- Total General Fund Expenditures were \$85,528 under budget. Public Safety activity basically made up this positive difference with a variance of \$90,177 of actual expenditures being less than budgeted expenditures.
- The Fund did originally plan to have a \$150,000 use of fund balance during the year but after budget amendments were made based on current year activity, the fund was projected to have a \$100,157 surplus per budget.

**Capital Assets**

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2015 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2015	2014	2015	2014	2015	2014
Land	\$ 4,406,661	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661	\$ 4,406,661
Construction in Progress	350,873	38,905	1,886,868	1,104,711	2,237,741	1,143,616
Buildings and Building Improvements	6,881,591	6,815,005	-	-	6,881,591	6,815,005
Improvements Other than Buildings	1,659,590	1,633,436	-	-	1,659,590	1,633,436
Streets and Infrastructure	37,138,714	37,138,714	21,552,506	20,421,134	58,691,220	57,559,848
Equipment and Furniture	5,241,344	5,022,942	625,238	625,238	5,866,582	5,648,180
Total Capital Assets	55,678,773	55,055,663	24,064,612	22,151,083	79,743,385	77,206,746
Less: Accumulated Depreciation	(23,984,581)	(22,476,605)	(9,760,018)	(9,222,339)	(33,744,599)	(31,698,944)
Total Capital Assets, Net	<u>\$ 31,694,192</u>	<u>\$ 32,579,058</u>	<u>\$ 14,304,594</u>	<u>\$ 12,928,744</u>	<u>\$ 45,998,786</u>	<u>\$ 45,507,802</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, 2015**

**Long-Term Liabilities**

At the end of the current fiscal year, the City had total bonded debt, compensated absences payable, net pension liability, and other postemployment benefits outstanding of \$19,119,432. 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	
	2015	2014	2015	2014	2015	2014
General Obligation Bonds	\$ 10,140,000	\$ 11,760,000	\$ -	\$ -	\$ 10,140,000	\$ 11,760,000
General Obligation Revenue Bonds	4,360,000	4,595,000	1,503,364	1,731,099	5,863,364	6,326,099
General Obligation Equipment Certs	331,000	-	-	-	331,000	-
Compensated Absences	93,196	137,865	13,623	13,304	106,819	151,169
Net Pension Liability	1,800,384	1,678,442	193,352	178,131	1,993,736	1,856,573
Other Postemployment Benefits	319,234	282,052	39,886	34,554	359,120	316,606
Bond Premium (Discount), Net	300,112	322,048	25,281	31,735	325,393	353,783
Total Outstanding Debt	<u>\$ 17,343,926</u>	<u>\$ 18,775,407</u>	<u>\$ 1,775,506</u>	<u>\$ 1,988,823</u>	<u>\$ 19,119,432</u>	<u>\$ 20,764,230</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, 2015**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 8,486,322	\$ 4,216,959	\$ 12,703,281
Accounts Receivable	36,641	405,530	442,171
Property Taxes Receivable	51,618	-	51,618
Special Assessments Receivable	4,955,156	68,284	5,023,440
Accrued Interest Receivable	13,237	6,607	19,844
Due from Other Governments	361,415	11,926	373,341
Prepaid Items	22,434	25,202	47,636
Capital Assets:			
Non-Depreciable:			
Land	4,406,661	-	4,406,661
Construction in Progress	350,873	1,886,868	2,237,741
Depreciable:			
Buildings and Building Improvements	6,881,591	22,177,744	29,059,335
Improvements Other than Buildings	1,659,590	-	1,659,590
Streets and Infrastructure	37,138,714	-	37,138,714
Equipment and Furniture	5,241,344	-	5,241,344
Total Capital Assets	55,678,773	24,064,612	79,743,385
Less: Accumulated Depreciation	(23,984,581)	(9,760,018)	(33,744,599)
Total Capital Assets, Net	31,694,192	14,304,594	45,998,786
Total Assets	45,621,015	19,039,102	64,660,117
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows - Pensions	378,077	28,629	406,706
<b>LIABILITIES</b>			
Accounts and Contracts Payable	193,905	658,773	852,678
Accrued Salaries and Fringes	32,782	3,643	36,425
Accrued Interest Payable	180,046	8,086	188,132
Other Liabilities	95,908	-	95,908
Deposits	244,975	-	244,975
Long-Term Liabilities:			
Due Within One Year	991,000	212,000	1,203,000
Due in More Than One Year	16,352,926	1,563,506	17,916,432
Total Liabilities	18,091,542	2,446,008	20,537,550
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows - Pensions	216,000	11,904	227,904
<b>NET POSITION</b>			
Net Investment in Capital Assets	16,563,080	12,775,949	29,339,029
Restricted for:			
Debt Service	8,006,681	-	8,006,681
Road Maintenance	61,731	-	61,731
Park Improvement	1,203,025	-	1,203,025
Unrestricted	1,857,033	3,833,870	5,690,903
Total Net Position	\$ 27,691,550	\$ 16,609,819	\$ 44,301,369

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2015**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government:</b>							
Governmental Activities:							
General Government	\$ 1,013,834	\$ 925,087	\$ 149,763	\$ -	\$ 61,016	\$ -	\$ 61,016
Public Safety	2,592,622	189,649	147,777	-	(2,255,196)	-	(2,255,196)
Public Works	2,403,548	134	33,884	384,022	(1,985,508)	-	(1,985,508)
Parks and Recreation	225,307	-	176,349	-	(48,958)	-	(48,958)
Interest and Fiscal Charges	477,254	-	-	-	(477,254)	-	(477,254)
Total Governmental Activities	6,712,565	1,114,870	507,773	384,022	(4,705,900)	-	(4,705,900)
Business-Type Activities:							
Water Operating	746,686	1,177,345	-	-	-	430,659	430,659
Sewer Operating	838,815	830,784	90,426	165	-	82,560	82,560
Storm Water	264,832	224,120	68,923	-	-	28,211	28,211
Recycling	119,733	110,860	23,225	-	-	14,352	14,352
Cable TV	3,548	40,762	-	-	-	37,214	37,214
Total Business-Type Activities	1,973,614	2,383,871	182,574	165	-	592,996	592,996
Total Primary Government	<u>\$ 8,686,179</u>	<u>\$ 3,498,741</u>	<u>\$ 690,347</u>	<u>\$ 384,187</u>	(4,705,900)	592,996	(4,112,904)
General Revenues:							
Property Taxes, Levied for General Purposes					4,010,604	-	4,010,604
Unrestricted Investment Earnings					75,954	54,936	130,890
Gain on Sale of Capital Assets					21,396	-	21,396
Total General Revenues and Transfers					4,107,954	54,936	4,162,890
Change in Net Position					(597,946)	647,932	49,986
Net Position - Beginning					29,869,717	16,132,282	46,001,999
Prior Period Restatement for Change in Accounting							
Principle, See Note 10					(1,580,221)	(170,395)	(1,750,616)
Net Position - Beginning, as Restated					28,289,496	15,961,887	44,251,383
Net Position - Ending					<u>\$ 27,691,550</u>	<u>\$ 16,609,819</u>	<u>\$ 44,301,369</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2015**

ASSETS	General Fund	Debt Service		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)		
Cash and Investments	\$ 3,449,256	\$ 866,399	\$ 393,058	\$ 3,777,609	\$ 8,486,322
Receivables:					
Miscellaneous Receivables	36,641	-	-	-	36,641
Accrued Interest	5,376	1,354	614	5,893	13,237
Delinquent Taxes	51,618	-	-	-	51,618
Delinquent Special Assessments	-	-	-	617,104	617,104
Other Special Assessments Receivable	-	2,563,887	1,535,729	238,436	4,338,052
Prepays	22,434	-	-	-	22,434
Due from Other Governmental Units	30,239	-	-	331,176	361,415
Total Assets	<u>\$ 3,595,564</u>	<u>\$ 3,431,640</u>	<u>\$ 1,929,401</u>	<u>\$ 4,970,218</u>	<u>\$ 13,926,823</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ 95,057	\$ 447	\$ 447	\$ 97,954	\$ 193,905
Accrued Salaries Payable	32,782	-	-	-	32,782
Other Liabilities	95,908	-	-	-	95,908
Deposits	101,600	-	-	143,375	244,975
Total Liabilities	<u>325,347</u>	<u>447</u>	<u>447</u>	<u>241,329</u>	<u>567,570</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Taxes	51,618	-	-	-	51,618
Unavailable Revenue - Special Assessments	-	2,563,887	1,535,729	855,540	4,955,156
Unavailable Revenue - Other	-	-	-	326,924	326,924
Total Deferred Inflows of Resources	<u>51,618</u>	<u>2,563,887</u>	<u>1,535,729</u>	<u>1,182,464</u>	<u>5,333,698</u>
<b>FUND BALANCE</b>					
Nonspendable:					
Prepays	22,434	-	-	-	22,434
Restricted:					
Debt Service	-	867,306	393,225	1,644,116	2,904,647
Parkland Acquisitions and Improvement	-	-	-	1,203,025	1,203,025
Road Maintenance	-	-	-	61,731	61,731
Committed:					
Emergency Warning Siren Operation	-	-	-	187,836	187,836
Tree Replacement	-	-	-	222,562	222,562
Assigned:					
Subsequent Year Budget	258,314	-	-	-	258,314
Capital Plan Improvements	-	-	-	202,695	202,695
Capital Projects	-	-	-	24,460	24,460
Unassigned	2,937,851	-	-	-	2,937,851
Total Fund Balance	<u>3,218,599</u>	<u>867,306</u>	<u>393,225</u>	<u>3,546,425</u>	<u>8,025,555</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 3,595,564</u>	<u>\$ 3,431,640</u>	<u>\$ 1,929,401</u>	<u>\$ 4,970,218</u>	<u>\$ 13,926,823</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, 2015**

Total Fund Balances for Governmental Funds	\$	8,025,555
--	----	-----------

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		350,873	
Buildings and Building Improvements		6,881,591	
Improvements Other than Buildings		1,659,590	
Streets and Infrastructure		37,138,714	
Equipment and Furniture		5,241,344	
Total Capital Assets		55,678,773	
Less: Accumulated Depreciation		(23,984,581)	31,694,192

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.	5,333,698
--	-----------

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.	(180,046)
---	-----------

The City's net pension liability and related deferred inflows and deferred outflows are recorded only on the Statement of Net Position. Balances at year end are:

Net Pension Liability	(1,800,384)		
Deferred Inflows of Resources - Pensions	(216,000)		
Deferred Outflows of Resources - Pensions	378,077		(1,638,307)

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

Bonds Payable	(14,500,000)		
Equipment Certificates Payable	(331,000)		
Unamortized Premiums	(300,112)		
Other Postemployment Benefits	(319,234)		
Compensated Absence Payable	(93,196)		(15,543,542)

Total Net Position of Governmental Activities	\$	27,691,550
---	----	------------

**CITY OF MINNETRISTA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2015**

	General Fund	Debt Service		Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)		
<b>REVENUE</b>					
Property Taxes	\$ 3,188,270	\$ -	\$ -	\$ 834,155	\$ 4,022,425
Special Assessments	-	382,943	247,923	136,382	767,248
Licenses and Permits	740,757	-	-	-	740,757
Intergovernmental Revenue	339,144	-	-	187,047	526,191
Charges for Services	271,046	-	-	-	271,046
Fines and Forfeitures	59,601	-	-	-	59,601
Other Revenue:					
Investment Earnings	25,251	7,044	3,074	40,585	75,954
Miscellaneous Revenue	110,286	-	-	235,351	345,637
Total Revenue	4,734,355	389,987	250,997	1,433,520	6,808,859
<b>EXPENDITURES</b>					
Current:					
General Government	969,963	-	-	4,606	974,569
Public Safety	2,200,045	-	-	-	2,200,045
Public Works	895,940	-	-	267,615	1,163,555
Parks and Recreation	129,905	-	-	-	129,905
Other	13,689	-	-	-	13,689
Total Current Expenditures	4,209,542	-	-	272,221	4,481,763
Capital Outlay	-	-	-	745,670	745,670
Debt Service:					
Principal Retirement	-	150,000	565,000	577,413	1,292,413
Interest and Fiscal Charges	-	98,860	108,500	274,075	481,435
Total Debt Service	-	248,860	673,500	851,488	1,773,848
Total Expenditures	4,209,542	248,860	673,500	1,869,379	7,001,281
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	524,813	141,127	(422,503)	(435,859)	(192,422)
<b>OTHER FINANCE SOURCES (USES)</b>					
Issuance of Bonds and Other Debt	-	-	-	331,000	331,000
Payment of Refunded Bonds	-	-	-	(635,000)	(635,000)
Transfers In	-	-	-	39,458	39,458
Transfers Out	-	-	-	(39,458)	(39,458)
Proceed from Sale of Capital Assets	-	-	-	17,211	17,211
Total Other Finance Sources (Uses)	-	-	-	(286,789)	(286,789)
<b>NET CHANGE IN FUND BALANCES</b>	524,813	141,127	(422,503)	(722,648)	(479,211)
<b>FUND BALANCES</b>					
Beginning of Year	2,693,786	726,179	815,728	4,269,073	8,504,766
End of Year	\$ 3,218,599	\$ 867,306	\$ 393,225	\$ 3,546,425	\$ 8,025,555

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, 2015**

Net Change in Fund Balances-Total Governmental Funds	\$	(479,211)
--	----	-----------

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

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

Capital Outlays - Improvement Costs (Net of Proceeds)	\$	714,148	
Gain on Disposal of Capital Assets		21,396	
Proceeds from the Sale of Capital Assets		(21,396)	
Depreciation Expense		<u>(1,599,014)</u>	(884,866)

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

Amortization of Bond Premium	21,936	
Repayment of Bond Principal	1,855,000	
Proceeds on Issuance of Equipment Certificates	(331,000)	
Change in Accrued Interest Expense	<u>(17,755)</u>	1,528,181

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, 2014	6,045,149	
Deferred Inflows of Resources - December 31, 2015	<u>5,333,698</u>	(711,451)

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 2015, compensated absence payable and other post employment benefits payable changed.

7,487

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

(58,086)

Change in Net Position of Governmental Activities	\$	<u><u>(597,946)</u></u>
---	----	-------------------------

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2015**

	Business-Type Activities					
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	Totals
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>						
<b>CURRENT ASSETS</b>						
Cash and Cash Equivalents	\$ 2,371,856	\$ 1,209,118	\$ 348,141	\$ 209,488	\$ 78,356	\$ 4,216,959
Receivables:						
Accounts Receivable (Net of Allowance)	118,433	196,560	63,145	27,392	-	405,530
Accrued Interest	3,786	1,798	560	341	122	6,607
Delinquent Special Assessments	-	-	5,999	5,624	-	11,623
Special Assessments	34,581	22,080	-	-	-	56,661
Prepays	1,923	22,679	600	-	-	25,202
Due from Other Governmental Units	313	-	-	11,613	-	11,926
Total Current Assets	2,530,892	1,452,235	418,445	254,458	78,478	4,734,508
<b>CAPITAL ASSETS</b>						
Construction in Progress	1,785,713	-	101,155	-	-	1,886,868
Buildings and Improvements	9,580,475	10,026,920	2,570,349	-	-	22,177,744
Less: Accumulated Depreciation	(3,276,118)	(5,163,939)	(1,319,961)	-	-	(9,760,018)
Net Capital Assets	8,090,070	4,862,981	1,351,543	-	-	14,304,594
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows - Pensions	14,937	11,411	1,397	884	-	28,629
Total Assets and Deferred Outflows of Resources	\$ 10,635,899	\$ 6,326,627	\$ 1,771,385	\$ 255,342	\$ 78,478	\$ 19,067,731
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>						
<b>CURRENT LIABILITIES</b>						
Accounts and Contracts Payable	\$ 456,184	\$ 109,170	\$ 93,352	\$ 67	\$ -	\$ 658,773
Accrued Salaries Payable	1,763	1,769	111	-	-	3,643
Compensated Absences Payable	4,524	4,260	1,216	-	-	10,000
Accrued Interest Payable	2,976	5,110	-	-	-	8,086
Bonds Payable	152,000	50,000	-	-	-	202,000
Total Current Liabilities	617,447	170,309	94,679	67	-	882,502
<b>NONCURRENT LIABILITIES</b>						
Compensated Absences Payable	1,639	1,544	440	-	-	3,623
Other Post-Employment Benefits	18,969	15,955	3,392	1,570	-	39,886
Net Pension Liability	100,876	77,071	9,435	5,970	-	193,352
Bonds Payable	746,645	580,000	-	-	-	1,326,645
Total Noncurrent Liabilities	868,129	674,570	13,267	7,540	-	1,563,506
Total Liabilities	1,485,576	844,879	107,946	7,607	-	2,446,008
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows - Pensions	6,210	4,745	581	368	-	11,904
<b>NET POSITION</b>						
Net Investment in Capital Assets	7,191,425	4,232,981	1,351,543	-	-	12,775,949
Unrestricted	1,952,688	1,244,022	311,315	247,367	78,478	3,833,870
Total Net Position	9,144,113	5,477,003	1,662,858	247,367	78,478	16,609,819
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 10,635,899	\$ 6,326,627	\$ 1,771,385	\$ 255,342	\$ 78,478	\$ 19,067,731

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, 2015**

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
<b>OPERATING REVENUE</b>						
Sales and User Fees	\$ 821,729	\$ 811,366	\$ 224,120	\$ 100,680	\$ 40,762	\$ 1,998,657
Other	-	-	125	-	-	125
Total Operating Revenue	821,729	811,366	224,245	100,680	40,762	1,998,782
<b>OPERATING EXPENSES</b>						
Personnel Services	190,125	147,039	23,494	10,879	-	371,537
Professional Services	115,226	71,569	85,434	-	-	272,229
Operating and Maintenance Supplies	12,001	88,503	37,478	-	3,548	141,530
Utilities	175,907	10,640	-	-	-	186,547
Depreciation	219,575	215,582	102,522	-	-	537,679
Maintenance and Repairs	5,916	586	804	-	-	7,306
Insurance	7,174	2,458	-	-	-	9,632
Other Expenses	6,069	288,407	15,225	108,854	-	418,555
Total Operating Expenses	731,993	824,784	264,957	119,733	3,548	1,945,015
<b>OPERATING INCOME (LOSS)</b>	89,736	(13,418)	(40,712)	(19,053)	37,214	53,767
<b>NONOPERATING REVENUE (EXPENSES)</b>						
Area Charges	353,973	17,671	-	-	-	371,644
Special Assessments for Capital Purposes	-	165	-	-	-	165
Investment Earnings	34,743	13,061	3,954	2,477	701	54,936
Interest Expense	(14,693)	(14,031)	-	-	-	(28,724)
Intergovernmental Grants	-	90,426	68,923	23,225	-	182,574
Miscellaneous Revenue	1,643	1,747	-	10,180	-	13,570
Total Nonoperating Revenue (Expenses)	375,666	109,039	72,877	35,882	701	594,165
<b>CHANGES IN NET POSITION</b>	465,402	95,621	32,165	16,829	37,915	647,932
<b>NET POSITION</b>						
Beginning of Year	8,767,609	5,449,302	1,639,008	235,800	40,563	16,132,282
Prior Period Restatement for Implementation of GASB Standard (See Note 10)	(88,898)	(67,920)	(8,315)	(5,262)	-	(170,395)
Beginning of Year, as Restated	8,678,711	5,381,382	1,630,693	230,538	40,563	15,961,887
End of Year	\$ 9,144,113	\$ 5,477,003	\$ 1,662,858	\$ 247,367	\$ 78,478	\$ 16,609,819

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
YEAR ENDED DECEMBER 31, 2015**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash Receipts from Customers	\$ 806,119	\$ 801,215	\$ 212,969	\$ 87,490	\$ 40,762	\$ 1,948,555
Cash Paid to Suppliers	(57,011)	(504,678)	(49,782)	(108,856)	(3,548)	(723,875)
Cash Paid to Employees	(188,577)	(145,549)	(23,232)	(10,515)	-	(367,873)
Other Receipts	1,643	-	-	10,180	-	11,823
Net Cash Provided (Used) by Operating Activities	562,174	150,988	139,955	(21,701)	37,214	868,630

**CASH FLOWS FROM CAPITAL AND RELATED**

**FINANCING ACTIVITIES**

Connection Fees Received	353,973	17,671	-	-	-	371,644
Special Assessments for Capital Purposes	633	(1,253)	(557)	(523)	-	(1,700)
Principal Payments on Bonds	(141,000)	(55,000)	-	-	-	(196,000)
Interest Payments on Bonds	(25,070)	-	-	-	-	(25,070)
Acquisition of Capital Assets	(1,486,996)	(289,040)	(137,493)	-	-	(1,913,529)
Interest Paid on Advances from Other Funds	-	(14,192)	-	-	-	(14,192)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,298,460)	(341,814)	(138,050)	(523)	-	(1,778,847)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest Received on Investments	35,131	12,990	3,758	2,423	633	54,935
----------------------------------	--------	--------	-------	-------	-----	--------

**CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES**

Grants Received	-	90,426	68,923	23,225	-	182,574
Refunds and Reimbursements	-	1,747	-	-	-	1,747
Net Cash Provided by Non-Capital Financing Activities	-	92,173	68,923	23,225	-	184,321

**NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

(701,155)	(85,663)	74,586	3,424	37,847	(670,961)
-----------	----------	--------	-------	--------	-----------

Cash and Cash Equivalents at Beginning of the Year

3,073,011	1,294,781	273,555	206,064	40,509	4,887,920
-----------	-----------	---------	---------	--------	-----------

**CASH AND CASH EQUIVALENTS AT END OF THE YEAR**

\$ 2,371,856	\$ 1,209,118	\$ 348,141	\$ 209,488	\$ 78,356	\$ 4,216,959
--------------	--------------	------------	------------	-----------	--------------

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ 89,736	\$ (13,418)	\$ (40,712)	\$ (19,053)	\$ 37,214	\$ 53,767
Adjustments to Operating Income (Loss):						
Non-Cash Expenses Included in Net Income:						
Depreciation	219,575	215,582	102,522	-	-	537,679
Miscellaneous Income	1,643	-	-	10,180	-	11,823
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	(15,610)	(17,770)	(11,428)	(1,719)	-	(46,527)
Due from Other Governmental Units	-	7,619	152	(11,471)	-	(3,700)
Prepaid Assets	(1,923)	(22,679)	(600)	-	-	(25,202)
Deferred Outflows	(14,937)	(11,411)	(1,397)	(884)	-	(28,629)
Increase (Decrease) in:						
Accounts Payable	267,205	(19,836)	89,759	(2)	-	337,126
Accrued Salaries Payable	(4,538)	(3,250)	(431)	-	-	(8,219)
Compensated Absences Payable	58	138	123	-	-	319
Other Postemployment Benefits	2,777	2,117	266	172	-	5,332
Net Pension Liability	11,978	9,151	1,120	708	-	22,957
Deferred Inflows	6,210	4,745	581	368	-	11,904
Net Cash Provided (Used) by Operating Activities	\$ 562,174	\$ 150,988	\$ 139,955	\$ (21,701)	\$ 37,214	\$ 868,630

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA  
STATEMENT OF FIDUCIARY NET POSITION  
AGENCY FUND  
DECEMBER 31, 2015**

	Land Use (801)
	<hr/>
<b>ASSETS</b>	
Cash and Investments	\$ 31,985
Land Use Receivable	<hr/> 27,276
Total Assets	<hr/> <hr/> \$ 59,261
<b>LIABILITIES</b>	
Accounts and Contracts Payable	\$ 41,136
Developer Payable	<hr/> 18,125
Total Liabilities	<hr/> <hr/> \$ 59,261

*See accompanying Notes to Basic Financial Statements.*

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

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

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

**B. Reporting Entity**

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

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

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

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



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**D. Change in Accounting Principle**

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an Amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. See Note 10 for more detail of the effect of this change in accounting principle on the financial statements.

**E. 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.

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

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

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

Proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting, similar to the government-wide financial statements. Proprietary funds distinguish operating revenues and expenses from 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.

**Description of Funds**

The City reports the following major governmental funds:

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

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

The City also reports the following fund type:

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

**F. Cash and Investments**

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

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.

**G. 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.

**H. Property Taxes**

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**H. 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.

**I. Special Assessments**

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

**J. Interfund Receivables and Payables**

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

**K. Capital Assets**

Capital assets, which include land, buildings, improvements, equipment, and infrastructure (utility systems, roads, bridges, sidewalks, and similar items) assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Such assets are capitalized at historical cost, or estimated historical cost for assets where actual historical cost is not available. Donated assets are recorded as capital assets at their 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, 2015**

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

**K. 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

**L. Compensated Absences Payable**

The City allows employees to accrue vacation based on years of service to carry over to the next year. The amount of vacation accrued is payable upon separation if the employee is in good standing and proper notice is given. Sick leave accrues at various rates and may be accumulated to a maximum of 120 days. Under the City's personnel policy, employees who have at least 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, 2015**

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

**M. Long-Term Liabilities**

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

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

**N. Deferred Outflows/Inflows of Resources**

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has one type of item, deferred outflows related to pensions, which qualifies for reporting in this category. See Note 6 for additional detail.

In addition to liabilities, the statements of financial position or balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items which qualify for reporting in this category. The first, unavailable revenue, arises under a modified accrual basis of accounting and is therefore reported only in the governmental funds balance sheet. The governmental funds report unavailable revenue from three sources: property taxes, special assessments, and amounts due from other governments not collected within 60 days of year-end. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The City also reports deferred inflows related to pensions on its statements of net position. See Note 6 for additional detail.

**O. Net Position/Fund Balance**

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**O. Net Position/Fund Balance (Continued)**

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

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

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

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

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

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

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

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

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

**P. Budgets and Budgetary Accounting**

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

1. Budget requests are submitted by all department heads to the City Finance Director. The Finance Director compiles the budget requests into an overall preliminary city budget.



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**P. Budgets and Budgetary Accounting (Continued)**

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

The budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. The detailed budget schedules provided in the supplementary section are presented on the same basis. The legal level of budgetary control is at the fund level. In 2015, a budget was not adopted for the Street Improvement Capital Project Fun or the Tree Replacement Special Revenue Fund.

**Q. Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2015.

**NOTE 2 DEPOSITS AND INVESTMENTS**

**A. Components of Cash and Investments**

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

Deposits	\$ 163,332
Investments	12,571,684
Cash on Hand	250
Total	<u>\$ 12,735,266</u>

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**A. Components of Cash and Investments (Continued)**

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

Statement of Net Position:

Cash and Investments - Statement of Net Position	\$ 12,703,281
Cash and Investments - Statement of Fiduciary Net Position	31,985
Total Cash and Investments	<u>\$ 12,735,266</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.

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 \$163,332 while the balance on the bank records was \$217,957. At December 31, 2015, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City's agent in the City's name.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Investments**

The City has the following investments at year-end:

	Total Fair Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank	\$ 499,635	\$ -	\$ -	\$ 499,635	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	1,072,182	-	1,072,182	-	Aaa/AA+	Moody's/S&P
Negotiable Certificates of Deposit	7,652,260	1,195,432	5,349,168	1,107,660	N/R	N/A
Money Market	36,010	36,010	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	3,311,597	3,311,597	-	-	N/R	N/A
	<u>\$ 12,571,684</u>	<u>\$ 4,543,039</u>	<u>\$ 6,421,350</u>	<u>\$ 1,607,295</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

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

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

**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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**C. Investments (Continued)**

**Credit Risk (Continued)**

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, 2015, the following is a list of investments which individually comprise more than 5% of the City's total investments:

		Percent of Total Fair Value
Federal Home Loan Mtg Corp.	\$ 1,072,182	8.5%
Money Market- 4M Fund	3,311,597	26.3%

**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 2015:

Fund	Transfer In	Transfer Out
Park Development Fund	\$ -	\$ 14,433
Road Maintenance	-	25,025
G.G. Improvement Bonds of 2010A	14,433	
G.O. Improvement Bonds of 2012A	25,025	-
	<u>\$ 39,458</u>	<u>\$ 39,458</u>

These funds were transferred to provide assistance for the annual debt service payments.

**CITY OF MINNETRISTA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**DECEMBER 31, 2015**

**NOTE 4 CAPITAL ASSETS**

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661
Construction in Progress	38,905	311,968	-	350,873
Total Capital Assets, Not Being Depreciated	4,445,566	311,968	-	4,757,534
Capital Assets, Being Depreciated:				
Land Improvements	1,633,436	26,154	-	1,659,590
Buildings and Building Improvements	6,815,005	66,586	-	6,881,591
Infrastructure	37,138,714	-	-	37,138,714
Vehicles and Equipment	5,022,942	309,440	(91,038)	5,241,344
Total Capital Assets, Being Depreciated	50,610,097	402,180	(91,038)	50,921,239
Accumulated Depreciation for:				
Land Improvements	(820,803)	(50,930)	-	(871,733)
Buildings and Building Improvements	(1,511,862)	(167,401)	-	(1,679,263)
Infrastructure	(16,548,208)	(1,129,195)	-	(17,677,403)
Vehicles and Equipment	(3,595,732)	(251,488)	91,038	(3,756,182)
Total Accumulated Depreciation	(22,476,605)	(1,599,014)	91,038	(23,984,581)
Total Capital Assets, Being Depreciated, Net	28,133,492	(1,196,834)	-	26,936,658
Governmental Activities Capital Assets, Net	<u>\$ 32,579,058</u>	<u>\$ (884,866)</u>	<u>\$ -</u>	<u>\$ 31,694,192</u>

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 1,104,711	\$ 1,877,191	\$ (1,095,034)	\$ 1,886,868
Capital Assets, Being Depreciated:				
Infrastructure	20,421,134	1,131,372	-	21,552,506
Machinery and Equipment	625,238	-	-	625,238
Total Capital Assets, Being Depreciated	21,046,372	1,131,372	-	22,177,744
Accumulated Depreciation for:				
Infrastructure	(8,905,805)	(498,549)	-	(9,404,354)
Machinery and Equipment	(316,534)	(39,130)	-	(355,664)
Total Accumulated Depreciation	(9,222,339)	(537,679)	-	(9,760,018)
Total Capital Assets, Being Depreciated, Net	11,824,033	593,693	-	12,417,726
Business-Type Activities Capital Assets, Net	<u>\$ 12,928,744</u>	<u>\$ 2,470,884</u>	<u>\$ (1,095,034)</u>	<u>\$ 14,304,594</u>

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 4 CAPITAL ASSETS (CONTINUED)**

**C. Depreciation Expense by Function**

**Governmental Activities:**

General Government	\$ 41,797
Public Safety	264,772
Streets	1,225,653
Parks and Recreation	66,792
Total Depreciation Expense, Governmental Activities	<u>\$ 1,599,014</u>

**Business-Type Activities:**

Water Operating	\$ 219,575
Sewer Operating	215,582
Storm Water	102,522
Total Depreciation Expense, Business-Type Activities	<u>\$ 537,679</u>

**NOTE 5 LONG-TERM LIABILITIES**

**A. Components Long-Term Debt**

The City had the following long-term liabilities outstanding at December 31, 2015:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
<b>Governmental Activities:</b>					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2003	05/01/03	\$ 495,000	1.50-4.50%	12/31/18	\$ 115,000
G.O. Improvement Bonds of 2010A	09/16/10	3,270,000	2.00-3.50%	02/01/31	2,845,000
G.O. Improvement Bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	625,000
G.O. Improvement Bonds of 2013A	09/11/13	4,460,000	0.90-3.90%	02/01/29	3,330,000
G.O. Improvement Bonds of 2013B	10/10/13	3,235,000	1.10-4.60%	02/01/30	2,670,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	555,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	4,360,000
G.O. Equipment Certificates 2015A	02/25/15	331,000	1.99%	02/01/20	331,000
Total Bonds					<u>14,831,000</u>
Unamortized Bond Premiums					300,112
Compensated Absences					93,196
Net Pension Liability					1,800,384
Other Post Employment Benefits					319,234
Total Governmental Activities					<u>\$ 17,343,926</u>
<b>Business-Type Activities:</b>					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 630,000
G.O. Refunding Bonds of 2014A	09/11/14	525,000	3.00%	12/01/19	430,000
Total Bonds					<u>1,060,000</u>
PFA Drinking Water Revolving Loan	Various	719,813	1.189%	08/20/24	443,364
Unamortized Bond Premiums					25,281
Compensated Absences					13,623
Net Pension Liability					193,352
Other Postemployment Benefits					39,886
Total Business-Type Activities					<u>\$ 1,775,506</u>

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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	\$ 11,760,000	\$ -	\$ (1,620,000)	\$ 10,140,000	\$ 605,000
G.O. Capital Improvement Bonds	4,595,000	-	(235,000)	4,360,000	235,000
G.O. Equipment Certificates	-	331,000	-	331,000	61,000
Unamortized Bond Premiums	322,048	-	(21,936)	300,112	-
Total Bonds Payable	16,677,048	331,000	(1,876,936)	15,131,112	901,000
Compensated Absences	137,865	182,521	(227,190)	93,196	90,000
Net Pension Liability	1,678,442	327,191	(205,249)	1,800,384	-
Other Postemployment Benefits	282,052	40,080	(2,898)	319,234	-
Total Governmental Activities	17,096,965	553,601	(2,107,024)	17,343,926	991,000
Business-Type Activities:					
G.O. Revenue Bonds	1,210,000	-	(150,000)	1,060,000	155,000
PFA Drinking Water Revolving Loan	489,364	-	(46,000)	443,364	47,000
Unamortized Bond Premiums	31,735	-	(6,454)	25,281	-
Total Bonds and Loans	1,731,099	-	(202,454)	1,528,645	202,000
Compensated Absences	13,304	20,377	(20,058)	13,623	10,000
Net Pension Liability	178,131	34,328	(19,107)	193,352	-
Other Postemployment Benefits	34,554	5,748	(416)	39,886	-
Total Business-Type Activities	1,957,088	60,453	(242,035)	1,775,506	212,000
Total Debt	<u>\$ 19,054,053</u>	<u>\$ 614,054</u>	<u>\$ (2,349,059)</u>	<u>\$ 19,119,432</u>	<u>\$ 1,203,000</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. The City issued the 2014A General Obligation Refunding Bonds on September 11, 2014 to advance crossover refund the 2007A General Obligation Improvement Bonds. The 2007A bonds were then refunded by the escrow on December 1, 2015. The cash savings related to the crossover refunding of the 2007A bonds totaled \$100,457. The net present value savings related to the crossover refunding of the 2007A bonds totaled \$82,373.

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**B. Changes in Long-Term Debt (Continued)**

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

**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.

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

**C. Future Minimum Debt Payments**

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

		Governmental Activities			
		Bonds Payable			
		Principal	Interest		
Year Ending December 31,					
	2016	\$ 901,000	\$ 443,254		
	2017	931,000	422,310		
	2018	952,000	402,766		
	2019	938,000	379,152		
	2020	964,000	354,937		
	2021-2025	4,825,000	1,348,633		
	2026-2030	5,100,000	478,425		
	2031	220,000	3,850		
	<b>Totals</b>	<b>\$ 14,831,000</b>	<b>\$ 3,833,327</b>		

		Business-Type Activities			
		Bonds Payable		Loans Payable	
		Principal	Interest	Principal	Interest
Years					
2016	\$ 155,000	\$ 24,940	\$ 47,000	\$ 5,272	\$ 232,212
2017	160,000	21,290	48,000	4,713	234,003
2018	155,000	17,390	48,000	4,142	224,532
2019	160,000	13,540	49,000	3,571	226,111
2020	50,000	9,440	49,000	2,989	111,429
2021-2025	265,000	31,474	202,364	6,046	504,884
2026-2030	115,000	3,249	-	-	118,249
<b>Totals</b>	<b>\$ 1,060,000</b>	<b>\$ 121,323</b>	<b>\$ 443,364</b>	<b>\$ 26,733</b>	<b>\$ 1,651,420</b>

**D. Subsequent Debt Issuances**

In April 2016 the City approved the sale of \$3,170,000 General Obligation Bonds, Series 2016A. The proceeds of the bond issuance will be used to finance the water main project as well certain equipment purchases.

In February 2016 the City entered into a \$9,074,697 Drinking Water Revolving Loan through Minnesota PFA for the purpose of financing the construction of two water treatment plants.



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 5 LONG-TERM LIABILITIES (CONTINUED)**

**E. Compensated Absences**

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

**NOTE 6 DEFINED BENEFIT PENSION PLANS – STATE-WIDE**

**A. Plan Description**

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

**1. General Employees Retirement Fund (GERF)**

All full-time and certain part-time employees of the City are covered by the General Employees Retirement Fund (GERF). GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. The Basic Plan was closed to new members in 1967. All new members must participate in the Coordinated Plan.

**2. Public Employees Police and Fire Fund (PEPFF)**

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

**B. Benefits Provided**

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

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**B. Benefits Provided (Continued)**

**1. GERP Benefits**

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first ten years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2 percent of average salary for each of the first ten years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

**2. PEPFF Benefits**

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after ten years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after ten years up to 100% after twenty years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

**C. Contributions**

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

**1. GERP Contributions**

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City contributions to the GERP for the year ended December 31, 2015, were \$92,221. The City contributions were equal to the required contributions as set by state statute.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**C. Contributions (Continued)**

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City contributions to the PEPFF for the year ended December 31, 2015, were \$144,518. The City contributions were equal to the required contributions as set by state statute.

**D. Pension Costs**

1. GERF Pension Costs

At December 31, 2015, the City reported a liability of \$948,401 for its proportionate share of the GERF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .0183%

For the year ended December 31, 2015, the City recognized pension expense of \$122,896 for its proportionate share of the GERF's pension expense.

At December 31, 2015, the City reported its proportionate share of the GERF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 47,816
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	89,781	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	10,569
City Contributions Subsequent to the Measurement Date	50,648	-
Total	<u>\$ 140,429</u>	<u>\$ 58,385</u>

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**D. Pension Costs (Continued)**

**1. GERP Pension Costs**

A total of \$50,648 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expenses Amount
2016	\$ 2,984
2017	2,984
2018	2,984
2019	22,444
2020	-
Thereafter	-

**2. PEPFF Pension Costs**

At December 31, 2015, the City reported a liability of \$1,045,335 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .092%.

For the year ended December 31, 2015, the City recognized pension expense of \$181,936 for its proportionate share of the PEPFF's pension expense. The City also recognized \$8,280 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**D. Pension Costs (Continued)**

**2. PEPFF Pension Costs (Continued)**

At December 31, 2015, the City reported its proportionate share of the PEPFF's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 169,519
Changes in Actuarial Assumptions	-	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	182,132	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	9,000	-
City Contributions Subsequent to the Measurement Date	75,146	-
Total	<u>\$ 266,278</u>	<u>\$ 169,519</u>

A total of \$75,146 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Pension Expenses Amount
2016	\$ 13,429
2017	13,429
2018	13,429
2019	13,429
2020	(32,103)
Thereafter	-

**E. Actuarial Assumptions**

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.75% per year
Active Member Payroll Growth	3.50% per year
Investment Rate of Return	7.90%

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2000 tables for males or females, as appropriate, with slight adjustments. Benefit increases for retirees are assumed to be 1% effective every January 1<sup>st</sup> through 2026 and 2.5% thereafter.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**E. Actuarial Assumptions (Continued)**

Actuarial assumptions used in the June 30, 2015, valuation were based on the results of actuarial experience studies. The experience study in the GERP was for the period July 1, 2004, through June 30, 2008, with an update of economic assumptions in 2014. Experience studies have not been prepared for PERA's other plans, but assumptions.

The long-term expected rate of return on pension plan investments is 7.9%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	45%	5.50%
International Equity	15%	6.00%
Bonds	18%	1.45%
Alternative Assets	20%	6.40%
Cash	2%	0.50%
Totals	<u>100%</u>	

**F. Discount Rate**

The discount rate used to measure the total pension liability was 7.9%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rate specified in statute. Based on that assumption, each of the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Pension Liability Sensitivity**

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

Description	1% Decrease in Discount Rate (6.90%)	Current Discount Rate (7.90%)	1% Increase in Discount Rate (8.90%)
City's Proportionate Share of the GERP Net Pension Liability	\$ 1,491,223	\$ 948,401	\$ 500,113
City's Proportionate Share of the PEPFF Net Pension Liability	2,037,369	1,045,335	225,742

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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

**H. Pension Plan Fiduciary Net Position**

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

**NOTE 7    OTHER POSTEMPLOYMENT BENEFITS**

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

**A. Plan Description**

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

The benefits provided are as follows:

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

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

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

**B. Funding Policy**

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2015, the City contributed \$3,314 to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2015, there were no retirees receiving health benefits from the City's health plans.

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

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

Annual Required Contribution	\$ 43,534
Interest on Net OPEB Obligation	14,247
Adjustment to Annual Required Contribution	<u>(11,953)</u>
Annual OPEB Cost (Expense)	45,828
Contributions Made	<u>(3,314)</u>
Increase in Net OPEB Obligation	42,514
Net OPEB Obligation - Beginning of Year	316,606
Net OPEB Obligation - End of Year	<u><u>\$ 359,120</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 2015:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
12/31/2015	\$ 45,828	7.2%	\$ 359,120
12/31/2014	43,872	2.3%	316,606
12/31/2013	48,429	5.0%	273,764

**D. Funded Status and Funding Progress**

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



**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 7 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)**

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

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

**E. Actuarial Methods and Assumptions**

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

In the January 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses), which the rate of the expected long-term investment returns on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 9%, reduced by decrements to an ultimate rate of 5% after twelve years. The rate includes a 3% inflation rate. The UAAL is being amortized as a level percentage of projected payrolls on an open basis. The remaining amortization period at December 31, 2015 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, 2015, 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.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**NOTE 8 FUND BALANCES (CONTINUED)**

- D. Assigned for Road Maintenance** – Represents amounts assigned by the City Council to be used for various road maintenance projects.
- E. Assigned for Tree Replacement** – Represents amounts assigned by the City Council to be used for various tree replacement projects.
- F. Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.
- G. Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.
- H. Assigned for Capital Projects** – Represents amounts which are assigned by the City for various capital projects.

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**A. Federal and State Revenue**

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

**B. Litigation**

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

**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 2015, the City received \$189,649 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 \$400,223 for fire protection services in 2015.

**CITY OF MINNETRISTA  
NOTES TO BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

**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 \$72,413 for 2015 are included in debt service principal \$(64,121) and interest \$(8,292) 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 2015 as follows:

Project	Final Contracted Amount	Expended Through 12/31/2015	Remaining Commitment
City of Minnetrista Water Treatment Facilities	\$ 7,880,223	\$ 718,986	\$ 7,161,237

**NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE**

During fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related Statement No. 71. As a result, the City's net position as of December 31, 2014 has been restated to reflect the recognition of the City's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's (GERF) and Public Employees' Police and Fire Fund's (PEPFF) net pension liability.

	Governmental Activities	Business-Type Activities
Net Position, December 31, 2014, as Previously Reported	\$ 29,869,717	\$ 16,132,282
Cumulative Affect of Application of GASB 68, Net Pension Liability	(1,678,442)	(178,130)
Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan From July 1, 2014 to December 31, 2014	98,221	7,735
Net Position, December 31, 2014, as Restated	<u>\$ 28,289,496</u>	<u>\$ 15,961,887</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, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 3,163,752	\$ 3,163,752	\$ 3,188,270	\$ 24,518
Licenses and Permits	402,675	402,675	740,757	338,082
Intergovernmental Revenue	117,800	312,400	339,144	26,744
Charges for Services	271,400	271,400	271,046	(354)
Fines and Forfeits	66,000	66,000	59,601	(6,399)
Other Revenue:				
Investment Earnings	25,000	25,000	25,251	251
Miscellaneous Revenue	154,000	154,000	110,286	(43,714)
Total Revenue	4,200,627	4,395,227	4,734,355	339,128
<b>EXPENDITURES</b>				
General Government:				
Mayor and City Council	40,098	40,098	40,623	525
Administration	530,191	465,570	453,721	(11,849)
Elections	1,000	1,000	355	(645)
Assessing	106,000	106,000	109,160	3,160
Legal	96,000	96,000	123,779	27,779
Planning	171,687	171,687	166,970	(4,717)
Government Building	75,335	75,335	75,355	20
Total General Government	1,020,311	955,690	969,963	14,273
Public Safety:				
Police	1,716,498	1,716,498	1,601,341	(115,157)
Fire	402,000	402,000	400,223	(1,777)
Inspection and Zoning	162,660	171,724	198,481	26,757
Total Public Safety	2,281,158	2,290,222	2,200,045	(90,177)
Public Works:				
Other	884,469	884,469	895,940	11,471
Parks and Recreation:				
Other	138,189	138,189	129,905	(8,284)
Miscellaneous:				
Other	26,500	26,500	13,689	(12,811)
Total Expenditures	4,350,627	4,295,070	4,209,542	(85,528)
<b>NET CHANGE IN FUND BALANCES</b>	<b>\$ (150,000)</b>	<b>\$ 100,157</b>	<b>524,813</b>	<b>\$ 424,656</b>
<b>FUND BALANCES</b>				
Beginning of Year			2,693,786	
End of Year			<u>\$ 3,218,599</u>	

**CITY OF MINNETRISTA**  
**SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN**  
**DECEMBER 31, 2015**

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

**CITY OF MINNETRISTA  
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
DECEMBER 31, 2015**

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

	<b>Measurement Date 6/30/2015</b>	<b>Measurement Date 6/30/2014</b>
City's Proportion of the Net Pension Liability	0.0183%	0.0186%
City's Proportionate Share of the Net Pension Liability	\$ 948,401	\$ 873,735
City's Covered-Employee Payroll	\$ 1,229,613	\$ 1,008,276
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	77.13%	86.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.20%	78.70%

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

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

	<b>Measurement Date 6/30/2015</b>	<b>Measurement Date 6/30/2014</b>
City's Proportion of the Net Pension Liability	0.0920%	0.0910%
City's Proportionate Share of the Net Pension Liability	\$ 1,045,335	\$ 982,837
City's Covered-Employee Payroll	\$ 892,086	\$ 788,333
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	117.18%	124.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.61%	87.10%

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

**CITY OF MINNETRISTA  
PERA SCHEDULE OF CITY CONTRIBUTIONS  
DECEMBER 31, 2015**

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

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

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

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



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

**CITY OF MINNETRISTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015**

	Special Revenue	Debt Service	Capital Project	Totals
<b>ASSETS</b>				
Cash and Investments	\$ 1,721,663	\$ 1,639,548	\$ 416,398	\$ 3,777,609
Receivables:				
Accrued Interest	2,691	2,551	651	5,893
Delinquent Special Assessments	-	617,104	-	617,104
Other Special Assessments Receivable	-	238,436	-	238,436
Due from Other Governmental Units	-	331,176	-	331,176
Total Assets	<u>\$ 1,724,354</u>	<u>\$ 2,828,815</u>	<u>\$ 417,049</u>	<u>\$ 4,970,218</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accounts and Contracts Payable	\$ 49,200	\$ 2,235	\$ 46,519	\$ 97,954
Deposits	-	-	143,375	143,375
Total Liabilities	<u>49,200</u>	<u>2,235</u>	<u>189,894</u>	<u>241,329</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable Revenue - Special Assessment	-	855,540	-	855,540
Unavailable Revenue - Other	-	326,924	-	326,924
Total Deferred Inflows of Resources	<u>-</u>	<u>1,182,464</u>	<u>-</u>	<u>1,182,464</u>
<b>FUND BALANCE</b>				
Restricted:				
Debt Service	-	1,644,116	-	1,644,116
Parkland Acquisitions and Improvement	1,203,025	-	-	1,203,025
Road Maintenance	61,731	-	-	61,731
Committed:				
Emergency Warning Siren Operation	187,836	-	-	187,836
Tree Replacement	222,562	-	-	222,562
Assigned:				
Capital Plan Improvements	-	-	202,695	202,695
Capital Projects	-	-	24,460	24,460
Total Fund Balance	<u>1,675,154</u>	<u>1,644,116</u>	<u>227,155</u>	<u>3,546,425</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 1,724,354</u>	<u>\$ 2,828,815</u>	<u>\$ 417,049</u>	<u>\$ 4,970,218</u>

**CITY OF MINNETRISTA  
NONMAJOR GOVERNMENTAL FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2015**

	Special Revenue	Debt Service	Capital Project	Totals
<b>REVENUE</b>				
Property Taxes	\$ 150,000	\$ 684,155	\$ -	\$ 834,155
Special Assessments	-	136,382	-	136,382
Intergovernmental Revenue	187,047	-	-	187,047
Other Revenue:				
Investment Earnings	20,986	13,275	6,324	40,585
Miscellaneous Revenue	184,093	50,958	300	235,351
Total Revenue	<u>542,126</u>	<u>884,770</u>	<u>6,624</u>	<u>1,433,520</u>
<b>EXPENDITURES</b>				
Current:				
General Government:				
Administration	-	-	4,606	4,606
Public Works				
Other	267,615	-	-	267,615
Capital Outlay:				
Other	364,447	-	381,223	745,670
Debt Service:				
Principal Retirement	-	577,413	-	577,413
Interest and Fiscal Charges	-	274,075	-	274,075
Total Expenditures	<u>632,062</u>	<u>851,488</u>	<u>385,829</u>	<u>1,869,379</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(89,936)	33,282	(379,205)	(435,859)
<b>OTHER FINANCE SOURCES (USES)</b>				
Issuance of Bonds and Other Debt	-	-	331,000	331,000
Payment of Refunded Bonds	-	(635,000)	-	(635,000)
Transfers In	-	39,458	-	39,458
Transfers Out	(39,458)	-	-	(39,458)
Proceeds from Sale of Capital Assets	-	-	17,211	17,211
Total Other Finance Sources (Uses)	<u>(39,458)</u>	<u>(595,542)</u>	<u>348,211</u>	<u>(286,789)</u>
<b>NET CHANGE IN FUND BALANCES</b>	(129,394)	(562,260)	(30,994)	(722,648)
<b>FUND BALANCES</b>				
Beginning of Year	<u>1,804,548</u>	<u>2,206,376</u>	<u>258,149</u>	<u>4,269,073</u>
End of Year	<u>\$ 1,675,154</u>	<u>\$ 1,644,116</u>	<u>\$ 227,155</u>	<u>\$ 3,546,425</u>

## **NONMAJOR SPECIAL REVENUE FUNDS**

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

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

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

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

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

**CITY OF MINNETRISTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
<b>ASSETS</b>					
Cash and Investments	\$ 187,543	\$ 1,214,119	\$ 97,786	\$ 222,215	\$ 1,721,663
Receivables:					
Accrued Interest	293	1,898	153	347	2,691
Total Assets	<u>\$ 187,836</u>	<u>\$ 1,216,017</u>	<u>\$ 97,939</u>	<u>\$ 222,562</u>	<u>\$ 1,724,354</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts and Contracts Payable	\$ -	\$ 12,992	\$ 36,208	\$ -	\$ 49,200
<b>FUND BALANCE</b>					
Restricted:					
Parkland Acquisitions and Improvement	-	1,203,025	-	-	1,203,025
Road Maintenance	-	-	61,731	-	61,731
Committed					
Emergency Warning Siren Operation	187,836	-	-	-	187,836
Tree Replacement	-	-	-	222,562	222,562
Total Fund Balance	<u>187,836</u>	<u>1,203,025</u>	<u>61,731</u>	<u>222,562</u>	<u>1,675,154</u>
Total Liabilities and Fund Balance	<u>\$ 187,836</u>	<u>\$ 1,216,017</u>	<u>\$ 97,939</u>	<u>\$ 222,562</u>	<u>\$ 1,724,354</u>

**CITY OF MINNETRISTA  
NONMAJOR SPECIAL REVENUE FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
YEAR ENDED DECEMBER 31, 2015**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
<b>REVENUE</b>					
Property Taxes	\$ -	\$ -	\$ 150,000	\$ -	\$ 150,000
Intergovernmental Revenue	-	100,000	87,047	-	187,047
Other Revenue:					
Investment Earnings	2,131	14,425	1,602	2,828	20,986
Miscellaneous Revenue	7,744	176,349	-	-	184,093
Total Revenue	<u>9,875</u>	<u>290,774</u>	<u>238,649</u>	<u>2,828</u>	<u>542,126</u>
<b>EXPENDITURES</b>					
Public Works					
Other	-	96	265,577	1,942	267,615
Capital Outlay	<u>-</u>	<u>333,784</u>	<u>-</u>	<u>30,663</u>	<u>364,447</u>
Total Expenditures	<u>-</u>	<u>333,880</u>	<u>265,577</u>	<u>32,605</u>	<u>601,399</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	9,875	(43,106)	(26,928)	(29,777)	(59,273)
<b>OTHER FINANCE USES</b>					
Transfers Out	<u>-</u>	<u>(14,433)</u>	<u>(25,025)</u>	<u>-</u>	<u>(39,458)</u>
<b>NET CHANGE IN FUND BALANCES</b>	9,875	(57,539)	(51,953)	(29,777)	(98,731)
<b>FUND BALANCES</b>					
Beginning of Year	<u>177,961</u>	<u>1,260,564</u>	<u>113,684</u>	<u>252,339</u>	<u>1,804,548</u>
End of Year	<u>\$ 187,836</u>	<u>\$ 1,203,025</u>	<u>\$ 61,731</u>	<u>\$ 222,562</u>	<u>\$ 1,675,154</u>

**CITY OF MINNETRISTA  
EMERGENCY WARNING SIREN FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	Over (Under) Final Budget
<b>REVENUE</b>			
Investment Earnings	\$ 1,000	\$ 2,131	\$ 1,131
Miscellaneous Revenue	<u>2,000</u>	<u>7,744</u>	<u>5,744</u>
Total Revenue	3,000	9,875	6,875
<b>EXPENDITURES</b>			
Capital Outlay:			
Other	<u>2,000</u>	<u>-</u>	<u>(2,000)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ 1,000</u></u>	9,875	<u><u>\$ 8,875</u></u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>177,961</u>	
End of Year		<u><u>\$ 187,836</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, 2015**

	Budgeted Amounts <u>Original and Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUE</b>			
Intergovernmental Revenue	\$ -	\$ 100,000	\$ 100,000
Investment Earnings	12,263	14,425	2,162
Miscellaneous Revenue	100,000	176,349	76,349
Total Revenue	<u>112,263</u>	<u>290,774</u>	<u>178,511</u>
<b>EXPENDITURES</b>			
Current:			
Parks and Recreation:			
Other	-	96	96
Capital Outlay:			
Other	<u>372,000</u>	<u>333,784</u>	<u>(38,216)</u>
Total Expenditures	<u>372,000</u>	<u>333,880</u>	<u>(38,120)</u>
Excess (Deficiency) of Revenue Over Expenditures	(259,737)	(43,106)	216,631
<b>OTHER FINANCE USES</b>			
Transfers In (Out)	<u>(14,433)</u>	<u>(14,433)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (274,170)</u>	<u>(57,539)</u>	<u>\$ 216,631</u>
<b>FUND BALANCES</b>			
Beginning of Year		<u>1,260,564</u>	
End of Year		<u>\$ 1,203,025</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, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 150,000	\$ 150,000	\$ 150,000	\$ -
Intergovernmental Revenue	77,000	77,000	87,047	10,047
Investment Earnings	5,000	5,000	1,602	(3,398)
Total Revenue	<u>232,000</u>	<u>232,000</u>	<u>238,649</u>	<u>6,649</u>
<b>EXPENDITURES</b>				
Streets:				
Other	<u>245,000</u>	<u>245,000</u>	<u>265,577</u>	<u>20,577</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(13,000)	(13,000)	(26,928)	(13,928)
<b>OTHER FINANCE USES</b>				
Net Transfers	<u>-</u>	<u>(25,025)</u>	<u>(25,025)</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u><u>\$ (13,000)</u></u>	<u><u>\$ (38,025)</u></u>	<u>(51,953)</u>	<u><u>\$ (13,928)</u></u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>113,684</u>	
End of Year			<u><u>\$ 61,731</u></u>	

**CITY OF MINNETRISTA  
TREE REPLACEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUE</b>				
Investment Earnings	\$ -	\$ -	\$ 2,828	\$ 2,828
<b>EXPENDITURES</b>				
Streets:				
Other	-	-	1,942	1,942
Capital Outlay:	-	-	30,663	30,663
Total Expenditures	-	-	32,605	32,605
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	(29,777)	<u>\$ (29,777)</u>
<b>FUND BALANCES</b>				
Beginning of Year			252,339	
End of Year			<u>\$ 222,562</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, 2015**

	Mound Fire Improvement Bonds of 2003 (514)	Enchanted Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	Totals
<b>ASSETS</b>								
Cash and Investments	\$ 8,271	\$ 112,868	\$ 37,740	\$ 338,053	\$ 976,146	\$ 110,922	\$ 55,548	\$ 1,639,548
Receivables:								
Accrued Interest	-	176	59	529	1,526	174	87	2,551
Delinquent Special Assessments	-	-	-	-	573,104	44,000	-	617,104
Other Special Assessments Receivable	-	11,882	222,370	-	4,184	-	-	238,436
Due from Other Governmental Units	444	225	126	2,271	755	326,924	431	331,176
Total Assets	<u>\$ 8,715</u>	<u>\$ 125,151</u>	<u>\$ 260,295</u>	<u>\$ 340,853</u>	<u>\$ 1,555,715</u>	<u>\$ 482,020</u>	<u>\$ 56,066</u>	<u>\$ 2,828,815</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts and Contracts Payable	\$ -	\$ 447	\$ 447	\$ 447	\$ 447	\$ 447	\$ -	\$ 2,235
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue - Special Assessment	-	11,882	222,370	-	577,288	44,000	-	855,540
Unavailable Revenue - Other	-	-	-	-	-	326,924	-	326,924
Total Deferred Inflows of Resources	<u>-</u>	<u>11,882</u>	<u>222,370</u>	<u>-</u>	<u>577,288</u>	<u>370,924</u>	<u>-</u>	<u>1,182,464</u>
<b>FUND BALANCE</b>								
Restricted:								
Debt Service	8,715	112,822	37,478	340,406	977,980	110,649	56,066	1,644,116
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 8,715</u>	<u>\$ 125,151</u>	<u>\$ 260,295</u>	<u>\$ 340,853</u>	<u>\$ 1,555,715</u>	<u>\$ 482,020</u>	<u>\$ 56,066</u>	<u>\$ 2,828,815</u>

**CITY OF MINNETRISTA**  
**NONMAJOR DEBT SERVICE FUNDS**  
**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**YEAR ENDED DECEMBER 31, 2015**

	Mound Fire Improvement Bonds of 2003 (514)	Bridge Improvement Bonds of 2003 (525)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	Totals
<b>REVENUE</b>								
Property Taxes	\$ 71,354	\$ 36,271	\$ 20,316	\$ 365,336	\$ 121,507	\$ -	\$ 69,371	\$ 684,155
Special Assessments	-	5,515	33,597	-	83,432	13,838	-	136,382
Other Revenue:								
Investment Earnings	-	1,311	487	730	9,385	912	450	13,275
Miscellaneous Revenue	-	-	-	19,664	-	31,294	-	50,958
Total Revenue	<u>71,354</u>	<u>43,097</u>	<u>54,400</u>	<u>385,730</u>	<u>214,324</u>	<u>46,044</u>	<u>69,821</u>	<u>884,770</u>
<b>EXPENDITURES</b>								
Debt Service:								
Principal Retirement	72,413	35,000	40,000	235,000	145,000	50,000	-	577,413
Interest and Fiscal Charges	-	6,982	51,313	104,328	83,204	14,493	13,755	274,075
Total Debt Service	<u>72,413</u>	<u>41,982</u>	<u>91,313</u>	<u>339,328</u>	<u>228,204</u>	<u>64,493</u>	<u>13,755</u>	<u>851,488</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(1,059)	1,115	(36,913)	46,402	(13,880)	(18,449)	56,066	33,282
<b>OTHER FINANCE SOURCES (USES)</b>								
Payment of Refunded Bonds	-	-	(635,000)	-	-	-	-	(635,000)
Transfers In	-	-	-	-	14,433	25,025	-	39,458
<b>NET CHANGE IN FUND BALANCES</b>	(1,059)	1,115	(671,913)	46,402	553	6,576	56,066	(562,260)
<b>FUND BALANCES</b>								
Beginning of Year	<u>9,774</u>	<u>111,707</u>	<u>709,391</u>	<u>294,004</u>	<u>977,427</u>	<u>104,073</u>	<u>-</u>	<u>2,206,376</u>
End of Year	<u>\$ 8,715</u>	<u>\$ 112,822</u>	<u>\$ 37,478</u>	<u>\$ 340,406</u>	<u>\$ 977,980</u>	<u>\$ 110,649</u>	<u>\$ 56,066</u>	<u>\$ 1,644,116</u>

**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, 2015**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under)</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUE</b>				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,354	\$ (646)
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	<u>72,000</u>	<u>72,000</u>	<u>72,413</u>	<u>413</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ -</u>	<u>\$ -</u>	(1,059)	<u>\$ (1,059)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>9,774</u>	
End of Year			<u>\$ 8,715</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, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 36,600	\$ 36,600	\$ 36,271	\$ (329)
Special Assessments	6,000	6,000	5,515	(485)
Investment Earnings	1,000	1,000	1,311	311
Total Revenue	<u>43,600</u>	<u>43,600</u>	<u>43,097</u>	<u>(503)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	35,000	35,000	35,000	-
Interest and Fiscal Charges	-	6,538	6,982	444
Total Debt Service	<u>35,000</u>	<u>41,538</u>	<u>41,982</u>	<u>444</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 8,600</u>	<u>\$ 2,062</u>	1,115	<u>\$ (947)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>111,707</u>	
End of Year			<u>\$ 112,822</u>	

**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2007A FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 20,500	\$ 20,500	\$ 20,316	\$ (184)
Special Assessments	10,000	10,000	33,597	23,597
Investment Earnings	2,000	2,000	487	(1,513)
Total Revenue	<u>32,500</u>	<u>32,500</u>	<u>54,400</u>	<u>21,900</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	40,000	40,000	675,000	635,000
Interest and Fiscal Charges	28,972	28,972	51,313	22,341
Total Debt Service	<u>68,972</u>	<u>68,972</u>	<u>726,313</u>	<u>657,341</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ (36,472)</u>	<u>\$ (36,472)</u>	(671,913)	<u>\$ (635,441)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>709,391</u>	
End of Year			<u>\$ 37,478</u>	



**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2014B FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 368,650	\$ 368,650	\$ 365,336	\$ (3,314)
Investment Earnings	1,000	1,000	730	(270)
Miscellaneous Revenue	19,665	19,665	19,664	(1)
Total Revenue	<u>389,315</u>	<u>389,315</u>	<u>385,730</u>	<u>(3,585)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	235,000	235,000	235,000	-
Interest and Fiscal Charges	102,782	102,782	104,328	1,546
Total Debt Service	<u>337,782</u>	<u>337,782</u>	<u>339,328</u>	<u>1,546</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 51,533</u>	<u>\$ 51,533</u>	46,402	<u>\$ (5,131)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>294,004</u>	
End of Year			<u>\$ 340,406</u>	

**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2010A FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 122,609	\$ 122,609	\$ 121,507	\$ (1,102)
Special Assessments	90,000	90,000	83,432	(6,568)
Investment Earnings	2,500	2,500	9,385	6,885
Miscellaneous Revenue	20,000	20,000	-	(20,000)
Total Revenue	235,109	235,109	214,324	(20,785)
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	145,000	145,000	145,000	-
Interest and Fiscal Charges	83,306	83,306	83,204	(102)
Total Debt Service	228,306	228,306	228,204	(102)
Excess (Deficiency) of Revenue Over (Under) Expenditures	6,803	6,803	(13,880)	(20,683)
<b>OTHER FINANCE SOURCES</b>				
Transfers In (Out)	-	14,433	14,433	-
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 6,803</u>	<u>\$ 21,236</u>	553	<u>\$ (20,683)</u>
<b>FUND BALANCES</b>				
Beginning of Year			977,427	
End of Year			<u>\$ 977,980</u>	

**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2012A FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Special Assessments	\$ 20,000	\$ 20,000	\$ 13,838	\$ (6,162)
Investment Earnings	-	-	912	912
Miscellaneous Revenue	-	-	31,294	31,294
Total Revenue	<u>20,000</u>	<u>20,000</u>	<u>46,044</u>	<u>26,044</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	20,000	20,000	50,000	30,000
Interest and Fiscal Charges	5,185	5,185	14,493	9,308
Total Debt Service	<u>25,185</u>	<u>25,185</u>	<u>64,493</u>	<u>39,308</u>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(5,185)	(5,185)	(18,449)	(13,264)
<b>OTHER FINANCE SOURCES</b>				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,025</u>	<u>25</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 19,815</u>	<u>\$ 19,815</u>	6,576	<u>\$ (13,239)</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>104,073</u>	
End of Year			<u>\$ 110,649</u>	

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

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Property Taxes	\$ 70,000	\$ 70,000	\$ 69,371	\$ (629)
Investment Earnings	500	500	450	(50)
Total Revenue	<u>70,500</u>	<u>70,500</u>	<u>69,821</u>	<u>(679)</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	65,000	65,000	-	(65,000)
Interest and Fiscal Charges	5,000	5,000	13,755	8,755
Total Debt Service	<u>70,000</u>	<u>70,000</u>	<u>13,755</u>	<u>(56,245)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 500</u>	<u>\$ 500</u>	56,066	<u>\$ 55,566</u>
<b>FUND BALANCES</b>				
Beginning of Year			-	
End of Year			<u>\$ 56,066</u>	

**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2013A FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Special Assessments	\$ 334,707	\$ 334,707	\$ 382,943	\$ 48,236
Investment Earnings	5,000	5,000	7,044	2,044
Total Revenue	<u>339,707</u>	<u>339,707</u>	<u>389,987</u>	<u>50,280</u>
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	210,000	210,000	150,000	(60,000)
Interest and Fiscal Charges	124,707	124,707	98,860	(25,847)
Total Debt Service	<u>334,707</u>	<u>334,707</u>	<u>248,860</u>	<u>(85,847)</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 5,000</u>	<u>\$ 5,000</u>	141,127	<u>\$ 136,127</u>
<b>FUND BALANCES</b>				
Beginning of Year			<u>726,179</u>	
End of Year			<u>\$ 867,306</u>	

**CITY OF MINNETRISTA**  
**G.O. IMPROVEMENT BONDS OF 2013B FUND**  
**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (GAAP BASIS)**  
**YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Special Assessments	\$ 116,700	\$ 116,700	\$ 247,923	\$ 131,223
Investment Earnings	2,000	2,000	3,074	1,074
Total Revenue	118,700	118,700	250,997	132,297
<b>EXPENDITURES</b>				
Debt Service:				
Principal Retirement	-	-	565,000	565,000
Interest and Fiscal Charges	116,700	116,700	108,500	(8,200)
Total Debt Service	116,700	116,700	673,500	556,800
<b>NET CHANGE IN FUND BALANCES</b>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	(422,503)	<u>\$ (424,503)</u>
<b>FUND BALANCES</b>				
Beginning of Year			815,728	
End of Year			<u>\$ 393,225</u>	

## **NONMAJOR CAPITAL PROJECT FUNDS**

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

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

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

**CITY OF MINNETRISTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING BALANCE SHEET  
DECEMBER 31, 2015**

	Capital Improvement (401)	Street Improvement (490)	Totals
<b>ASSETS</b>			
Cash and Investments	\$ 248,825	\$ 167,573	\$ 416,398
Receivables:			
Accrued Interest	<u>389</u>	<u>262</u>	<u>651</u>
Total Assets	<u><u>\$ 249,214</u></u>	<u><u>\$ 167,835</u></u>	<u><u>\$ 417,049</u></u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>			
Accounts and Contracts Payable	\$ 46,519	\$ -	\$ 46,519
Deposits	<u>-</u>	<u>143,375</u>	<u>143,375</u>
Total Liabilities	46,519	143,375	189,894
<b>FUND BALANCE</b>			
Assigned:			
Capital Plan Improvements	202,695	-	202,695
Capital Projects	<u>-</u>	<u>24,460</u>	<u>24,460</u>
Total Fund Balance	<u>202,695</u>	<u>24,460</u>	<u>227,155</u>
Total Liabilities and Fund Balance	<u><u>\$ 249,214</u></u>	<u><u>\$ 167,835</u></u>	<u><u>\$ 417,049</u></u>



**CITY OF MINNETRISTA  
NONMAJOR CAPITAL PROJECT FUNDS  
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
YEAR ENDED DECEMBER 31, 2015**

	Capital Improvement (401)	Street Improvement (490)	Totals
<b>REVENUE</b>			
Other Revenue:			
Investment Earnings	\$ 4,472	\$ 1,852	\$ 6,324
Miscellaneous Revenue	300	-	300
Total Revenue	<u>4,772</u>	<u>1,852</u>	<u>6,624</u>
<b>EXPENDITURES</b>			
General Government			
Administration	2,700	1,906	4,606
Capital Outlay:			
Other	<u>381,223</u>	<u>-</u>	<u>381,223</u>
Total Expenditures	<u>383,923</u>	<u>1,906</u>	<u>385,829</u>
<b>DEFICIENCY OF REVENUE UNDER EXPENDITURES</b>	(379,151)	(54)	(379,205)
<b>OTHER FINANCE SOURCES (USES)</b>			
Issuance of Bonds and Other Debt	331,000	-	331,000
Proceeds from Sale of Capital Assets	17,211	-	17,211
Total Other Finance Sources (Uses)	<u>348,211</u>	<u>-</u>	<u>348,211</u>
<b>NET CHANGE IN FUND BALANCE</b>	(30,940)	(54)	(30,994)
<b>FUND BALANCES</b>			
Beginning of Year	<u>233,635</u>	<u>24,514</u>	<u>258,149</u>
End of Year	<u>\$ 202,695</u>	<u>\$ 24,460</u>	<u>\$ 227,155</u>

**CITY OF MINNETRISTA  
CAPITAL IMPROVEMENT FUND  
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL (GAAP BASIS)  
YEAR ENDED DECEMBER 31, 2015**

	Budgeted Amounts			Over (Under)
	Original	Final	Actual	Final Budget
<b>REVENUE</b>				
Investment Earnings	\$ -	\$ -	\$ 4,472	\$ 4,472
Miscellaneous Revenue	-	-	300	300
Total Revenue	-	-	4,772	4,772
<b>EXPENDITURES</b>				
General Government:				
Administration	-	-	2,700	2,700
Capital Outlay:				
Other	369,500	426,060	381,223	(44,837)
Total Expenditures	369,500	426,060	383,923	(42,137)
<b>EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES</b>	(369,500)	(426,060)	(379,151)	46,909
<b>OTHER FINANCE SOURCES</b>				
Issuance of Equipment Certificates	319,500	319,500	331,000	11,500
Transfers In	50,000	-	-	-
Proceeds form Sale of Capital Assets	-	21,211	17,211	(4,000)
Total Other Finance Sources	369,500	340,711	348,211	7,500
<b>NET CHANGE IN FUND BALANCES</b>	\$ -	\$ (85,349)	(30,940)	\$ 54,409
<b>FUND BALANCES</b>				
Beginning of Year			233,635	
End of Year			\$ 202,695	

## 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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental Activities:										
Net Investment in Capital Assets	\$ 14,619,088	\$ 17,005,628	\$ 17,155,765	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011	\$ 16,231,151	\$ 16,563,080
Restricted	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437
Unrestricted	2,901,925	524,825	134,772	2,439,958	2,597,269	2,797,210	2,726,677	1,857,939	2,991,147	1,857,033
Total Governmental Activities Net Position	<u>\$ 18,582,336</u>	<u>\$ 20,486,636</u>	<u>\$ 20,261,802</u>	<u>\$ 21,022,529</u>	<u>\$ 22,784,369</u>	<u>\$ 22,388,875</u>	<u>\$ 22,226,520</u>	<u>\$ 27,711,897</u>	<u>\$ 29,869,717</u>	<u>\$ 27,691,550</u>
Business-Type Activities:										
Net Investment in Capital Assets	\$ 10,360,220	\$ 10,533,641	\$ 11,026,422	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847	\$ 11,169,939	\$ 12,775,949
Unrestricted	4,273,515	4,604,997	4,466,518	3,430,159	3,360,577	3,583,305	4,042,164	4,495,729	4,962,343	3,833,870
Total Business-Type Activities Net Position	<u>\$ 14,633,735</u>	<u>\$ 15,138,638</u>	<u>\$ 15,492,940</u>	<u>\$ 15,163,684</u>	<u>\$ 14,729,416</u>	<u>\$ 14,833,565</u>	<u>\$ 14,818,933</u>	<u>\$ 15,059,576</u>	<u>\$ 16,132,282</u>	<u>\$ 16,609,819</u>
Primary Government:										
Net Investment in Capital Assets	\$ 24,979,308	\$ 27,539,269	\$ 28,182,187	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858	\$ 27,401,090	\$ 29,339,029
Restricted	1,061,323	2,956,183	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437
Unrestricted	7,175,440	5,129,822	4,601,290	5,870,117	5,957,846	6,380,515	6,768,841	6,353,668	7,953,490	5,690,903
Total Primary Government Net Position	<u>\$ 33,216,071</u>	<u>\$ 35,625,274</u>	<u>\$ 35,754,742</u>	<u>\$ 36,186,213</u>	<u>\$ 37,513,785</u>	<u>\$ 37,222,440</u>	<u>\$ 37,045,453</u>	<u>\$ 42,771,473</u>	<u>\$ 46,001,999</u>	<u>\$ 44,301,369</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses:										
Governmental Activities:										
General Government	\$ 1,222,367	\$ 1,281,429	\$ 1,184,154	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188	\$ 1,019,379	\$ 1,013,834
Public Safety	1,990,624	2,214,155	2,421,020	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287	2,515,524	2,592,622
Public Works	1,604,585	1,769,776	2,093,346	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994	2,226,393	2,403,548
Parks and Recreation	132,879	159,350	245,390	167,405	187,391	218,600	192,206	198,709	253,802	225,307
Interest and Fiscal Charges	170,660	156,650	173,255	375,092	346,216	386,100	411,838	604,518	1,029,562	477,254
Total Governmental Activities Expenses	5,121,115	5,581,360	6,117,165	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696	7,044,660	6,712,565
Business-Type Activities:										
Water	576,741	587,923	619,499	588,448	543,151	593,418	686,378	778,481	687,528	746,686
Sewer	678,729	675,917	735,947	744,469	686,443	804,553	754,958	823,690	888,377	838,815
Storm Water	133,497	154,752	186,620	195,835	162,901	198,138	204,343	208,830	216,860	264,832
Recycling	80,552	72,016	84,005	85,590	86,293	92,938	97,054	98,893	112,990	119,733
Cable TV	-	-	-	-	-	-	-	-	45,659	3,548
Total Business-Type Activities Expenses	1,469,519	1,490,608	1,626,071	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894	1,951,414	1,973,614
Total Primary Government Expenses	\$ 6,590,634	\$ 7,071,968	\$ 7,743,236	\$ 8,313,222	\$ 7,988,827	\$ 7,862,521	\$ 8,507,803	\$ 8,105,590	\$ 8,996,074	\$ 8,686,179
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 37,386	\$ 122,348	\$ 49,705	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342	\$ 841,958	\$ 925,087
Public Safety	952,434	838,865	751,002	671,373	559,168	575,752	560,023	195,221	178,786	189,649
Public Works	16,789	25,941	23,445	34,254	-	-	-	233	251,784	134
Operating Grants and Contributions	474,371	129,734	102,241	106,321	186,286	233,568	200,604	440,828	835,875	507,773
Capital Grants and Contributions	3,918,094	1,944,639	413,575	1,004,261	1,415,745	403,713	1,378,968	5,383,439	2,968,198	384,022
Total Governmental Activities Program Revenues	5,399,074	3,061,527	1,339,968	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063	5,076,601	2,006,665
Business-Type Activities:										
Charges for Services:										
Water	547,824	919,868	794,468	568,261	567,648	590,895	696,488	1,174,714	1,683,013	1,177,345
Sewer	547,265	553,178	536,113	525,082	578,391	608,277	668,048	709,365	850,803	830,784
Storm Water	77,760	81,812	86,885	89,017	98,454	94,213	176,956	181,069	187,059	224,120
Recycling	81,546	84,917	90,140	92,087	101,582	97,355	95,609	98,460	105,512	110,860
Cable TV	-	-	-	-	-	-	-	-	86,034	40,762
Operating Grants and Contributions	14,627	15,473	18,562	18,727	19,709	19,657	29,778	21,452	34,215	182,574
Capital Grants and Contributions	1,539,136	88,719	333,044	774,551	1,911	1,791	1,668	-	3,207	165
Total Business-Type Activities Program Revenues	2,808,158	1,743,967	1,859,212	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060	2,949,843	2,566,610
Total Primary Government Program Revenues	\$ 8,207,232	\$ 4,805,494	\$ 3,199,180	\$ 3,916,916	\$ 3,570,934	\$ 2,737,794	\$ 4,128,929	\$ 8,839,123	\$ 8,026,444	\$ 4,573,275

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Net Revenue (Expense):										
Governmental Activities	\$ 277,959	\$ (2,519,833)	\$ (4,777,197)	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367	\$ (1,968,059)	\$ (4,705,900)
Business-Type Activities	1,338,639	253,359	233,141	453,383	(111,093)	(276,859)	(74,186)	275,166	998,429	592,996
Total Primary Government Net Expense	<u>\$ 1,616,598</u>	<u>\$ (2,266,474)</u>	<u>\$ (4,544,056)</u>	<u>\$ (4,396,306)</u>	<u>\$ (4,417,893)</u>	<u>\$ (5,124,727)</u>	<u>\$ (4,378,874)</u>	<u>\$ 733,533</u>	<u>\$ (969,630)</u>	<u>\$ (4,112,904)</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 3,641,062	\$ 4,155,617	\$ 4,364,500	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282	\$ 3,891,397	\$ 4,010,604
Investment Earnings	164,152	229,173	165,774	105,724	67,523	57,354	61,284	(34,452)	119,528	75,954
Capital Contribution	-	-	-	-	-	-	-	1,171,000	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	180	114,954	21,396
Miscellaneous	10,816	39,343	22,089	10,247	23,827	66,684	202,226	-	-	-
Transfers	(645,759)	-	-	890,000	460,000	(332,027)	-	-	-	-
Total Governmental Activities	<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>	<u>4,125,879</u>	<u>4,107,954</u>
Business-Type Activities:										
Investment Earnings	206,380	251,544	121,161	107,361	56,521	48,981	59,554	(34,523)	74,277	54,936
Transfers	645,759	-	-	(890,000)	(460,000)	323,027	-	-	-	-
Total Business-Type Activities	<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>	<u>74,277</u>	<u>54,936</u>
Total Primary Government	<u>\$ 4,022,410</u>	<u>\$ 4,675,677</u>	<u>\$ 4,673,524</u>	<u>\$ 4,827,777</u>	<u>\$ 4,683,808</u>	<u>\$ 4,247,666</u>	<u>\$ 4,201,887</u>	<u>\$ 4,992,487</u>	<u>\$ 4,200,156</u>	<u>\$ 4,162,890</u>
Change in Net Position:										
Governmental Activities	\$ 3,448,230	\$ 1,904,300	\$ (224,834)	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377	\$ 2,157,820	\$ (597,946)
Business-Type Activities	2,190,778	504,903	354,302	(329,256)	(514,572)	95,149	(14,632)	240,643	1,072,706	647,932
Total Primary Government	<u>\$ 5,639,008</u>	<u>\$ 2,409,203</u>	<u>\$ 129,468</u>	<u>\$ 431,471</u>	<u>\$ 265,915</u>	<u>\$ (877,061)</u>	<u>\$ (176,987)</u>	<u>\$ 5,726,020</u>	<u>\$ 3,230,526</u>	<u>\$ 49,986</u>

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Reserved	\$ -	\$ 5,374	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	1,655,209	1,994,014	2,200,846	2,371,750	2,185,484	-	-	-	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	22,434
Assigned	-	-	-	-	-	154,422	120,243	280,680	150,000	258,314
Unassigned	-	-	-	-	-	2,246,964	2,550,994	2,440,056	2,543,786	2,937,851
Total General Fund	<u>\$ 1,655,209</u>	<u>\$ 1,999,388</u>	<u>\$ 2,200,846</u>	<u>\$ 2,371,750</u>	<u>\$ 2,185,484</u>	<u>\$ 2,401,386</u>	<u>\$ 2,671,237</u>	<u>\$ 2,720,736</u>	<u>\$ 2,693,786</u>	<u>\$ 3,218,599</u>
All Other Governmental Funds:										
Reserved	\$ 1,007,738	\$ -	\$ -	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	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	4,167,008	2,106,119	1,296,478	2,600,504	2,457,566	-	-	-	-	-
Restricted	-	-	-	-	-	2,004,013	2,158,391	3,488,442	5,008,847	4,169,403
Committed	-	-	-	-	-	156,038	184,223	-	-	410,398
Assigned	-	-	-	-	-	2,357,044	2,258,497	2,258,497	802,133	227,155
Unassigned	-	-	-	-	-	(282,835)	(420,625)	-	-	-
Total All Other Governmental Funds	<u>\$ 5,291,434</u>	<u>\$ 4,934,308</u>	<u>\$ 4,226,050</u>	<u>\$ 4,501,388</u>	<u>\$ 4,574,163</u>	<u>\$ 4,234,260</u>	<u>\$ 4,180,486</u>	<u>\$ 5,746,939</u>	<u>\$ 5,810,980</u>	<u>\$ 4,806,956</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>
2006	\$ 3,641,062
2007	4,155,617
2008	4,364,500
2009	4,604,445
2010	4,535,937
2011	4,083,647
2012	3,878,823
2013	3,863,571
2014	3,878,323
2015	4,004,111

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	2014	2015
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	\$ 3,908,750	\$ 4,022,425
Licenses and Permits	678,701	592,564	516,728	500,209	392,803	330,125	240,645	291,747	274,871	394,487	666,305	740,757
Intergovernmental	89,797	140,528	118,074	141,821	111,723	261,861	127,516	422,015	810,238	1,359,991	286,418	526,191
Charges for Services	411,764	549,173	539,410	833,691	589,644	376,146	326,057	405,543	370,856	259,168	513,250	271,046
Investment Earnings	139,793	134,895	278,409	394,863	251,864	178,768	61,129	81,714	93,763	(34,452)	119,528	75,954
Special Assessments	142,282	52,885	20,944	158,438	143,739	82,628	226,342	140,448	217,265	1,001,429	1,956,154	767,248
Miscellaneous	614,692	556,736	478,701	1,780,974	376,076	81,938	191,042	289,703	667,328	522,016	709,520	405,238
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	8,159,925	6,808,859
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	1,167,794	974,569
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	2,082,473	1,980,708	2,240,017	2,200,045
Public Works	515,879	717,855	1,103,035	2,445,937	2,043,553	2,676,506	4,507,049	1,662,321	738,076	963,487	1,135,254	1,163,555
Parks and Recreation	146,301	82,845	103,274	1,798,332	367,085	882,755	116,293	149,007	288,780	111,257	126,927	129,905
Other	729,903	1,128,385	35,492	39,306	36,254	57,221	31,438	46,137	114,923	12,184	10,838	13,689
Capital Outlay	-	-	-	-	-	-	-	-	1,839,919	6,552,680	1,800,066	745,670
Debt Service:												
Principal	639,124	536,988	658,294	687,623	539,041	580,460	312,753	387,335	343,179	499,048	1,307,849	1,292,413
Interest	94,133	95,735	99,042	121,280	141,275	241,786	355,172	384,548	413,908	537,735	1,078,085	481,435
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	8,866,830	7,001,281
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)	(706,905)	(192,422)
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	5,150,000	331,000
Premium on Bonds Issued	-	-	-	-	-	26,134	304	-	-	-	326,382	-
Payment of Refunded Bonds	-	-	-	-	-	-	-	-	-	-	(4,965,000)	(635,000)
Sales of Capital Assets	-	-	2,845	4,935	63,919	7,365	8,399	9,693	14,547	-	120,250	17,211
Transfers In	94,198	-	1,494,270	923	-	1,842,320	944,021	-	192,332	653,908	403,104	39,458
Transfers Out	(217,152)	-	(1,494,270)	(923)	-	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)	(403,104)	(39,458)
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	631,632	(286,789)
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	\$ (75,273)	\$ (479,211)
Debt Service as a Percentage of												
Noncapital Expenditures	16.3%	11.8%	13.9%	9.1%	10.1%	7.4%	6.9%	12.9%	14.9%	20.1%	33.8%	25.3%

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

Fiscal Year Ended December 31,	Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value* as a Percentage of Actual Value
	Real Estate	Personal Property	Total			
2006	\$ 11,539,167	\$ 306,221	\$ 11,845,388	30.69	\$ 1,117,065,800	1.06
2007	13,732,388	116,580	13,848,968	29.93	1,295,154,600	1.07
2008	15,462,321	113,482	15,575,803	27.73	1,442,627,300	1.08
2009	16,452,171	125,101	16,577,272	27.47	1,528,370,300	1.08
2010	16,388,056	163,470	16,551,526	27.07	1,528,605,700	1.08
2011	14,746,292	151,993	14,898,285	27.30	1,382,773,800	1.08
2012	13,732,806	154,033	13,886,839	27.44	1,294,326,273	1.07
2013	12,732,540	168,869	12,901,409	29.55	1,206,365,054	1.07
2014	12,650,081	169,765	12,819,846	29.76	1,200,801,283	1.07
2015	13,538,197	181,771	13,719,968	28.44	1,295,560,255	1.06

\* 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	
2006	24.159	6.531	30.690	37.594	3.422	41.016	N/A	N/A	25.430	97.136
2007	24.090	5.840	29.930	N/A	N/A	39.110	N/A	N/A	28.060	97.100
2008	23.710	4.023	27.733	N/A	N/A	38.571	N/A	N/A	23.970	90.274
2009	23.040	4.425	27.465	N/A	N/A	40.413	N/A	N/A	23.279	91.157
2010	22.659	4.408	27.067	N/A	N/A	42.640	N/A	N/A	26.030	95.737
2011	23.286	4.010	27.296	N/A	N/A	45.840	N/A	N/A	26.258	99.394
2012	22.807	4.633	27.440	N/A	N/A	48.231	N/A	N/A	22.780	98.451
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136
2014	24.737	5.024	29.761	N/A	N/A	49.959	N/A	N/A	31.883	111.603
2015	23.541	4.907	28.448	N/A	N/A	46.398	N/A	N/A	30.952	105.798

\*\* 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	2015			2006		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
JP Morgan Chase Bank NA	\$ 78,313	1	0.6 %	\$ 65,047	1	0.5 %
Individual	52,563	2	0.4	28,353	3	0.2
Woodland Cove LLC	49,894	3	0.4	—	—	—
Individual	47,750	4	0.3	—	—	—
Woodland Cove LLC	46,950	5	0.3	—	—	—
MN M C Holding Corp	46,688	6	0.3	—	—	—
Individual	44,425	7	0.3	—	—	—
Individual	41,725	8	0.3	—	—	—
Individual	40,125	9	0.3	—	—	—
Burl Oaks Golf Club	38,830	10	0.3	—	—	—
Total	<u>\$ 487,263</u>		<u>3.6 %</u>	<u>\$ 93,400</u>		<u>0.8 %</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
2006	\$ 3,673,564	\$ 3,656,743	99.5	\$ 14,981	\$ 3,671,724	99.95
2007	4,188,079	4,132,861	98.7	55,218	4,188,079	100.00
2008	4,376,111	4,309,282	98.5	66,573	4,375,855	99.99
2009	4,614,798	4,421,182	95.8	187,547	4,608,729	99.87
2010	4,557,871	4,423,556	97.1	134,159	4,557,715	100.00
2011	4,133,111	4,053,877	98.1	79,234	4,133,111	100.00
2012	3,878,973	3,819,672	98.5	58,160	3,877,832	99.97
2013	3,863,571	3,825,771	99.0	36,794	3,862,565	99.97
2014	3,878,323	3,857,974	99.5	12,117	3,870,091	99.79
2015	4,004,111	3,971,289	99.2	—	3,971,289	99.18

**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	Water/Sewer			
		Assessment Bonds	Revenue Bonds and Loans			
2006	\$ 1,825,000	\$ 410,000	\$ 2,230,000	\$ 4,465,000	781	—
2007	1,200,000	1,270,000	2,170,000	4,640,000	786	—
2008	745,000	1,220,000	1,070,000	3,035,000	487	—
2009	5,775,000	1,165,000	1,070,304	8,010,304	1,272	—
2010	5,575,000	4,380,000	1,560,841	11,515,841	1,804	3.3
2011	5,340,000	4,315,000	1,445,791	11,100,791	1,721	—
2012	5,155,000	5,015,000	2,090,364	12,260,364	1,872	—
2013	4,965,000	12,445,000	1,900,364	19,310,364	2,867	—
2014	4,595,000	11,760,000	1,699,364	18,054,364	2,657	—
2015	4,691,000	10,140,000	1,503,364	16,334,364	2,415	—

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

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

Source: City of Minnetrista financial records

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

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Less Amounts Available in Debt Service Fund</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2006	\$ 1,825,000	\$ 234,598	\$ 1,590,402	0.14	278
2007	1,200,000	347,949	852,051	0.07	144
2008	745,000	56,346	688,654	0.05	110
2009	5,775,000	652,187	5,122,813	0.34	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.34	726
2012	5,155,000	667,623	4,487,377	0.35	685
2013	12,445,000	1,870,981	10,574,019	0.88	1,570
2014	11,760,000	3,748,283	8,011,717	0.67	1,179
2015	14,831,000	2,904,647	11,926,353	0.92	1,763

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

(2) Population data can be found in the Schedule of Demographic Statistics on page 94.

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
DECEMBER 31, 2015**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 16,334,364	100.00 %	\$ 16,334,364
Overlapping:			
School Districts:			
ISD No. 110*	111,825,000	9.52	10,641,267
ISD No. 111*	40,715,000	15.70	6,390,504
ISD No. 879**	79,285,000	0.34	267,587
ISD No. 277	27,006,458	31.29	8,450,321
Hennepin County:			
General	689,516,184	1.04	7,170,968
Three Rivers Park District	49,596,497	1.42	704,270
Regional Rail Authority	34,389,498	1.42	488,331
Metropolitan Council	67,164,480	0.48	322,390
Total Overlapping Debt			34,435,638
Total Direct and Overlapping Debt			\$ 50,770,002

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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 26,748,406	\$ 31,134,364	\$ 30,567,406	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952	\$ 36,024,038	\$ 38,866,808
Total net debt applicable to limit	2,235,000	2,470,000	1,965,000	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019	846,717	1,786,353
Legal debt margin	<u>\$ 24,513,406</u>	<u>\$ 28,664,364</u>	<u>\$ 28,602,406</u>	<u>\$ 38,766,008</u>	<u>\$ 40,574,489</u>	<u>\$ 36,479,540</u>	<u>\$ 34,342,411</u>	<u>\$ 33,096,933</u>	<u>\$ 35,177,321</u>	<u>\$ 37,080,455</u>
Total net debt applicable to the limit as a percentage of debt limit	8.36%	7.93%	6.43%	15.18%	11.52%	11.38%	11.56%	8.55%	2.35%	4.60%

Legal Debt Margin Calculation for Fiscal Year 2014

Market value	\$ 1,295,560,255
Debt limit (3% of market value)	38,866,808
Debt applicable to limit	
General obligation bonds	14,831,000
Less special assessment bonds	(10,140,000)
Less amount set aside for repayment of G.O. debt	<u>(2,904,647)</u>
Total net debt applicable to limit	<u>1,786,353</u>
Legal debt margin	<u>\$ 37,080,455</u>

Source: City of Minnetrista financial records

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

Fiscal Year	Water Revenue Bonds						Special Assessment Bonds				
	Water Charges and Other	Less Operating Expenses*	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2006	\$ 597,603	\$ 324,549	\$ 273,054	\$ 60,000	\$ 98,031	1.73	\$ 20,944	\$ 30,000	\$ 16,153	0.45	
2007	627,992	322,364	305,628	60,000	98,015	1.93	158,438	30,000	15,478	3.48	
2008	615,784	281,232	334,552	80,000	39,720	2.79	143,739	55,000	50,325	1.36	
2009	588,746	324,375	264,371	80,000	40,345	2.20	82,628	55,000	50,326	0.78	
2010	495,680	283,505	212,175	85,000	37,271	1.74	226,342	55,000	48,475	2.19	
2011	517,710	288,565	229,145	85,000	34,456	1.92	134,974	65,000	124,737	0.71	
2012	609,554	416,562	192,992	90,000	31,858	1.58	213,928	70,000	141,400	1.01	
2013	546,875	558,280	(11,405)	95,000	27,818	(0.09)	1,004,594	265,000	301,523	1.77	
2014	754,900	435,808	319,092	95,000	24,682	2.67	1,959,199	1,100,000	326,188	1.37	
2015	821,729	512,418	309,311	95,000	15,524	2.80	767,248	1,620,000	357,555	0.39	

\* Does not include depreciation.

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

Source: City of Minnetrista financial records

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

<u>Fiscal Year Ending December 31,</u>	<u>Population (1)</u>	<u>Per Capita Personal Income (2)</u>	<u>Personal Income (2) (in thousands)</u>	<u>Estimated Completed Housing Units (1)</u>	<u>Average Unemployment Hennepin County (3)</u>
2006	5,715	\$ —	\$ —	2,179	3.6
2007	5,902	—	—	2,220	4.1
2008	6,234	—	—	2,307	4.9
2009	6,296	—	—	2,342	7.5
2010	6,384	54,300	346,651	2,364	6.6
2011	6,450	—	—	2,393	6.1
2012	6,549	—	—	2,426	5.3
2013	6,735	—	—	2,466	5.0
2014	6,796	—	—	2,565	4.2
2015	6,763			2,651	2.8

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	679 **	1
Burl Oaks Golf Club	Golf course	65	2
Al & Alma's Supper Club and Charters	Supper Club and Chartered Cruises	50	3
Jubilee Foods	Grocery Store	45	4
City of Mound	Municipal government	41	5
Scotty B's Restaurant	Restaurant	40	6
City of Minnetrista	Municipal government	38	7
YMCA- Camp Christmas Tree	Day Camp and Outdoor Recreation Activities	35	8
Carbone's Pizzeria	Restaurant	30	9
Concept Landscaping	Landscape and Lakeshore Contr	25	10
		<u>1,048</u>	

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

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

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

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
General Government	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0
Public Safety:										
Police										
Officers	11.0	12.0	12.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0
Civilians	2.8	3.8	3.8	3.8	3.8	3.8	3.8	3.6	3.8	3.8
Highways and Streets	6.5	6.5	6.5	6.5	6.5	3.5	3.5	3.5	3.5	4.5
Parks and Recreation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	<u>31.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>
Total	<u>31.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>

Source: City of Minnetrista records

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Police:										
Physical Arrests	46	40	81	82	119	100	119	134	116	152
Parking Violations	263	279	234	326	235	223	235	218	239	95
Traffic Violations	2,814	1,478	3,332	3,419	3,572	3,523	3,572	2,821	2,704	3,079
Highways and Streets:										
Street Seal Coated (Miles)	1.90	2.70	7.70	5.91	5.05	4.67	3.39	2.64	2.64	2.51
Blacktop Used in "Tons" for Repair of Potholes	1,411	1,428	677	800	993	1,186	378	301	724	545
Water:										
New Connections	155	41	64	42	43	25	28	29	57	110
Average Daily Consumption (Thousands of Gallons)	322	396	360	386	361	358	392	409	352	390
Wastewater:										
(Thousands of Gallons)	245	277	284	272	236	233	197	139	139	182

Source: Various city departments

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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	10	13	13	13	13	12	13	13	13	12
Highways and Streets:										
Streets (Miles)	60	60	60	60	60	64	63	63	63	63
Traffic Signals	1	1	1	1	1	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	75	75	75	75	75	75	75	75	76	76
Parks	21	21	21	21	21	21	21	21	22	22
Water:										
Water Mains (Miles)	18	18	18	18	31	29	29	29	29	31
Fire Hydrants	257	262	289	289	309	296	296	296	296	296
Sewer:										
Sanitary Sewers (Miles)	23	23	23	23	28	35	35	35	35	35
Storm Sewers (Miles)	12	12	12	12	12	14	14	14	14	14

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

Source: Various city departments

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the City Council  
City of Minnetrista  
Minnetrista, Minnesota

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Minnetrista, as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise City of Minnetrista's basic financial statements, and have issued our report thereon dated May 11, 2016.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered City of Minnetrista's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Minnetrista's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Minnetrista's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.




### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Minnetrista's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the City of Minnetrista's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetrista's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 11, 2016

**CITY OF MINNETRISTA  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015**

**Current Year Findings**

No current year internal control findings noted.

**Prior Year Findings**

No prior year internal control findings noted.

**CITY OF MINNETRISTA  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
YEAR ENDED DECEMBER 31, 2015**

**INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE**

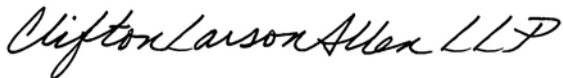
Members of the City Council  
City of Minnetrista  
Minnetrista, Minnesota

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 11, 2016.

The *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, contains seven categories of compliance to be tested: contracting and bidding, deposits and investments, conflicts of interest, public indebtedness, claims and disbursements, miscellaneous provisions, and tax increment financing. Our audit considered all of the listed categories.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Minnetrista failed to comply with the provisions of the *Minnesota Legal Compliance Audit Guide for Cities*. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above-referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance relating to the provisions of the *Minnesota Legal Compliance Audit Guide for Cities* and the results of that testing, and not to provide an opinion on compliance. Accordingly, this report is not suitable for any other purpose.



**CliftonLarsonAllen**

Minneapolis, Minnesota  
May 11, 2016

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

We have audited the 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, 2015, and have issued our report thereon dated May 11, 2016. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America, *Government Auditing Standards*, and Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant audit findings**

#### ***Qualitative aspects of accounting practices***

##### *Accounting policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by City of Minnetrista are described in Note 1 to the financial statements.

As described in Note 1, during the fiscal year ended December 31, 2015, the City changed accounting policies related to its accounting for pensions by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. Accordingly, this change in principle resulted in the restatement of beginning net position related to the recognition of the City's proportionate share of the Public Employees' Retirement Association of Minnesota General Employees' Retirement Fund's net pension liability as well as the City's proportionate share of the Public Employees' Retirement Association of Minnesota Public Employees' Police and Fire Fund's net pension liability.

We noted no transactions entered into by the entity during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

##### *Accounting estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Management's estimate of the value of investments is based on published market values as of December 31, 2015. We evaluated the key factors and assumptions used to develop the value of investments in determining that it is reasonable in relation to the financial statements taken as a whole.

- Management's estimate of the depreciation expense on capital assets is based on management's estimated useful lives of those assets. We evaluated the key factors and assumptions used to develop the depreciation expense estimate in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the liability for other postemployment benefits is based on various actuarial assumptions. We evaluated the key factors and assumptions used to develop the liability in determining that it is reasonable in relation to the financial statements taken as a whole.
- Management's estimate of the City's proportionate share of PERA's GERS and PEPF net pension liabilities as well as the related deferred inflows and outflows is based on guidance from GASB Statement No. 68, GASB Statement No. 71, and the plans' allocation tables. The plans' allocation tables allocate a portion of the plans' net pension liabilities based on the City's contributions during the plans' fiscal years as a percentage of total contributions received for the related fiscal year by the plans.

#### Financial statement disclosures

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no particularly sensitive financial statement disclosures.

The financial statement disclosures are neutral, consistent, and clear.

#### ***Difficulties encountered in performing the audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### ***Uncorrected misstatements***

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### ***Corrected misstatements***

None of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

#### ***Disagreements with management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. No such disagreements arose during our audit.

#### ***Management representations***

We have requested certain representations from management that are included in the management representation letter dated May 11, 2016.

***Management consultations with other independent accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the entity’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

***Significant issues discussed with management prior to engagement***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to engagement as the entity’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our engagement.

***Other audit findings or issues***

We have provided a separate letter to you dated May 11, 2016, communicating internal control related matters identified during the audit.

***Audits of group financial statements***

We noted no matters related to the group audit that we consider to be significant to the responsibilities of those charged with governance of the group.

***Other information in documents containing audited financial statements***

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management’s responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

With respect to the schedule of expenditures of federal awards (SEFA) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the SEFA to determine that the SEFA complies with the requirements of the Uniform Guidance, the method of preparing it has not changed from the prior period or the reasons for such changes, and the SEFA is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 11, 2016.

With respect to the combining and individual fund statements and schedules (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 11, 2016.

Other information is being included in documents containing the audited financial statements and the auditors' report thereon. Our responsibility for such other information does not extend beyond the financial information identified in our auditors' report. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in such documents. As required by professional standards, we read the statistical section (the other information) in order to identify material inconsistencies between the audited financial statements and the other information. We did not identify any material inconsistencies between the other information and the audited financial statements.

Our auditors' opinion, the audited financial statements, and the notes to financial statements should only be used in their entirety. Inclusion of the audited financial statements in a document you prepare, such as an annual report, should be done only with our prior approval and review of the document.

\* \* \*

This communication is intended solely for the information and use of the City Council and management of the City of Minnetrista and is not intended to be, and should not be, used by anyone other than these specified parties.



**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 11, 2016

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT  
ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Members of the City Council  
City of Minnetrista  
Minnetrista, Minnesota

**Report on Compliance for Each Major Federal Program**

We have audited the City of Minnetrista's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of City of Minnetrista's major federal programs for the year ended December 31, 2015. The City of Minnetrista's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the City of Minnetrista's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Minnetrista's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of Minnetrista's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City of Minnetrista complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2015.



## **Report on Internal Control Over Compliance**

Management of the City of Minnetrista is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of Minnetrista's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Minnetrista's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the 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, 2015, and the related notes to the financial statements, which collectively comprise the City of Minnetrista's basic financial statements. We issued our report thereon dated May 11, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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.

Members of the City Council  
City of Minnetrista, Minnesota

In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

**CliftonLarsonAllen LLP**

Minneapolis, Minnesota  
May 11, 2016

**CITY OF MINNETRISTA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2015**

<u>Federal Grantor/ Grant Name</u>	<u>Pass-through Grantor</u>	<u>Award Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Environmental Protection Agency: Capitalization Grants for Drinking Water State Revolving Funds	Minnesota Public Facilities Authority	MPFA-DWRF-L-005-FY16	66.468	\$ 1,136,269
U.S. Department of Homeland Security: Disaster Grants - Public Assistance	Direct	P07204182PA	97.036	<u>139,381</u>
				<u>\$ 1,275,650</u>

**NOTE 1 BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the City of Minnetrista, under programs of the federal government for the year ended December 31, 2015. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of the City of Minnetrista, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Minnetrista.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City does not have a direct negotiated indirect cost rate and has therefore elected to use the 10% de minimus indirect cost rate where applicable.

**CITY OF MINNETRISTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015**

---

***Section I – Summary of Auditors' Results***

---

***Financial Statements***

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified? \_\_\_\_\_ yes        x   none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ yes        x   no

***Identification of Major Federal Programs***

**CFDA Number**

66.468

**Name of Federal Program or Cluster**

Capitalization Grants for Drinking Water State Revolving Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$   750,000  

Auditee qualified as low-risk auditee?

\_\_\_\_\_ yes        x   no

**CITY OF MINNETRISTA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2015**

---

***Section II – Financial Statement Findings***

---

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

---

***Section IV – Prior Year Findings***

---

There were no findings in the prior year that were required to be reported.