

City of Minnetrista Minnesota



Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2017

CITY OF MINNETRISTA, MINNESOTA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2017

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

**BRIAN GRIMM
DIRECTOR OF FINANCE**

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INTRODUCTORY SECTION



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

May 14, 2018

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, 2017 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, 2017. The independent auditor's report on the basic financial statements is unmodified, and is included in the financial section of this report.

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

PROFILE OF THE CITY

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

(1)

Telephone (952) 446-1660
www.ci.minnetrista.mn.us

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 78 new single-family homes in 2017 with a total housing value of \$26,020,222.

The Minnetrista Public Safety Department operates with 13 licensed police officers, including: 1 Public Safety Director, 1 Lieutenant, 2 Sergeants, and 9 officers. In addition, there are 1.90 full-time equivalent support staff, two Community Service Officers, three Reserves, and 13 Patrol Units. Dispatching is operated through the Hennepin County Sheriff's Department.

ECONOMIC CONDITIONS AND OUTLOOK

The City is located in the southwest portion of Hennepin County approximately 20 miles southwest of Minneapolis on Lake Minnetonka. The population of the City was 7,238 per the latest Metropolitan Council Estimate.

The City saw a decrease from the previous year in the number of building permits for new homes in 2017. Continued controlled growth is expected for 2018 and beyond.

NOTEWORTHY BUDGET AND FINANCIAL INFORMATION

Evaluation of the City Fee Structure

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

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

Capital and Long Range Planning

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management-planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2017 and going forward.

Development Market Conditions During 2017

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 2017 and beyond. Building permit revenue should be comparable in the upcoming year (2018) in comparison to 2017. The City is projecting 75-100 new homes a year for the next several years.

FINANCIAL CONTROLS

Investment Policy

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

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

Fund Balance Policy

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

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

Budget Policy

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

AWARDS AND ACKNOWLEDGEMENTS

Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report (CAFR) for the fiscal year ended December 31, 2016. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. The report satisfied both generally accepted accounting principle and applicable legal requirements.

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

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

Sincerely,



Brian Grimm
Finance Director



Mike Barone
City Administrator

**CITY OF MINNETRISTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2017**

CITY COUNCIL AND OTHER OFFICIALS

Lisa Whalen
Shannon Bruce
Mike Molitor
Pam Mortenson
Patricia Thoele

Mayor
Council Member
Council Member
Council Member
Council Member

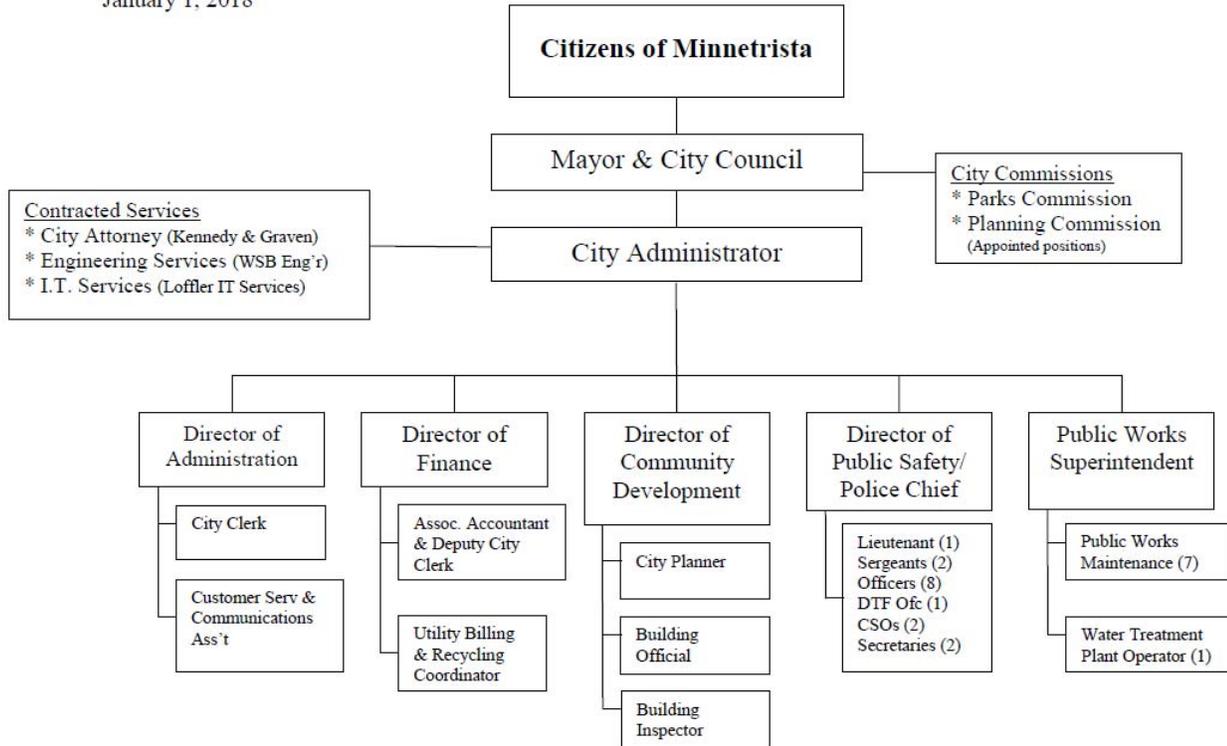
CITY OFFICIALS

Michael Barone
Brian Grimm
Paul Falls

City Administrator
Finance Director
Director of Public Safety

**CITY OF MINNETRISTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2017**

**City of Minnetrista
Organization Chart**
January 1, 2018



CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2017



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, 2016

Christopher P. Morill

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, 2017, 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, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

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

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

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

Honorable Mayor and the City Council
City of Minnetrista, Minnesota

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2018, on our consideration of the City of Minnetrista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on the effectiveness of City of Minnetrista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Minnetrista's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 14, 2018

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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, 2017. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's net position of its governmental activities increased by \$4,558,057 during the year to \$32,321,773 at year-end.
- The net position of the City's business-type activities by increased \$3,914,005 during the year to \$22,683,238.
- The fund balance of the General Fund decreased by \$115,015 (or 4%) during the year to \$2,897,248 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$9,076,938.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating income of \$14,100.

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, 2017**

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

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

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

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

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

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

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

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

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 14,849,998	\$ 12,975,825
Capital Assets	38,446,256	33,035,600
Total Assets	<u>53,296,254</u>	<u>46,011,425</u>
Deferred Outflows of Resources	2,310,622	3,387,087
Noncurrent Liabilities Outstanding	19,643,466	20,158,747
Other Liabilities	1,168,370	930,373
Total Liabilities	<u>20,811,836</u>	<u>21,089,120</u>
Deferred Inflows of Resources	2,473,267	545,676
Net Position:		
Net Investment in Capital Assets	23,024,394	16,599,988
Restricted	8,767,298	7,706,179
Unrestricted	530,081	3,457,549
Total Net Position	<u>\$ 32,321,773</u>	<u>\$ 27,763,716</u>
	<u>Business-Type Activities</u>	
	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$ 5,420,733	\$ 5,971,103
Capital Assets	29,657,186	25,696,918
Total Assets	<u>35,077,919</u>	<u>31,668,021</u>
Deferred Outflows of Resources	87,636	189,228
Noncurrent Liabilities Outstanding	12,238,372	11,832,410
Other Liabilities	187,686	1,221,639
Total Liabilities	<u>12,426,058</u>	<u>13,054,049</u>
Deferred Inflows of Resources	56,259	33,967
Net Position:		
Net Investment in Capital Assets	17,722,284	11,846,587
Unrestricted	4,960,954	6,922,646
Total Net Position	<u>\$ 22,683,238</u>	<u>\$ 18,769,233</u>

The City's net investment in capital assets is 74% 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, 2017**

An additional portion of the City's net position (\$8,767,298) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$5,491,035) 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			
	2017	2016	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,045,708	\$ 1,072,135	\$ (26,427)	(2)%
Operating Grants and Contributions	327,664	277,650	50,014	18
Capital Grants and Contributions	6,519,798	2,254,927	4,264,871	189
General Revenues:				
Property Taxes	4,275,961	4,127,926	148,035	4
Unrestricted Investment Earnings	84,864	76,062	8,802	12
Gain on Sale of Capital Assets	47,870	27,946	19,924	71
Miscellaneous	340	-	340	-
Total Revenues	<u>12,302,205</u>	<u>7,836,646</u>	<u>4,465,559</u>	<u>57</u>
EXPENSES				
General Government	1,299,321	1,374,469	(75,148)	(5)
Public Safety	3,100,825	3,199,782	(98,957)	(3)
Public Works	2,688,371	2,516,668	171,703	7
Parks and Recreation	260,196	239,887	20,309	8
Interest on Long-Term Debt	595,435	433,674	161,761	37
Total Expenses	<u>7,944,148</u>	<u>7,764,480</u>	<u>179,668</u>	<u>2</u>
CHANGE IN NET POSITION				
BEFORE TRANSFERS	4,358,057	72,166	4,285,891	5939
Transfers	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>-</u>
CHANGE IN NET POSITION	4,558,057	72,166	4,485,891	(6216)
Net Position - Beginning of Year	<u>27,763,716</u>	<u>27,691,550</u>	<u>72,166</u>	<u>-</u>
NET POSITION - END OF YEAR	<u>\$ 32,321,773</u>	<u>\$ 27,763,716</u>	<u>\$ 4,558,057</u>	<u>16</u>

Overall revenues increased 57% between 2016 and 2017. The City relies to a great extent on property taxes to finance its governmental activities and this amount remained similar to the prior year with about a 4% increase. Contributed Capital in the amount of \$3,898,815 is the biggest reason for this increase in overall revenues. There was also an increase in capital grants and contributions in the form

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

of municipal state aid for 2017 street improvement projects for the Halstead Drive and Enchanted Lane Improvements.

Expenses increased 2% between 2016 and 2017. The increase is mainly due to expenses related to the 2017 street maintenance projects and an increase in depreciation expense. Otherwise most expenses stayed pretty consistent between the two years with either slight decreases or slight increases by function.

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

	Business-Type Activities			
	2017	2016	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 2,752,830	\$ 2,290,231	\$ 462,599	20 %
Operating Grants and Contributions	21,869	23,014	(1,145)	(5)
Capital Grants and Contributions	3,629,055	1,997,682	1,631,373	82
General Revenues:				
Unrestricted Investment Earnings	55,318	52,385	2,933	6
Total Revenues	<u>6,459,072</u>	<u>4,363,312</u>	<u>2,095,760</u>	48
EXPENSES				
Water Operating	900,399	965,379	(64,980)	(7)
Sewer Operating	978,903	850,928	127,975	15
Storm Water	331,965	255,656	76,309	30
Recycling	133,800	131,935	1,865	1
Total Expenses	<u>2,345,067</u>	<u>2,203,898</u>	<u>141,169</u>	6
CHANGE IN NET POSITION				
BEFORE TRANSFERS	4,114,005	2,159,414	1,954,591	91
Transfers	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	-
CHANGE IN NET POSITION	3,914,005	2,159,414	1,754,591	81
Net Position - Beginning of Year	<u>18,769,233</u>	<u>16,609,819</u>	<u>2,159,414</u>	13
NET POSITION - END OF YEAR	<u><u>\$ 22,683,238</u></u>	<u><u>\$ 18,769,233</u></u>	<u><u>\$ 3,914,005</u></u>	21

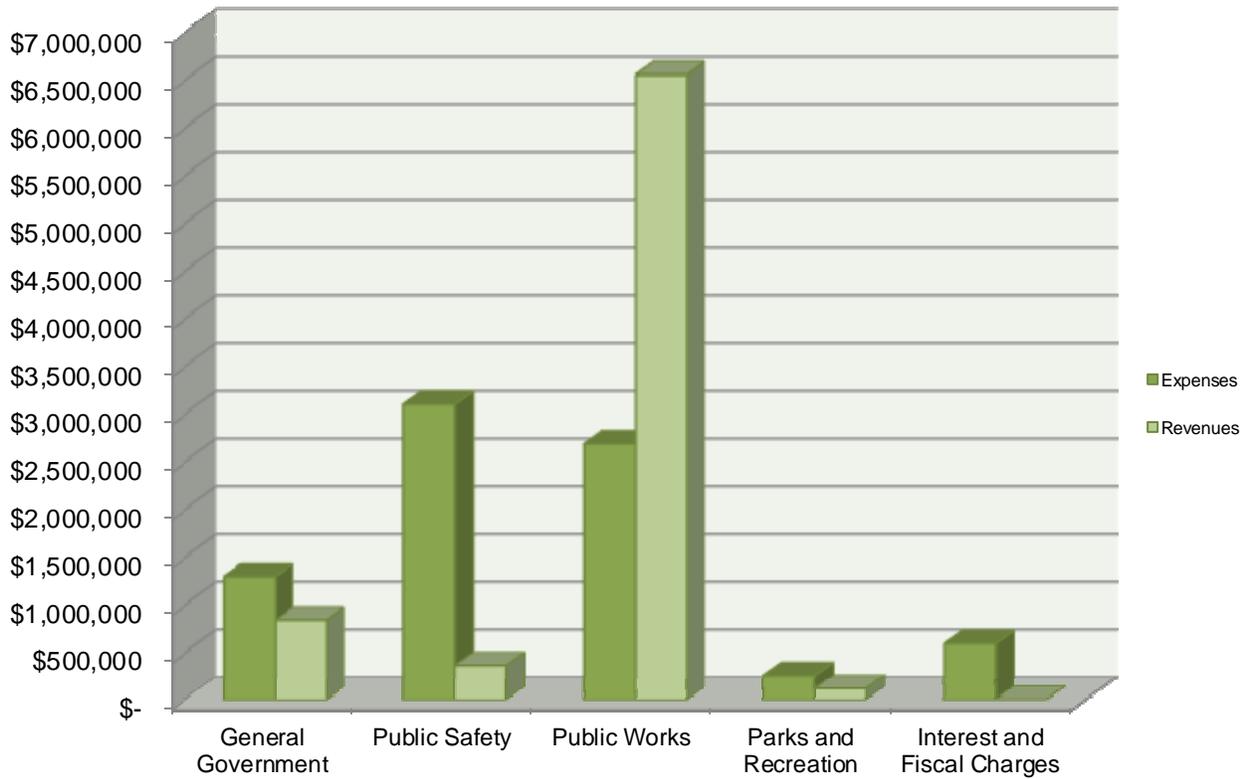
The business-type activities, primarily the City's utility operations, showed a growth in net position. Contributed Capital of \$3,628,891 was the main reason for this increase in 2017. Charges for Services increased during 2017 due to Water and Sewer Area and Connection Charges being still significant as well as an increase in water, sewer, and storm water usage. On the expense side, expenses increased across all funds except the water fund. The City continues to make significant investment in its water system but those improvements were starting to wind down during 2017. The sewer and storm water fund saw increases. The City's Sewer fund increase was partially based on the City's calculated charge from Met Council Environmental Services going up during 2017 from 2016. Additional storm water projects were conducted and completed in 2017 in comparison to 2016.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Governmental Activities

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

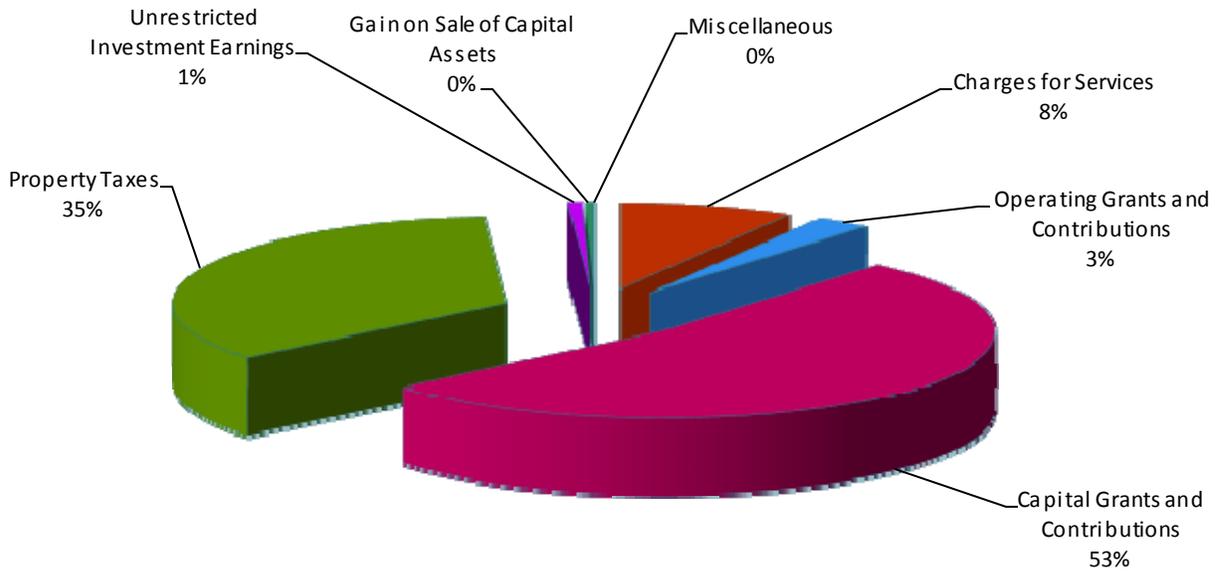
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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

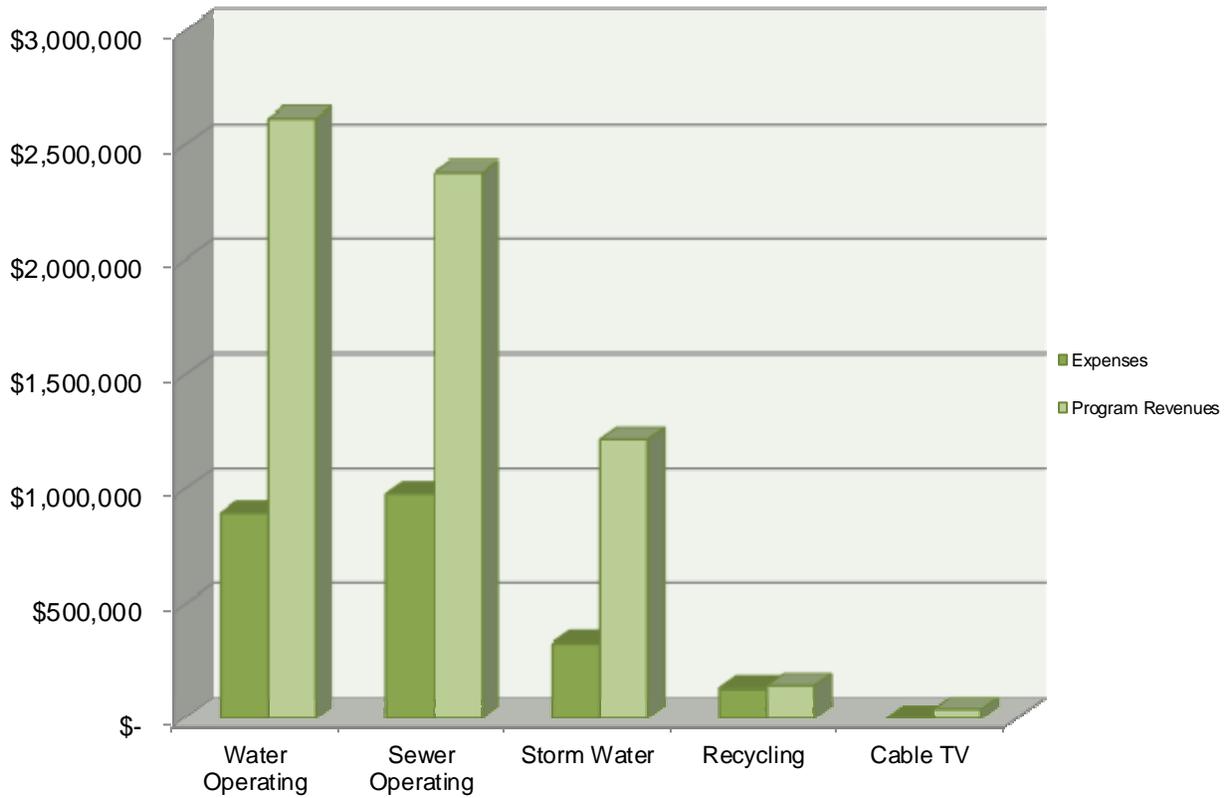


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Business-Type Activities

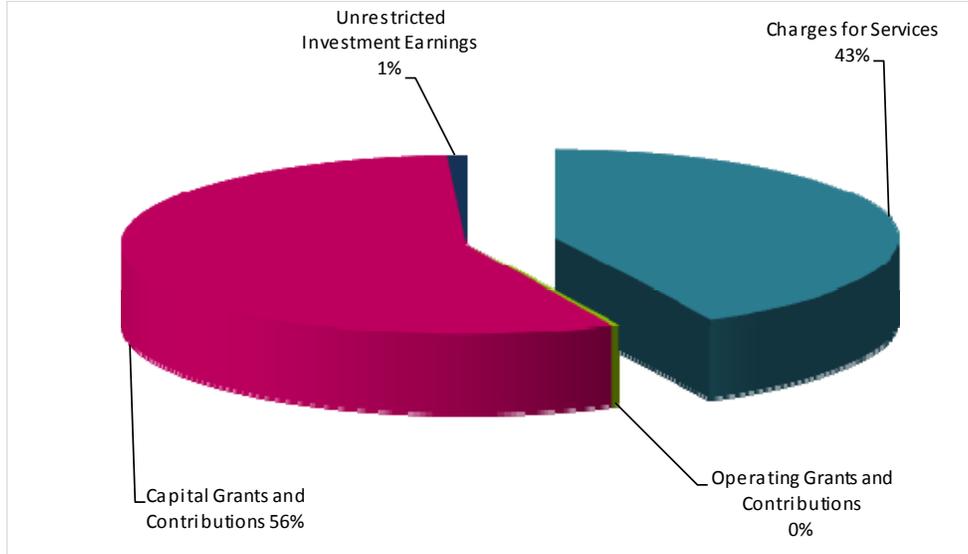
Business-Type Activities had an overall in net position of increase, mainly due to the contributed capital of \$3,628,891 as mentioned above. One of the biggest expenses is depreciation (noncash expense) within the water, sewer, and surface water funds. Operating costs in total across all utility funds increased \$220,474 as overall usage and numbers of users increased from 2016.

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

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 2017 was property taxes at 72% of the total revenue, followed by licenses and permits at 14%. The total fund balance decreased during the current fiscal year 2017, resulting from an excess of expenditures over revenues of \$197,910 combined with transfers out to the Capital Improvement fund of \$125,000, transfers in from the Water fund of \$200,000 and \$7,895 in proceeds from sale of capital assets. The unassigned fund balance of \$2,519,530 at the end of 2017 represents 54% of total General Fund expenditures for the year 2017.

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 2017 was \$992,430, which increased \$51,452 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 2017 was \$363,179, which decreased \$22,141 during the year due to the required debt service payments exceeding the special assessment collections.

The 2017 Street Project fund was created for the capital projects related to the street construction of Halstead Drive and Enchanted Lane. The ending fund balance for 2017 was \$1,224,137.

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$22,683,238 at December 31, 2017. 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, 2017**

General Fund Budgetary Highlights

- The general fund revenues were less than the final revenue budget by \$50,232. The biggest negative budget variance for revenue categories were within investment earnings. Most of the variances were slight when comparing budget to actual numbers and the overall total variance for revenues was about 1%.
- Total General Fund Expenditures were \$171,889 under budget. Public Safety and Public Works activity made up most of this positive difference. Public Safety had a positive variance of \$77,344 and Public Works had a variance of \$124,820 for a total variance of \$202,164 of actual expenditures being less than budgeted expenditures for those two functions. Most of this was attributable to open positions during the year. All other departments and functions were pretty close to their budgeted numbers.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of December 31, 2017 is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Land	\$ 4,406,661	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661	\$ 4,406,661
Construction in Progress	2,874,925	652,644	39,135	11,169,888	2,914,060	11,822,532
Buildings and Building Improvements	6,881,591	6,881,591	-	-	6,881,591	6,881,591
Improvements Other than Buildings	2,581,719	1,988,598	-	-	2,581,719	1,988,598
Streets and Infrastructure	42,951,818	39,053,003	39,738,560	24,109,562	82,690,378	63,162,565
Equipment and Furniture	5,541,194	5,441,664	930,591	769,926	6,471,785	6,211,590
Total Capital Assets	65,237,908	58,424,161	40,708,286	36,049,376	105,946,194	94,473,537
Less: Accumulated Depreciation	(26,791,652)	(25,388,561)	(11,051,100)	(10,352,458)	(37,842,752)	(35,741,019)
Total Capital Assets, Net	\$ 38,446,256	\$ 33,035,600	\$ 29,657,186	\$ 25,696,918	\$ 68,103,442	\$ 58,732,518

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2017**

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, and compensated absences payable outstanding of \$28,819,961. 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	
	2017	2016	2017	2016	2017	2016
General Obligation Bonds	\$ 11,630,000	\$ 9,455,000	\$ -	\$ -	\$ 11,630,000	\$ 9,455,000
General Obligation Revenue Bonds	3,885,000	4,125,000	11,753,790	11,226,276	15,638,790	15,351,276
General Obligation Equipment Certs	739,000	645,000	-	-	739,000	645,000
Compensated Absences	272,317	188,038	14,439	14,684	286,756	202,722
Bond Premium (Discount), Net	391,999	296,323	133,416	149,122	525,415	445,445
Total Outstanding Debt	<u>\$ 16,918,316</u>	<u>\$ 14,709,361</u>	<u>\$ 11,901,645</u>	<u>\$ 11,390,082</u>	<u>\$ 28,819,961</u>	<u>\$ 26,099,443</u>

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

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
DECEMBER 31, 2017**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Investments	\$ 9,967,452	\$ 4,798,620	\$ 14,766,072
Accounts Receivable	48,194	501,993	550,187
Property Taxes Receivable	31,458	-	31,458
Special Assessments Receivable	4,432,702	81,635	4,514,337
Accrued Interest Receivable	23,702	11,221	34,923
Due from Other Governments	330,602	319	330,921
Prepaid Items	15,888	26,945	42,833
Capital Assets:			
Nondepreciable:			
Land	4,406,661	-	4,406,661
Construction in Progress	2,874,925	39,135	2,914,060
Depreciable:			
Buildings and Building Improvements	6,881,591	40,669,151	47,550,742
Improvements Other than Buildings	2,581,719	-	2,581,719
Streets and Infrastructure	42,951,818	-	42,951,818
Equipment and Furniture	5,541,194	-	5,541,194
Total Capital Assets	<u>65,237,908</u>	<u>40,708,286</u>	<u>105,946,194</u>
Less: Accumulated Depreciation	<u>(26,791,652)</u>	<u>(11,051,100)</u>	<u>(37,842,752)</u>
Total Capital Assets, Net	<u>38,446,256</u>	<u>29,657,186</u>	<u>68,103,442</u>
Total Assets	53,296,254	35,077,919	88,374,173
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	2,310,622	87,636	2,398,258
LIABILITIES			
Accounts and Contracts Payable	402,687	116,798	519,485
Accrued Salaries and Fringes	65,741	8,589	74,330
Accrued Interest Payable	136,185	62,299	198,484
Other Liabilities	113,706	-	113,706
Deposits	412,118	-	412,118
Unearned Revenue	37,933	-	37,933
Long-Term Liabilities:			
Due Within One Year	837,000	752,426	1,589,426
Due in More Than One Year	16,081,316	11,149,219	27,230,535
Net Pension Liability	2,361,414	291,028	2,652,442
Other Postemployment Benefits	363,736	45,699	409,435
Total Liabilities	<u>20,811,836</u>	<u>12,426,058</u>	<u>33,237,894</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	2,473,267	56,259	2,529,526
NET POSITION			
Net Investment in Capital Assets	23,024,394	17,722,284	40,746,678
Restricted for:			
Debt Service	7,959,673	-	7,959,673
Road Maintenance	5,163	-	5,163
Park Improvement	802,462	-	802,462
Unrestricted	<u>530,081</u>	<u>4,960,954</u>	<u>5,491,035</u>
Total Net Position	<u>\$ 32,321,773</u>	<u>\$ 22,683,238</u>	<u>\$ 55,005,011</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2017**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General Government	\$ 1,299,321	\$ 828,270	\$ 17,978	\$ -	\$ (453,073)	\$ -	\$ (453,073)
Public Safety	3,100,825	217,406	153,530	-	(2,729,889)	-	(2,729,889)
Public Works	2,688,371	32	37,403	6,519,798	3,868,862	-	3,868,862
Parks and Recreation	260,196	-	118,753	-	(141,443)	-	(141,443)
Interest and Fiscal Charges	595,435	-	-	-	(595,435)	-	(595,435)
Total Governmental Activities	7,944,148	1,045,708	327,664	6,519,798	(50,978)	-	(50,978)
Business-Type Activities:							
Water Operating	900,399	1,365,113	-	1,253,689	-	1,718,403	1,718,403
Sewer Operating	978,903	929,997	-	1,452,665	-	1,403,759	1,403,759
Storm Water	331,965	294,973	-	922,701	-	885,709	885,709
Recycling	133,800	121,159	21,869	-	-	9,228	9,228
Cable TV	-	41,588	-	-	-	41,588	41,588
Total Business-Type Activities	2,345,067	2,752,830	21,869	3,629,055	-	4,058,687	4,058,687
Total Primary Government	\$ 10,289,215	\$ 3,798,538	\$ 349,533	\$ 10,148,853	(50,978)	4,058,687	4,007,709
General Revenues:							
Property Taxes, Levied for General Purposes					4,275,961	-	4,275,961
Unrestricted Investment Earnings					84,864	55,318	140,182
Gain on Sale of Capital Assets					47,870	-	47,870
Miscellaneous					340	-	340
Transfers					200,000	(200,000)	-
Total General Revenues and Transfers					4,609,035	(144,682)	4,464,353
CHANGE IN NET POSITION					4,558,057	3,914,005	8,472,062
Net Position - Beginning of Year					27,763,716	18,769,233	46,532,949
NET POSITION - END OF YEAR					\$ 32,321,773	\$ 22,683,238	\$ 55,005,011

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2017**

ASSETS	General Fund	Debt Service		Capital Projects	Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)	2017 Street Project (499)		
Cash and Investments	\$ 3,281,294	\$ 985,614	\$ 359,587	\$ 1,421,734	\$ 3,919,223	\$ 9,967,452
Receivables:						
Miscellaneous Receivables	48,194	-	-	-	-	48,194
Accrued Interest	7,592	2,292	836	4,394	8,588	23,702
Delinquent Taxes	31,458	-	-	-	-	31,458
Delinquent Special Assessments	-	-	-	-	189,817	189,817
Other Special Assessments Receivable	3,583	1,907,628	1,157,480	-	1,174,194	4,242,885
Prepays	15,888	-	-	-	-	15,888
Due from Other Governmental Units	38,135	4,524	2,756	-	285,187	330,602
Total Assets	\$ 3,426,144	\$ 2,900,058	\$ 1,520,659	\$ 1,426,128	\$ 5,577,009	\$ 14,849,998
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts and Contracts Payable	\$ 74,475	\$ -	\$ -	\$ 201,991	\$ 126,221	\$ 402,687
Accrued Salaries Payable	65,741	-	-	-	-	65,741
Other Liabilities	113,706	-	-	-	-	113,706
Deposits	202,000	-	-	-	210,118	412,118
Unearned Revenue	37,933	-	-	-	-	37,933
Total Liabilities	493,855	-	-	201,991	336,339	1,032,185
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	31,458	-	-	-	-	31,458
Unavailable Revenue - Special Assessments	3,583	1,907,628	1,157,480	-	1,364,011	4,432,702
Unavailable Revenue - Other	-	-	-	-	276,715	276,715
Total Deferred Inflows of Resources	35,041	1,907,628	1,157,480	-	1,640,726	4,740,875
FUND BALANCE						
Nonspendable:						
Prepays	15,888	-	-	-	-	15,888
Restricted:						
Debt Service	-	992,430	363,179	-	2,034,415	3,390,024
Parkland Acquisitions and Improvement	-	-	-	-	802,462	802,462
Road Maintenance	-	-	-	-	5,163	5,163
Committed:						
Emergency Warning Siren Operation	-	-	-	-	204,494	204,494
Tree Replacement	-	-	-	-	216,823	216,823
Assigned:						
Subsequent Year Budget	361,830	-	-	-	-	361,830
Capital Plan Improvements	-	-	-	-	336,587	336,587
Capital Projects	-	-	-	1,224,137	-	1,224,137
Unassigned	2,519,530	-	-	-	-	2,519,530
Total Fund Balance	2,897,248	992,430	363,179	1,224,137	3,599,944	9,076,938
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 3,426,144	\$ 2,900,058	\$ 1,520,659	\$ 1,426,128	\$ 5,577,009	\$ 14,849,998

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, 2017**

Total Fund Balances for Governmental Funds \$ 9,076,938

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		2,874,925	
Buildings and Building Improvements		6,881,591	
Improvements Other than Buildings		2,581,719	
Streets and Infrastructure		42,951,818	
Equipment and Furniture		5,541,194	
Total Capital Assets		65,237,908	
Less: Accumulated Depreciation		(26,791,652)	38,446,256

Some of the City's receivables (including property taxes, special assessments and other long-term receivables) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 4,740,875

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. (136,185)

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

Net Pension Liability		(2,361,414)	
Deferred Inflows of Resources - Pensions		(2,473,267)	
Deferred Outflows of Resources - Pensions		2,310,622	(2,524,059)

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		(15,515,000)	
Equipment Certificates Payable		(739,000)	
Unamortized Premiums		(399,205)	
Unamortized Discounts		7,206	
Other Postemployment Benefits		(363,736)	
Compensated Absence Payable		(272,317)	(17,282,052)

Total Net Position of Governmental Activities \$ 32,321,773

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2017

	General Fund	Debt Service		Capital Projects	Other Governmental Funds	Totals
		G.O. Improvement Bonds of 2013A (530)	G.O. Improvement Bonds of 2013B (531)	2017 Street Project (499)		
REVENUE						
Property Taxes	\$ 3,231,251	\$ -	\$ -	\$ -	\$ 1,035,492	\$ 4,266,743
Special Assessments	4,556	505,061	307,185	-	420,049	1,236,851
Licenses and Permits	624,524	-	-	-	-	624,524
Intergovernmental Revenue	133,066	-	-	1,302,800	77,187	1,513,053
Charges for Services	325,524	-	-	-	-	325,524
Fines and Forfeitures	45,202	-	-	-	-	45,202
Other Revenue:						
Investment Earnings	31,402	9,077	2,860	10,091	31,434	84,864
Miscellaneous Revenue	109,240	-	-	-	181,374	290,614
Total Revenue	4,504,765	514,138	310,045	1,312,891	1,745,536	8,387,375
EXPENDITURES						
Current:						
General Government	1,118,361	-	-	-	3,437	1,121,798
Public Safety	2,538,467	-	-	-	-	2,538,467
Public Works	859,565	-	-	53,501	327,554	1,240,620
Parks and Recreation	149,900	-	-	-	-	149,900
Other	36,382	-	-	-	-	36,382
Total Current Expenditures	4,702,675	-	-	53,501	330,991	5,087,167
Capital Outlay						
Public Works	-	-	-	2,789,122	-	2,789,122
Other	-	-	-	-	558,304	558,304
Total Capital Outlay	-	-	-	2,789,122	558,304	3,347,426
Debt Service:						
Principal Retirement	-	205,000	140,000	-	682,862	1,027,862
Interest and Fiscal Charges	-	177,686	159,881	66,190	262,515	666,272
Total Debt Service	-	382,686	299,881	66,190	945,377	1,694,134
Total Expenditures	4,702,675	382,686	299,881	2,908,813	1,834,672	10,128,727
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(197,910)	131,452	10,164	(1,595,922)	(89,136)	(1,741,352)
OTHER FINANCE SOURCES (USES)						
Issuance of Bonds and Other Debt	-	2,845,000	2,370,000	2,865,000	235,000	8,315,000
Payment to Refunded Bond Escrow Agent	-	(2,925,000)	(2,395,000)	-	-	(5,320,000)
Discount on Issued Debt	-	-	(7,305)	-	-	(7,305)
Premium on Issued Debt	-	-	-	116,667	13,999	130,666
Transfers In	200,000	-	-	-	326,016	526,016
Transfers Out	(125,000)	-	-	(161,608)	(39,408)	(326,016)
Proceed from Sale of Capital Assets	7,895	-	-	-	39,975	47,870
Total Other Finance Sources (Uses)	82,895	(80,000)	(32,305)	2,820,059	575,582	3,366,231
NET CHANGE IN FUND BALANCES	(115,015)	51,452	(22,141)	1,224,137	486,446	1,624,879
FUND BALANCES						
Beginning of Year	3,012,263	940,978	385,320	-	3,113,498	7,452,059
End of Year	\$ 2,897,248	\$ 992,430	\$ 363,179	\$ 1,224,137	\$ 3,599,944	\$ 9,076,938

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, 2017**

Net Change in Fund Balances-Total Governmental Funds \$ 1,624,879

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)	\$ 3,195,153	
Gain on Disposal of Capital Assets	47,870	
Proceeds from the Sale of Capital Assets	(47,870)	
Capital Contributions	3,898,815	
Depreciation Expense	<u>(1,683,312)</u>	5,410,656

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

General Obligation Bond Proceeds	(8,080,000)	
Amortization of Bond Premium	27,784	
Amortization of Bond Discount	(99)	
Repayment of Bond Principal	6,286,000	
Proceeds on Bond Premium	(130,666)	
Proceeds on Bond Discount	7,305	
Proceeds on Issuance of Equipment Certificates	(235,000)	
Change in Accrued Interest Expense	<u>43,152</u>	(2,081,524)

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, 2016	4,772,730	
Deferred Inflows of Resources - December 31, 2017	<u>4,740,875</u>	(31,855)

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 2017, compensated absence payable and other postemployment benefits payable changed.

(94,283)

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.

(269,816)

Change in Net Position of Governmental Activities \$ 4,558,057

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2017**

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 2,722,132	\$ 1,400,200	\$ 277,549	\$ 235,743	\$ 162,996	\$ 4,798,620
Receivables:						
Accounts Receivable (Net of Allowance)	146,477	236,338	87,677	31,501	-	501,993
Accrued Interest	6,320	3,305	647	570	379	11,221
Delinquent Special Assessments	-	-	8,652	8,112	-	16,764
Special Assessments	36,491	28,380	-	-	-	64,871
Prepays	713	26,232	-	-	-	26,945
Due from Other Governmental Units	315	2	1	1	-	319
Total Current Assets	<u>2,912,448</u>	<u>1,694,457</u>	<u>374,526</u>	<u>275,927</u>	<u>163,375</u>	<u>5,420,733</u>
CAPITAL ASSETS						
Construction in Progress	39,135	-	-	-	-	39,135
Buildings and Improvements	23,865,154	12,380,816	4,423,181	-	-	40,669,151
Less: Accumulated Depreciation	<u>(3,808,404)</u>	<u>(5,679,271)</u>	<u>(1,563,425)</u>	<u>-</u>	<u>-</u>	<u>(11,051,100)</u>
Net Capital Assets	20,095,885	6,701,545	2,859,756	-	-	29,657,186
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pensions	<u>48,734</u>	<u>32,127</u>	<u>4,614</u>	<u>2,161</u>	<u>-</u>	<u>87,636</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 23,057,067</u>	<u>\$ 8,428,129</u>	<u>\$ 3,238,896</u>	<u>\$ 278,088</u>	<u>\$ 163,375</u>	<u>\$ 35,165,555</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	\$ 68,255	\$ 35,407	\$ 13,065	\$ 71	\$ -	\$ 116,798
Accrued Salaries Payable	5,565	2,629	395	-	-	8,589
Compensated Absences Payable	4,390	4,056	1,553	-	-	10,000
Accrued Interest Payable	57,605	4,694	-	-	-	62,299
Bonds Payable	719,000	50,000	-	-	-	769,000
Total Current Liabilities	<u>854,815</u>	<u>96,786</u>	<u>15,013</u>	<u>71</u>	<u>-</u>	<u>966,686</u>
NONCURRENT LIABILITIES						
Compensated Absences Payable	1,949	1,801	690	-	-	4,439
Other Postemployment Benefits	22,231	18,061	3,676	1,731	-	45,699
Net Pension Liability	161,841	106,688	15,324	7,175	-	291,028
Bonds Payable	10,638,206	480,000	-	-	-	11,118,206
Total Noncurrent Liabilities	<u>10,824,227</u>	<u>606,550</u>	<u>19,690</u>	<u>8,906</u>	<u>-</u>	<u>11,459,372</u>
Total Liabilities	11,679,042	703,336	34,703	8,977	-	12,426,058
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pensions	31,286	20,624	2,962	1,387	-	56,259
NET POSITION						
Net Investment in Capital Assets	8,697,259	6,171,545	2,859,756	-	-	17,728,560
Unrestricted	2,649,480	1,532,624	341,475	267,724	163,375	4,954,678
Total Net Position	<u>11,346,739</u>	<u>7,704,169</u>	<u>3,201,231</u>	<u>267,724</u>	<u>163,375</u>	<u>22,683,238</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 23,057,067</u>	<u>\$ 8,428,129</u>	<u>\$ 3,238,896</u>	<u>\$ 278,088</u>	<u>\$ 163,375</u>	<u>\$ 35,165,555</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
OPERATING REVENUE						
Sales and User Fees	\$ 983,381	\$ 916,137	\$ 294,973	\$ 110,281	\$ 41,588	\$ 2,346,360
Other	-	-	180	-	-	180
Total Operating Revenue	<u>983,381</u>	<u>916,137</u>	<u>295,153</u>	<u>110,281</u>	<u>41,588</u>	<u>2,346,540</u>
OPERATING EXPENSES						
Personnel Services	261,637	185,194	37,367	10,716	-	494,914
Professional Services	114,591	86,273	76,945	-	-	277,809
Operating and Maintenance Supplies	16,001	121,895	60,412	-	-	198,308
Utilities	202,686	7,095	-	-	-	209,781
Depreciation	284,942	274,415	139,285	-	-	698,642
Maintenance and Repairs	9,103	3,862	1,621	-	-	14,586
Insurance	8,588	2,812	-	-	-	11,400
Other Expenses	2,701	284,700	16,515	123,084	-	427,000
Total Operating Expenses	<u>900,249</u>	<u>966,246</u>	<u>332,145</u>	<u>133,800</u>	<u>-</u>	<u>2,332,440</u>
OPERATING INCOME (LOSS)	83,132	(50,109)	(36,992)	(23,519)	41,588	14,100
NONOPERATING REVENUE (EXPENSES)						
Area Charges	340,636	13,860	-	-	-	354,496
Special Assessments for Capital Purposes	-	164	-	-	-	164
Investment Earnings	32,036	15,432	3,569	2,614	1,667	55,318
Interest Expense	(150)	(12,657)	-	-	-	(12,807)
Intergovernmental Grants	-	-	-	21,869	-	21,869
Miscellaneous Revenue	41,096	-	-	10,878	-	51,974
Total Nonoperating Revenue (Expenses)	<u>413,618</u>	<u>16,799</u>	<u>3,569</u>	<u>35,361</u>	<u>1,667</u>	<u>471,014</u>
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, LOSSES, AND TRANSFERS	496,750	(33,310)	(33,423)	11,842	43,255	485,114
Transfers Out	(200,000)	-	-	-	-	(200,000)
Capital Contributions	<u>1,253,689</u>	<u>1,452,501</u>	<u>922,701</u>	<u>-</u>	<u>-</u>	<u>3,628,891</u>
CHANGES IN NET POSITION	1,550,439	1,419,191	889,278	11,842	43,255	3,914,005
NET POSITION						
Beginning of Year	<u>9,796,300</u>	<u>6,284,978</u>	<u>2,311,953</u>	<u>255,882</u>	<u>120,120</u>	<u>18,769,233</u>
End of Year	<u>\$ 11,346,739</u>	<u>\$ 7,704,169</u>	<u>\$ 3,201,231</u>	<u>\$ 267,724</u>	<u>\$ 163,375</u>	<u>\$ 22,683,238</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2017**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Water	Recycling	Cable TV	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 953,273	\$ 888,099	\$ 280,996	\$ 106,051	\$ 41,588	\$ 2,270,007
Cash Paid to Suppliers	(307,369)	(536,457)	(144,947)	(123,023)	-	(1,111,796)
Cash Paid to Employees	(252,142)	(177,999)	(34,354)	(11,005)	-	(475,500)
Other Receipts	41,096	-	-	10,878	-	51,974
Net Cash Provided (Used) by Operating Activities	<u>434,858</u>	<u>173,643</u>	<u>101,695</u>	<u>(17,099)</u>	<u>41,588</u>	<u>734,685</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees Received	340,636	13,860	-	-	-	354,496
Special Assessments for Capital Purposes	1,782	-	-	-	-	1,782
Proceeds from Issuance of Bonds	1,331,514	-	-	-	-	1,331,514
Principal Payments on Bonds	(754,000)	(50,000)	-	-	-	(804,000)
Interest Payments on Bonds	(18,751)	(12,886)	-	-	-	(31,637)
Acquisition of Capital Assets	(1,937,781)	(51,538)	(102,600)	-	-	(2,091,919)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(1,036,600)</u>	<u>(100,564)</u>	<u>(102,600)</u>	<u>-</u>	<u>-</u>	<u>(1,239,764)</u>
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest Received on Investments	33,092	14,883	3,504	2,543	1,541	55,563
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants Received	-	-	-	21,869	-	21,869
Transfers In	(200,000)	-	-	-	-	(200,000)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(200,000)</u>	<u>-</u>	<u>-</u>	<u>21,869</u>	<u>-</u>	<u>(178,131)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(768,650)	87,962	2,599	7,313	43,129	(627,647)
Cash and Cash Equivalents - Beginning of the Year	3,490,782	1,312,238	274,950	228,430	119,867	5,426,267
CASH AND CASH EQUIVALENTS - END OF THE YEAR						
	<u>\$ 2,722,132</u>	<u>\$ 1,400,200</u>	<u>\$ 277,549</u>	<u>\$ 235,743</u>	<u>\$ 162,996</u>	<u>\$ 4,798,620</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ 83,132	\$ (50,109)	\$ (36,992)	\$ (23,519)	\$ 41,588	\$ 14,100
Adjustments to Operating Income (Loss):						
Noncash Expenses Included in Net Income:						
Depreciation	284,942	274,415	139,285	-	-	698,642
Miscellaneous Income	41,096	-	-	10,878	-	51,974
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	(25,008)	(22,474)	(11,684)	(1,911)	-	(61,077)
Due from Other Governmental Units	127	138	61	57	-	383
Prepaid Assets	-	(2,607)	-	-	-	(2,607)
Special Assessments Receivable for Delinquent Utility Bills	(5,227)	(5,702)	(2,534)	(2,376)	-	(15,839)
Deferred Outflows	57,792	36,466	4,254	3,080	-	101,592
Increase (Decrease) in:						
Accounts Payable	46,301	(27,213)	10,546	61	-	29,695
Accrued Salaries Payable	1,320	(117)	173	-	-	1,376
Compensated Absences Payable	(333)	(383)	471	-	-	(245)
Other Postemployment Benefits	802	522	77	36	-	1,437
Net Pension Liability	(62,250)	(37,605)	(3,332)	(3,851)	-	(107,038)
Deferred Inflows	12,164	8,312	1,370	446	-	22,292
Net Cash Provided (Used) by Operating Activities	<u>\$ 434,858</u>	<u>\$ 173,643</u>	<u>\$ 101,695</u>	<u>\$ (17,099)</u>	<u>\$ 41,588</u>	<u>\$ 734,685</u>
NONCASH TRANSACTIONS						
Capital Contribution to Governmental Activities	<u>\$ 1,253,689</u>	<u>\$ 1,452,501</u>	<u>\$ 922,701</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,628,891</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF FIDUCIARY NET POSITION
AGENCY FUND
DECEMBER 31, 2017**

	Land Use (801)
ASSETS	
Cash and Investments	\$ 44,099
Land Use Receivable	109,639
Total Assets	\$ 153,738
LIABILITIES	
Accounts and Contracts Payable	\$ 151,738
Developer Payable	2,000
Total Liabilities	\$ 153,738

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Government-Wide Financial Statements

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, charges between the City's enterprise funds and other functions are not eliminated, as that would distort the direct costs and program revenues reported in those functions. The City applies restricted resources first when an expense is incurred for which both restricted and unrestricted resources are available. Depreciation expense can be specifically identified by function (see Note 5). Interest on long-term debt is considered an indirect expense and is reported separately on the statement of activities.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

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

Description of Funds

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major enterprise funds:

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

The City also reports the following fund type:

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

E. Cash and Investments

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

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

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

F. Receivables

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

G. Property Taxes

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Property Taxes (Continued)

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

H. Special Assessments

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

I. Interfund Receivables and Payables

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

J. Capital Assets

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Capital Assets (Continued)

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

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

K. Compensated Absences Payable

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

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

The police department's full-time union employees accrue vacation up to a maximum of 120 hours to carry over to the next year. Part-time employees' accruals are prorated by hours worked per week. Employees are eligible for severance pay after completing 10 years of service. Severance pay is the sick leave balance paid between 25% and 50% depending on years of service.

Full-time public works employees that are union members accrue vacation up to a maximum of 120 hours to carry over to the next year and are eligible for severance pay after three years of employment. Terminated employees will receive 80 hours of pay. Sick leave is accrued at a rate of eight hours per month of continuous employment. At separation, any union employee who has three years or more of service and leaves in good standing, receives one-third of unused sick leave up to 160 hours at the rate of pay.

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Long-Term Liabilities

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

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

M. Deferred Outflows/Inflows of Resources

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

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

N. Net Position/Fund Balance

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Net Position/Fund Balance (Continued)

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

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

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

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

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

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

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

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

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

O. Budgets and Budgetary Accounting

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Budgets and Budgetary Accounting (Continued)

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

The budgets are adopted on a basis consistent with accounting principles generally accepted in the United State of America. The detailed budget schedules provided in the supplementary section are presented on the same basis. The legal level of budgetary control is at the fund level. In 2017, a budget was not adopted for the Street Improvement Capital Project Fund.

P. Risk Management

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool for its general property and casualty, workers' compensation, and other miscellaneous insurance coverages. LMCIT operates as a common risk management and insurance program for a large number of cities in Minnesota. The City pays an annual premium to LMCIT for insurance coverage. The LMCIT agreement provides that the trust will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain limits. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage in 2017.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 2 STEWARDSHIP AND ACCOUNTABILITY

A. Expenditures in Excess of Appropriations

Expenditures exceeded budgeted amounts in the following funds at December 31, 2017:

Fund	Budget	Expenditures	Excess
Special Revenue Funds:			
Road Maintenance	\$ 320,000	\$ 327,554	\$ 7,554
Debt Service Funds:			
G.O. Improvement Bonds of 2007A	57,350	58,109	759
G.O. Improvement Bonds of 2014B	365,000	366,921	1,921
G.O. Improvement Bonds of 2012A	61,430	63,248	1,818
G.O. Improvement Bonds of 2013A	298,350	382,686	84,336
G.O. Improvement Bonds of 2013B	234,248	299,881	65,633

NOTE 3 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 154,913
Investments	14,654,958
Cash on Hand	300
Total	<u>\$ 14,810,171</u>

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

Statement of Net Position:	
Cash and Investments -	
Statement of Net Position	\$ 14,766,072
Cash and Investments -	
Statement of Fiduciary Net Position	44,099
Total Cash and Investments	<u>\$ 14,810,171</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

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 \$154,913 while the balance on the bank records was \$238,218. At December 31, 2017, 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, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Fair Value
Federal Home Loan Bank	\$ 170,273
Federal Home Loan Mtg Corp.	1,388,859
Federal Ntl Mortgage Association	280,947
Negotiable Certificates of Deposit	7,024,325
Municipal Bonds	453,976
	\$ 9,318,380

Investment Type	Amortized Cost
MN Municipal Money Market (4M)	\$ 4,972,017
Other Money Markets	364,561
MN Municipal Money Market (4M)	\$ 5,336,578

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.

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, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (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.

A schedule of the maturities and ratings of the City's investments as of December 31, 2017 is as follows:

Investment Type	Total Fair Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank	\$ 170,273	\$ -	\$ 170,273	\$ -	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	1,388,859	-	833,944	554,915	Aaa/AA+	Moody's/S&P
Federal Ntl Mortgage Association	280,947	-	280,947	-	Aaa/AAA	Moody's/S&P
Negotiable Certificates of Deposit	7,024,325	2,773,260	4,251,065	-	N/R	N/A
Municipal Bonds	453,976	-	248,156	205,820	AA/BBB	Moody's/S&P
Money Market	364,561	364,561	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	4,972,017	4,972,017	-	-	N/R	N/A
	<u>\$ 14,654,958</u>	<u>\$ 8,109,838</u>	<u>\$ 5,784,385</u>	<u>\$ 760,735</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

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

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

At December 31, 2017, 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.	\$ 1,388,859	9.5%
Money Market-4M Fund	4,972,017	33.9%

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

Fair Value Measurements

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

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

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

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

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

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

Investment Type	Level 1	Level 2	Level 3	Total
US Agencies:				
Federal Home Loan Bank	\$ -	\$ 170,273	\$ -	\$ 170,273
Federal Home Loan Mtg Corp.	-	1,388,859	-	1,388,859
Federal Ntl Mortgage Association	-	280,947	-	280,947
Negotiable Certificates of Deposit	-	7,024,325	-	7,024,325
Municipal Bonds	-	453,976	-	453,976
Total	<u>\$ -</u>	<u>\$ 9,318,380</u>	<u>\$ -</u>	<u>9,318,380</u>
Investments Measured at Amortized Cost				5,336,578
Total				<u>\$ 14,654,958</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 4 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

A. Interfund Transfers

The following is a summary of transfers made by the City during 2017:

Fund	Transfer In	Transfer Out
General Fund	\$ 200,000	\$ 125,000
Capital Improvement	125,000	-
Park Development Fund	-	14,383
Road Maintenance	-	25,025
Street Improvement	161,608	-
G.G. Improvement Bonds of 2010A	14,383	-
G.O. Improvement Bonds of 2012A	25,025	-
2017 Street Project	-	161,608
Water	-	200,000
Total	<u>\$ 526,016</u>	<u>\$ 526,016</u>

NOTE 5 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 4,406,661	\$ -	\$ -	\$ 4,406,661
Construction in Progress	652,644	2,726,546	(504,265)	2,874,925
Total Capital Assets, Not Being Depreciated	<u>5,059,305</u>	<u>2,726,546</u>	<u>(504,265)</u>	<u>7,281,586</u>
Capital Assets, Being Depreciated:				
Land Improvements	1,988,598	593,121	-	2,581,719
Buildings and Building Improvements	6,881,591	-	-	6,881,591
Infrastructure	39,053,003	3,898,815	-	42,951,818
Vehicles and Equipment	5,441,664	379,751	(280,221)	5,541,194
Total Capital Assets, Being Depreciated	<u>53,364,856</u>	<u>4,871,687</u>	<u>(280,221)</u>	<u>57,956,322</u>
Accumulated Depreciation for:				
Land Improvements	(920,866)	(64,898)	-	(985,764)
Buildings and Building Improvements	(1,847,085)	(167,820)	-	(2,014,905)
Infrastructure	(18,769,034)	(1,168,202)	-	(19,937,236)
Vehicles and Equipment	(3,851,576)	(282,392)	280,221	(3,853,747)
Total Accumulated Depreciation	<u>(25,388,561)</u>	<u>(1,683,312)</u>	<u>280,221</u>	<u>(26,791,652)</u>
Total Capital Assets, Being Depreciated, Net	<u>27,976,295</u>	<u>3,188,375</u>	<u>-</u>	<u>31,164,670</u>
Governmental Activities Capital Assets, Net	<u>\$ 33,035,600</u>	<u>\$ 5,914,921</u>	<u>\$ (504,265)</u>	<u>\$ 38,446,256</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Construction in Progress	\$ 11,169,888	\$ 952,971	\$ (12,083,724)	\$ 39,135
Capital Assets, Being Depreciated:				
Infrastructure	24,109,562	15,628,998	-	39,738,560
Machinery and Equipment	769,926	160,665	-	930,591
Total Capital Assets, Being Depreciated	<u>24,879,488</u>	<u>15,789,663</u>	<u>-</u>	<u>40,669,151</u>
Accumulated Depreciation for:				
Infrastructure	(9,960,404)	(658,379)	-	(10,618,783)
Machinery and Equipment	(392,054)	(40,263)	-	(432,317)
Total Accumulated Depreciation	<u>(10,352,458)</u>	<u>(698,642)</u>	<u>-</u>	<u>(11,051,100)</u>
Total Capital Assets, Being Depreciated, Net	<u>14,527,030</u>	<u>15,091,021</u>	<u>-</u>	<u>29,618,051</u>
Business-Type Activities Capital Assets, Net	<u>\$ 25,696,918</u>	<u>\$ 16,043,992</u>	<u>\$ (12,083,724)</u>	<u>\$ 29,657,186</u>

C. Depreciation Expense by Function

Governmental Activities:

General Government	\$ 45,318
Public Safety	280,450
Streets	1,280,066
Parks and Recreation	77,478
Total Depreciation Expense, Governmental Activities	<u>\$ 1,683,312</u>

Business-Type Activities:

Water Operating	\$ 284,942
Sewer Operating	274,415
Storm Water	139,285
Total Depreciation Expense, Business-Type Activities	<u>\$ 698,642</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2017:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2010A	09/16/10	\$ 3,270,000	2.00-3.50%	02/01/31	\$ 2,550,000
G.O. Improvement Bonds of 2012A	04/26/12	770,000	0.50-2.80%	02/01/27	525,000
G.O. Refunding Bonds of 2014A	09/11/14	555,000	3.00-4.00%	12/01/27	475,000
G.O. Capital Improvement Plan Bonds of 2014B	10/29/14	4,595,000	2.50-3.50%	02/01/30	3,885,000
G.O. Improvement Refunding Bonds 2017B	10/12/17	2,845,000	1.15-2.45%	02/01/29	2,845,000
G.O. Refunding Bonds 2017C	10/12/17	2,370,000	1.35-3.05%	02/01/30	2,370,000
G.O. Equipment Certificates 2015A	02/25/15	331,000	1.99%	02/01/20	204,000
G.O. Equipment Certificates 2016A	06/09/16	375,000	3.00%	02/01/21	300,000
G.O. Bonds 2017A	10/12/17	235,000	3.00%	02/01/23	3,100,000
Total Bonds					16,254,000
Unamortized Bond Premiums					399,205
Unamortized Bond Discounts					(7,206)
Compensated Absences					272,317
Total Governmental Activities					\$ 16,918,316
Business-Type Activities:					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 530,000
G.O. Refunding Bonds of 2014A	09/11/14	525,000	3.00%	12/01/19	215,000
G.O. Water Revenue Bonds 2016A	06/09/16	2,620,000	2.00-3.00%	02/01/31	2,455,000
Total Bonds					3,200,000
PFA Drinking Water Revolving Loan 2010	Various	719,813	1.189%	08/20/24	348,364
PFA Drinking Water Revolving Loan 2016	Various	9,074,697	1.000%	08/20/35	8,205,426
Unamortized Bond Premiums					133,416
Compensated Absences					14,439
Total Business-Type Activities					\$ 11,901,645

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
G.O. Special Assessment Bonds	\$ 9,455,000	\$ 8,080,000	\$ (5,905,000)	\$ 11,630,000	\$ 360,000
G.O. Capital Improvement Bonds	4,125,000	-	(240,000)	3,885,000	250,000
G.O. Equipment Certificates	645,000	235,000	(141,000)	739,000	137,000
Unamortized Bond Discounts	-	(7,305)	99	(7,206)	-
Unamortized Bond Premiums	296,323	130,666	(27,784)	399,205	-
Total Bonds Payable	<u>14,521,323</u>	<u>8,438,361</u>	<u>(6,313,685)</u>	<u>16,645,999</u>	<u>747,000</u>
Compensated Absences	188,038	209,816	(125,537)	272,317	90,000
Total Governmental Activities	<u>14,709,361</u>	<u>8,648,177</u>	<u>(6,439,222)</u>	<u>16,918,316</u>	<u>837,000</u>
Business-Type Activities:					
G.O. Revenue Bonds	3,525,000	-	(325,000)	3,200,000	300,000
PFA Drinking Water Revolving Loan	7,701,276	1,331,514	(479,000)	8,553,790	442,426
Unamortized Bond Premiums	149,122	-	(15,706)	133,416	-
Total Bonds and Loans	<u>11,375,398</u>	<u>1,331,514</u>	<u>(819,706)</u>	<u>11,887,206</u>	<u>742,426</u>
Compensated Absences	14,684	16,895	(17,140)	14,439	10,000
Total Business-Type Activities	<u>11,390,082</u>	<u>1,348,409</u>	<u>(836,846)</u>	<u>11,901,645</u>	<u>752,426</u>
Total Debt	<u>\$ 26,099,443</u>	<u>\$ 9,996,586</u>	<u>\$ (7,276,068)</u>	<u>\$ 28,819,961</u>	<u>\$ 1,589,426</u>

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

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

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

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

PFA Drinking Water Revolving Loans – The City entered into a \$719,813 Drinking Water Revolving Loan in 2009 through the Minnesota PFA. The total amount drawn on this loan was \$692,604. The City entered into an additional Drinking Water Revolving Loan in 2016 through Minnesota PFA for up to \$9,074,697. The total amount drawn on the loan at December 31, 2017 was \$8,205,426.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 6 LONG-TERM LIABILITIES (CONTINUED)

C. Future Minimum Debt Payments

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

<u>Year Ending December 31,</u>	Governmental Activities				
	Bonds Payable				
	Principal	Interest			
2018	\$ 747,000	\$ 595,181			
2019	1,133,000	625,873			
2020	1,229,000	606,283			
2021	1,185,000	589,616			
2022	1,135,000	487,290			
2023-2027	5,895,000	2,041,151			
2028-2032	3,860,000	1,154,247			
2033-2037	875,000	96,375			
2038	195,000	2,925			
Totals	\$ 16,254,000	\$ 6,198,941			

<u>Year Ending December 31,</u>	Business-Type Activities				
	Bonds Payable		Loans Payable		Totals
	Principal	Interest	Principal	Interest	
2018	\$ 300,000	\$ 85,265	\$ 442,426	\$ 86,462	\$ 914,153
2019	310,000	74,815	474,000	81,681	940,496
2020	205,000	63,890	478,000	76,849	823,739
2021	210,000	55,940	483,000	71,976	820,916
2022	215,000	48,865	488,000	67,052	818,917
2023-2027	1,175,000	150,668	2,358,364	261,458	3,945,490
2028-2033	785,000	31,750	2,371,000	144,560	3,332,310
2031-2035	-	-	1,459,000	29,080	1,488,080
Totals	\$ 3,200,000	\$ 511,193	\$ 8,553,790	\$ 819,118	\$ 13,084,101

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

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

1. General Employees Retirement Fund (GERF)

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

A. Plan Description (Continued)

2. Public Employees Police and Fire Fund (PEPFF)

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

B. Benefits Provided

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

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

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

1. GERS Benefits

Benefits are based on a member's highest average salary for any five successive years of allowable service, age, and years of credit at termination of service. Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For members hired prior to July 1, 1989, a full annuity is available when age plus years of service equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

B. Benefits Provided (Continued)

2. PEPFF Benefits

Benefits for the PEPFF members first hired after June 30, 2010, but before July 1, 2014, vest on a prorated basis from 50% after five years up to 100% after 10 years of credited service. Benefits for PEPFF members first hired after June 30, 2014, vest on a prorated basis from 50% after 10 years up to 100% after 20 years of credited service. The annuity accrual rate is 3% of average salary for each year of service. For PEPFF who were first hired prior to July 1, 1989, a full annuity is available when age plus years of service equal at least 90.

C. Contributions

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

1. GERF Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2017. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2017. The City contributions to the GERF for the year ended December 31, 2017 were \$105,809. The City contributions were equal to the required contributions as set by state statute.

2. PEPFF Contributions

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2017. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2017. The City contributions to the PEPFF for the year ended December 31, 2017 were \$172,220. The City contributions were equal to the required contributions as set by state statute.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

D. Pension Costs

1. GERS Pension Costs

At December 31, 2017, the City reported a liability of \$1,302,323 for its proportionate share of the GERS's net pension liability. The City's net pension liability reflected a reduction due to the State of Minnesota's contribution of \$6 million to the fund during PERA's fiscal year ending June 30, 2017. The state of Minnesota's proportionate share of the net pension liability associated with the City totaled \$16,384. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2017, the City's proportion was 0.0204% which was a decrease of .0008% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$216,694 for its proportionate share of the GERS's pension expense. In addition, the City recognized an additional \$3,264 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota's contribution of \$16 million to the GERS during the 2017 calendar year.

At December 31, 2017, the City reported its proportionate share of the GERS's deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ 42,921	\$ 83,782
Changes in Actuarial Assumptions	216,214	130,558
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	8,411	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	71,819	37,412
City Contributions Subsequent to the Measurement Date	52,800	-
Total	<u>\$ 392,165</u>	<u>\$ 251,752</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

D. Pension Costs (Continued)

1. GERP Pension Costs (Continued)

A total of \$52,800 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2017	\$ 78,782
2018	100,073
2019	(35,959)
2020	(55,283)
2021	-
Thereafter	-

2. PEPFF Pension Costs

At December 31, 2017, the City reported a liability of \$1,350,119 for its proportionate share of the PEPFF’s net pension liability. The net pension liability was measured as of June 30, 2017, 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, 2016, through June 30, 2017, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2017, the City’s proportion was 0.1000%. The City also recognized \$9,000 for the year ended December 31, 2017 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the PEPFF. Legislation passed in 2013 required the state of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014. At June 30, 2017 the City’s proportionate share was .1000% which was an increase of .006% from its proportion measured as of June 30, 2016.

For the year ended December 31, 2017, the City recognized pension expense of \$356,270 for its proportionate share of the PEPFF’s pension expense.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

D. Pension Costs (Continued)

2. PEPFF Pension Costs (Continued)

At December 31, 2017, 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	\$ 31,077	\$ 360,940
Changes in Actuarial Assumptions	1,766,900	1,916,834
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	18,543	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	102,992	-
City Contributions Subsequent to the Measurement Date	86,581	-
Total	<u>\$ 2,006,093</u>	<u>\$ 2,277,774</u>

A total of \$86,581 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, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2018	\$ 45,572
2019	45,572
2020	(3,920)
2021	(84,859)
2022	(360,627)
Thereafter	-

For the year ended December 31, 2017 the City recognized a total of \$572,964 in pension expenses for all of the plans in which it participates.

E. Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions:

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

E. Actuarial Assumptions (Continued)

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors, and disabilitants were based on RP-2014 tables for males or females, as appropriate, with slight adjustments to fit PERA's experience. Cost of living benefit increases for retirees are assumed to be on percent per year for GERF through 2044 and PEPFF through 2064 and then 2.5% thereafter for both plans.

Actuarial assumptions used in the June 30, 2017, valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The most recent five-year experience study for Police and Fire plan was completed in 2016.

The following changes in actuarial assumptions occurred in 2017:

GERF

- The Combined Service Annuity (CSA) loads were changed from 0.8% for active members and 60% for vested and nonvested deferred members. The revised CSA loads are now 0.0% for active member liability, 15.0% for vested deferred member liability, and 3.0% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed from 1.0% per year for all years to 1.0% per year through 2044 and 2.5% per year thereafter.

PEPFF

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The Combined Service Annuity (CSA) load was 30% for vested and nonvested deferred members. The CSA has been changed to 33% for vested members and 2% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.0% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

E. Actuarial Assumptions (Continued)

PEPFF (Continued)

- Assumed percentage of married female members was decreased from 65% to 60%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing Joint and Survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	39 %	5.10%
International Equity	19	5.30%
Bonds	20	0.75%
Alternative Assets	20	5.90%
Cash	2	0.00%
Totals	<u>100 %</u>	

F. Discount Rate

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

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

G. Pension Liability Sensitivity

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

GERF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the GERF Net Pension Liability	\$ 2,019,999	\$ 1,302,323	\$ 714,774
PEPFF PENSION LIABILITY	1% Decrease in Discount Rate (6.50%)	Current Discount Rate (7.50%)	1% Increase in Discount Rate (8.50%)
Description			
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 2,542,668	\$ 1,350,119	\$ 365,604

H. Pension Plan Fiduciary Net Position

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

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS

At December 31, 2009, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. As the City has fewer than one hundred plan members, it has elected to calculate the annual required contribution, net OPEB liability, and related information using the alternative measurement permitted by GASB Statement No. 45.

A. Plan Description

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

A. Plan Description (Continued)

The benefits provided are as follows:

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

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

B. Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2017, the City contributed \$-0- to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2017, 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). As noted previously, the City has elected to calculate the ARC using the alternative measurement method, as permitted by GASB No. 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	\$	10,305
Interest on Net OPEB Obligation		15,920
Adjustment to Annual Required Contribution		<u>(14,783)</u>
Annual OPEB Cost (Expense)		11,442
Contributions Made		<u>-</u>
Increase in Net OPEB Obligation		11,442
Net OPEB Obligation - Beginning of Year		<u>397,994</u>
Net OPEB Obligation - End of Year	\$	<u><u>409,436</u></u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

C. Annual OPEB Cost and Net OPEB Obligation (Continued)

The City's annual OPEB cost, the percentage of the annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
December 31, 2017	\$ 11,442	0.0%	\$ 409,436
December 31, 2016	39,631	1.9%	397,994
December 31, 2015	45,828	7.2%	359,120

D. Funded Status and Funding Progress

As of December 31, 2017, the most recent valuation date, the City's unfunded actuarial accrued liability (UAAL) was \$71,384. The annual payroll for active employees covered by the plan in the actuarial valuation was \$2,367,906 for a ratio of UAAL to covered payroll of 3%.

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 value of plan assets is increasing or decreasing over time relative to the accrued liabilities for benefits.

E. 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 methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in accrued liabilities and the value of assets, consistent with the long-term perspective of the calculations.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 8 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Methods and Assumptions (Continued)

In the December 31, 2017 valuation, the entry age normal cost method was used. The assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date. The initial healthcare trend rate was 8.5% in 2017 decreasing by .5% annually to 5%. The rate includes a 2.75% inflation rate. The remaining amortization period at December 31, 2017 was not to exceed 30 years.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
12/31/2017	\$ -	\$ 71,384	\$ 71,384	-	\$ 2,367,906	3.0%
1/1/2016	-	269,317	269,317	-	2,043,000	13.2%
1/1/2014	-	284,154	284,154	-	1,715,253	16.6%

NOTE 9 FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. Restricted and Assigned fund balances at December 31, 2017, are as follows:

- A. Restricted for Debt Service** – This represents amounts which are restricted for future debt payments.
- B. Restricted for Parkland Acquisitions and Improvements** – Represents amounts which are received through park dedication fees and are restricted for parkland acquisitions and improvements.
- C. Restricted for Road Maintenance** – Represents amounts assigned by the City Council to be used for various road maintenance projects.
- D. Committed for Emergency Warning Siren** – Represents amounts committed by the City Council for the replacement of the emergency warning siren system.
- E. Committed for Tree Replacement** – Represents amounts committed by the City Council to be used for various tree replacement projects.
- F. Assigned for Subsequent Year Budget** – Represents the portion of fund balance which is assigned by the City to be spent down in the subsequent year.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 9 FUND BALANCES (CONTINUED)

- G. Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.
- H. Assigned for Capital Projects** – Represents amounts which are assigned by the City for various capital projects.

NOTE 10 COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

B. Litigation

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

C. Public Safety Contract

The City has a contract to provide public safety service to the City of St. Bonifacius, Minnesota. The annual service fee will be determined based on a percentage of the City's annual police department budget. The percentage of the annual budget to be paid by the City of Bonifacius will be based on the respective populations and tax capacities of the two cities. During 2017, the City received \$217,406 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 \$436,653 for fire protection services in 2017.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2017**

NOTE 10 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 \$68,217 for 2017 are included in debt service principal \$(61,862) and interest \$(6,355) 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 2017 as follows:

Project	Final Contracted Amount	Expended Through 12/31/2017	Remaining Commitment
Halstead Improvement Project	\$ 2,429,992	\$ 1,797,254	\$ 632,738
Enchanted Lane Improvement Project	693,846	390,344	303,502
Total	<u>\$ 3,123,838</u>	<u>\$ 2,187,598</u>	<u>\$ 936,240</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, 2017

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 3,246,041	\$ 3,246,041	\$ 3,231,251	\$ (14,790)
Special Assessments	4,000	4,000	4,556	556
Licenses and Permits	632,500	632,500	624,524	(7,976)
Intergovernmental Revenue	141,800	141,800	133,066	(8,734)
Charges for Services	307,656	307,656	325,524	17,868
Fines and Forfeits	58,000	58,000	45,202	(12,798)
Other Revenue:				
Investment Earnings	50,000	50,000	31,402	(18,598)
Miscellaneous Revenue	115,000	115,000	109,240	(5,760)
Total Revenue	<u>4,554,997</u>	<u>4,554,997</u>	<u>4,504,765</u>	<u>(50,232)</u>
EXPENDITURES				
General Government:				
Mayor and City Council	38,898	38,898	33,077	(5,821)
Administration	496,122	496,122	542,084	45,962
Elections	1,000	1,000	4,397	3,397
Assessing	131,000	131,000	130,000	(1,000)
Legal	99,000	99,000	95,772	(3,228)
Planning	249,081	249,081	248,136	(945)
Government Building	80,597	80,597	64,895	(15,702)
Total General Government	<u>1,095,698</u>	<u>1,095,698</u>	<u>1,118,361</u>	<u>22,663</u>
Public Safety:				
Police	1,940,455	1,940,455	1,869,629	(70,826)
Fire	432,907	432,907	436,653	3,746
Inspection and Zoning	242,449	242,449	232,185	(10,264)
Total Public Safety	<u>2,615,811</u>	<u>2,615,811</u>	<u>2,538,467</u>	<u>(77,344)</u>
Public Works:				
Other	984,385	984,385	859,565	(124,820)
Parks and Recreation:				
Other	153,570	153,570	149,900	(3,670)
Miscellaneous:				
Other	25,100	25,100	36,382	11,282
Total Expenditures	<u>4,874,564</u>	<u>4,874,564</u>	<u>4,702,675</u>	<u>(171,889)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	<u>(319,567)</u>	<u>(319,567)</u>	<u>(197,910)</u>	<u>121,657</u>
OTHER FINANCE SOURCES (USES)				
Transfers In	-	200,000	200,000	-
Transfers Out	-	(125,000)	(125,000)	-
Proceeds from Sale of Capital Assets	-	-	7,895	7,895
Total Other Finance Sources (Uses)	<u>-</u>	<u>75,000</u>	<u>82,895</u>	<u>7,895</u>
NET CHANGE IN FUND BALANCES	<u>\$ (319,567)</u>	<u>\$ (244,567)</u>	<u>(115,015)</u>	<u>\$ 129,552</u>
FUND BALANCES				
Beginning of Year			<u>3,012,263</u>	
End of Year			<u>\$ 2,897,248</u>	

**CITY OF MINNETRISTA
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
DECEMBER 31, 2017**

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)
12/31/2017	\$ -	\$ 71,384	\$ 71,384	-	\$ 2,367,906	3.0%
1/1/2016	-	269,317	269,317	-	2,043,000	13.2%
1/1/2014	-	284,154	284,154	-	1,715,253	16.6%

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2017**

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

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

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

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

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

**CITY OF MINNETRISTA
PERA SCHEDULE OF CITY CONTRIBUTIONS
DECEMBER 31, 2017**

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

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

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

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

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

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017**

ASSETS	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>	<u>Totals</u>
Cash and Investments	\$ 1,286,800	\$ 2,021,277	\$ 611,146	\$ 3,919,223
Receivables:				
Accrued Interest	2,965	4,666	957	8,588
Delinquent Special Assessments	-	189,817	-	189,817
Other Special Assessments Receivable	-	1,174,194	-	1,174,194
Due from Other Governmental Units	-	285,187	-	285,187
 Total Assets	 <u>\$ 1,289,765</u>	 <u>\$ 3,675,141</u>	 <u>\$ 612,103</u>	 <u>\$ 5,577,009</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 25,386	\$ -	\$ 100,835	\$ 126,221
Deposits	35,437	-	174,681	210,118
Total Liabilities	<u>60,823</u>	<u>-</u>	<u>275,516</u>	<u>336,339</u>
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	1,364,011	-	1,364,011
Unavailable Revenue - Other	-	276,715	-	276,715
Total Deferred Inflows of Resources	<u>-</u>	<u>1,640,726</u>	<u>-</u>	<u>1,640,726</u>
 FUND BALANCE				
Restricted:				
Debt Service	-	2,034,415	-	2,034,415
Parkland Acquisitions and Improvement	802,462	-	-	802,462
Road Maintenance	5,163	-	-	5,163
Committed:				
Emergency Warning Siren Operation	204,494	-	-	204,494
Tree Replacement	216,823	-	-	216,823
Assigned:				
Capital Plan Improvements	-	-	336,587	336,587
Total Fund Balance	<u>1,228,942</u>	<u>2,034,415</u>	<u>336,587</u>	<u>3,599,944</u>
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	 <u>\$ 1,289,765</u>	 <u>\$ 3,675,141</u>	 <u>\$ 612,103</u>	 <u>\$ 5,577,009</u>

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ 250,000	\$ 785,492	\$ -	\$ 1,035,492
Special Assessments	-	420,049	-	420,049
Intergovernmental Revenue	77,187	-	-	77,187
Other Revenue:				
Investment Earnings	14,945	13,370	3,119	31,434
Miscellaneous Revenue	130,464	50,910	-	181,374
Total Revenue	<u>472,596</u>	<u>1,269,821</u>	<u>3,119</u>	<u>1,745,536</u>
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	3,437	3,437
Public Works				
Other	327,554	-	-	327,554
Capital Outlay:				
Other	133,390	-	424,914	558,304
Debt Service:				
Principal Retirement	-	682,862	-	682,862
Interest and Fiscal Charges	-	258,516	3,999	262,515
Total Expenditures	<u>460,944</u>	<u>941,378</u>	<u>432,350</u>	<u>1,834,672</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	11,652	328,443	(429,231)	(89,136)
OTHER FINANCE SOURCES (USES)				
Issuance of Bonds and Other Debt	-	-	235,000	235,000
Premium on Debt Issued	-	-	13,999	13,999
Transfers In	-	39,408	286,608	326,016
Transfers Out	(39,408)	-	-	(39,408)
Proceeds form Sale of Capital Assets	-	-	39,975	39,975
Total Other Finance Sources (Uses)	<u>(39,408)</u>	<u>39,408</u>	<u>575,582</u>	<u>575,582</u>
NET CHANGE IN FUND BALANCES	(27,756)	367,851	146,351	486,446
FUND BALANCES				
Beginning of Year	<u>1,256,698</u>	<u>1,666,564</u>	<u>190,236</u>	<u>3,113,498</u>
End of Year	<u>\$ 1,228,942</u>	<u>\$ 2,034,415</u>	<u>\$ 336,587</u>	<u>\$ 3,599,944</u>

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

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

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2017**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
ASSETS					
Cash and Investments	\$ 204,020	\$ 820,959	\$ 45,501	\$ 216,320	\$ 1,286,800
Receivables:					
Accrued Interest	474	1,909	79	503	2,965
Total Assets	<u>\$ 204,494</u>	<u>\$ 822,868</u>	<u>\$ 45,580</u>	<u>\$ 216,823</u>	<u>\$ 1,289,765</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ -	\$ 20,406	\$ 4,980	\$ -	\$ 25,386
Deposits	-	-	\$ 35,437	-	\$ 35,437
Total Liabilities	-	20,406	40,417	-	60,823
FUND BALANCE					
Restricted:					
Parkland Acquisitions and Improvement	-	802,462	-	-	802,462
Road Maintenance	-	-	5,163	-	5,163
Committed:					
Emergency Warning Siren Operation	204,494	-	-	-	204,494
Tree Replacement	-	-	-	216,823	216,823
Total Fund Balance	<u>204,494</u>	<u>802,462</u>	<u>5,163</u>	<u>216,823</u>	<u>1,228,942</u>
Total Liabilities and Fund Balance	<u>\$ 204,494</u>	<u>\$ 822,868</u>	<u>\$ 45,580</u>	<u>\$ 216,823</u>	<u>\$ 1,289,765</u>

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Emergency Warning Siren (402)	Park Development (404)	Road Maintenance (406)	Tree Replacement (407)	Totals
REVENUE					
Property Taxes	\$ -	\$ -	\$ 250,000	\$ -	\$ 250,000
Intergovernmental Revenue	-	-	77,187	-	77,187
Other Revenue:					
Investment Earnings	2,173	9,246	1,099	2,427	14,945
Miscellaneous Revenue	11,711	118,753	-	-	130,464
Total Revenue	<u>13,884</u>	<u>127,999</u>	<u>328,286</u>	<u>2,427</u>	<u>472,596</u>
EXPENDITURES					
Public Works:					
Other	-	-	327,554	-	327,554
Capital Outlay	-	131,615	-	1,775	133,390
Total Expenditures	<u>-</u>	<u>131,615</u>	<u>327,554</u>	<u>1,775</u>	<u>460,944</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	13,884	(3,616)	732	652	11,652
OTHER FINANCE USES					
Transfers Out	-	(14,383)	(25,025)	-	(39,408)
NET CHANGE IN FUND BALANCES	13,884	(17,999)	(24,293)	652	(27,756)
FUND BALANCES					
Beginning of Year	<u>190,610</u>	<u>820,461</u>	<u>29,456</u>	<u>216,171</u>	<u>1,256,698</u>
End of Year	<u>\$ 204,494</u>	<u>\$ 802,462</u>	<u>\$ 5,163</u>	<u>\$ 216,823</u>	<u>\$ 1,228,942</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, 2017**

	Budgeted Amounts <u>Original and Final</u>	Actual	Over (Under) Final Budget
REVENUE			
Investment Earnings	\$ 1,000	\$ 2,173	\$ 1,173
Miscellaneous Revenue	2,000	11,711	9,711
Total Revenue	3,000	13,884	10,884
EXPENDITURES			
Capital Outlay:			
Other	2,000	-	(2,000)
NET CHANGE IN FUND BALANCES	\$ 1,000	13,884	\$ 12,884
FUND BALANCES			
Beginning of Year		190,610	
End of Year		\$ 204,494	

**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, 2017**

	Budgeted Amounts Original and Final	Actual	Over (Under) Final Budget
REVENUE			
Investment Earnings	\$ 8,010	\$ 9,246	\$ 1,236
Miscellaneous Revenue	100,000	118,753	18,753
Total Revenue	108,010	127,999	19,989
EXPENDITURES			
Capital Outlay:			
Other	432,500	131,615	(300,885)
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(324,490)	(3,616)	320,874
OTHER FINANCE USES			
Transfers Out	(15,000)	(14,383)	617
NET CHANGE IN FUND BALANCES	\$ (339,490)	(17,999)	\$ 321,491
FUND BALANCES			
Beginning of Year		820,461	
End of Year		\$ 802,462	

**CITY OF MINNETRISTA
ROAD MAINTENANCE FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Intergovernmental Revenue	85,000	85,000	77,187	(7,813)
Investment Earnings	3,000	3,000	1,099	(1,901)
Total Revenue	<u>338,000</u>	<u>338,000</u>	<u>328,286</u>	<u>(9,714)</u>
EXPENDITURES				
Streets:				
Other	<u>320,000</u>	<u>320,000</u>	<u>327,554</u>	<u>7,554</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	18,000	18,000	732	(17,268)
OTHER FINANCE USES				
Transfers Out	<u>25,000</u>	<u>25,000</u>	<u>(25,025)</u>	<u>(50,025)</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 43,000</u></u>	<u><u>\$ 43,000</u></u>	<u>(24,293)</u>	<u><u>\$ (67,293)</u></u>
FUND BALANCES				
Beginning of Year			<u>29,456</u>	
End of Year			<u><u>\$ 5,163</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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 2,427	\$ (573)
EXPENDITURES				
Capital Outlay	-	12,000	1,775	(10,225)
NET CHANGE IN FUND BALANCES	<u>\$ 3,000</u>	<u>\$ (9,000)</u>	652	<u>\$ 9,652</u>
FUND BALANCES				
Beginning of Year			<u>216,171</u>	
End of Year			<u>\$ 216,823</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, 2017**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
ASSETS								
Cash and Investments	\$ 14,381	\$ 27,837	\$ 372,690	\$ 999,240	\$ 109,729	\$ 191,111	\$ 306,289	\$ 2,021,277
Receivables:								
Accrued Interest	-	65	855	2,323	267	444	712	4,666
Delinquent Special Assessments	-	185,309	-	4,508	-	-	-	189,817
Other Special Assessments Receivable	-	-	-	437,093	36,667	-	700,434	1,174,194
Due from Other Governmental Units	697	198	3,563	1,981	276,715	2,033	-	285,187
Total Assets	\$ 15,078	\$ 213,409	\$ 377,108	\$ 1,445,145	\$ 423,378	\$ 193,588	\$ 1,007,435	\$ 3,675,141
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE								
LIABILITIES								
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Special Assessment	-	185,309	-	441,601	36,667	-	700,434	1,364,011
Unavailable Revenue - Other	-	-	-	-	276,715	-	-	276,715
Total Deferred Inflows of Resources	-	185,309	-	441,601	313,382	-	700,434	1,640,726
FUND BALANCE								
Restricted:								
Debt Service	15,078	28,100	377,108	1,003,544	109,996	193,588	307,001	2,034,415
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 15,078	\$ 213,409	\$ 377,108	\$ 1,445,145	\$ 423,378	\$ 193,588	\$ 1,007,435	\$ 3,675,141

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2017**

	Mound Fire Improvement Bonds of 2003 (514)	G.O. Improvement Bonds of 2007A (526)	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2010A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	Totals
REVENUE								
Property Taxes	\$ 71,308	\$ 20,303	\$ 364,466	\$ 121,432	\$ -	\$ 207,983	\$ -	\$ 785,492
Special Assessments	-	31,281	-	77,236	5,394	-	306,138	420,049
Other Revenue:								
Investment Earnings	-	430	1,202	9,450	951	474	863	13,370
Miscellaneous Revenue	-	-	19,668	-	31,242	-	-	50,910
Total Revenue	<u>71,308</u>	<u>52,014</u>	<u>385,336</u>	<u>208,118</u>	<u>37,587</u>	<u>208,457</u>	<u>307,001</u>	<u>1,269,821</u>
EXPENDITURES								
Debt Service:								
Principal Retirement	61,862	40,000	240,000	150,000	50,000	141,000	-	682,862
Interest and Fiscal Charges	6,355	18,109	126,921	77,378	13,248	16,505	-	258,516
Total Debt Service	<u>68,217</u>	<u>58,109</u>	<u>366,921</u>	<u>227,378</u>	<u>63,248</u>	<u>157,505</u>	<u>-</u>	<u>941,378</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	3,091	(6,095)	18,415	(19,260)	(25,661)	50,952	307,001	328,443
OTHER FINANCE SOURCES								
Transfers In	-	-	-	14,383	25,025	-	-	39,408
NET CHANGE IN FUND BALANCES	3,091	(6,095)	18,415	(4,877)	(636)	50,952	307,001	367,851
FUND BALANCES								
Beginning of Year	<u>11,987</u>	<u>34,195</u>	<u>358,693</u>	<u>1,008,421</u>	<u>110,632</u>	<u>142,636</u>	<u>-</u>	<u>1,666,564</u>
End of Year	<u>\$ 15,078</u>	<u>\$ 28,100</u>	<u>\$ 377,108</u>	<u>\$ 1,003,544</u>	<u>\$ 109,996</u>	<u>\$ 193,588</u>	<u>\$ 307,001</u>	<u>\$ 2,034,415</u>

**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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 72,000	\$ 72,000	\$ 71,308	\$ (692)
EXPENDITURES				
Debt Service:				
Principal Retirement	68,217	68,217	61,862	(6,355)
Interest and Fiscal Charges	-	-	6,355	6,355
Total Debt Service	68,217	68,217	68,217	-
Excess (Deficiency) of Revenue Over (Under) Expenditures	3,783	3,783	3,091	(692)
NET CHANGE IN FUND BALANCES	\$ 3,783	\$ 3,783	3,091	\$ (692)
FUND BALANCES				
Beginning of Year			11,987	
End of Year			\$ 15,078	

**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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 20,500	\$ 20,500	\$ 20,303	\$ (197)
Special Assessments	30,000	30,000	31,281	1,281
Investment Earnings	1,000	1,000	430	(570)
Total Revenue	<u>51,500</u>	<u>51,500</u>	<u>52,014</u>	<u>514</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	40,000	40,000	40,000	-
Interest and Fiscal Charges	17,350	17,350	18,109	759
Total Debt Service	<u>57,350</u>	<u>57,350</u>	<u>58,109</u>	<u>759</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (5,850)</u></u>	<u><u>\$ (5,850)</u></u>	(6,095)	<u><u>\$ (245)</u></u>
FUND BALANCES				
Beginning of Year			<u>34,195</u>	
End of Year			<u><u>\$ 28,100</u></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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 368,000	\$ 368,000	\$ 364,466	\$ (3,534)
Investment Earnings	1,000	1,000	1,202	202
Miscellaneous Revenue	19,665	19,665	19,668	3
Total Revenue	<u>388,665</u>	<u>388,665</u>	<u>385,336</u>	<u>(3,329)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	240,000	240,000	240,000	-
Interest and Fiscal Charges	125,000	125,000	126,921	1,921
Total Debt Service	<u>365,000</u>	<u>365,000</u>	<u>366,921</u>	<u>1,921</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 23,665</u></u>	<u><u>\$ 23,665</u></u>	18,415	<u><u>\$ (5,250)</u></u>
FUND BALANCES				
Beginning of Year			<u>358,693</u>	
End of Year			<u><u>\$ 377,108</u></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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 122,609	\$ 122,609	\$ 121,432	\$ (1,177)
Special Assessments	80,000	80,000	77,236	(2,764)
Investment Earnings	10,000	10,000	9,450	(550)
Total Revenue	<u>212,609</u>	<u>212,609</u>	<u>208,118</u>	<u>(4,491)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	150,000	150,000	150,000	-
Interest and Fiscal Charges	77,456	77,456	77,378	(78)
Total Debt Service	<u>227,456</u>	<u>227,456</u>	<u>227,378</u>	<u>(78)</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES				
	(14,847)	(14,847)	(19,260)	(4,413)
OTHER FINANCE SOURCES				
Transfers In	<u>(15,000)</u>	<u>15,000</u>	<u>14,383</u>	<u>(617)</u>
NET CHANGE IN FUND BALANCES				
	<u>\$ (29,847)</u>	<u>\$ 153</u>	(4,877)	<u>\$ (5,030)</u>
FUND BALANCES				
Beginning of Year			<u>1,008,421</u>	
End of Year			<u>\$ 1,003,544</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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 15,000	\$ 15,000	\$ 5,394	\$ (9,606)
Investment Earnings	-	-	951	951
Miscellaneous Revenue	32,000	32,000	31,242	(758)
Total Revenue	<u>47,000</u>	<u>47,000</u>	<u>37,587</u>	<u>(9,413)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	50,000	50,000	50,000	-
Interest and Fiscal Charges	11,430	11,430	13,248	1,818
Total Debt Service	<u>61,430</u>	<u>61,430</u>	<u>63,248</u>	<u>1,818</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(14,430)	(14,430)	(25,661)	(11,231)
OTHER FINANCE SOURCES				
Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,025</u>	<u>25</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ 10,570</u></u>	<u><u>\$ 10,570</u></u>	(636)	<u><u>\$ (11,206)</u></u>
FUND BALANCES				
Beginning of Year			<u>110,632</u>	
End of Year			<u><u>\$ 109,996</u></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, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 210,000	\$ 210,000	\$ 207,983	\$ (2,017)
Investment Earnings	500	500	474	(26)
Total Revenue	<u>210,500</u>	<u>210,500</u>	<u>208,457</u>	<u>(2,043)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	141,000	141,000	141,000	-
Interest and Fiscal Charges	24,928	24,928	16,505	(8,423)
Total Debt Service	<u>165,928</u>	<u>165,928</u>	<u>157,505</u>	<u>(8,423)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 44,572</u>	<u>\$ 44,572</u>	50,952	<u>\$ 6,380</u>
FUND BALANCES				
Beginning of Year			<u>142,636</u>	
End of Year			<u>\$ 193,588</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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 295,000	\$ 295,000	\$ 505,061	\$ 210,061
Investment Earnings	7,000	7,000	9,077	2,077
Total Revenue	<u>302,000</u>	<u>302,000</u>	<u>514,138</u>	<u>212,138</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	345,000	205,000	205,000	-
Interest and Fiscal Charges	187,598	93,350	177,686	84,336
Total Debt Service	<u>532,598</u>	<u>298,350</u>	<u>382,686</u>	<u>84,336</u>
Total Expenditures	<u>532,598</u>	<u>298,350</u>	<u>382,686</u>	<u>84,336</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(230,598)	3,650	131,452	127,802
OTHER FINANCE SOURCES (USES)				
Issuance of Bonds and Other Debt	-	-	2,845,000	2,845,000
Payment of Refunded Bonds	-	-	(2,925,000)	(2,925,000)
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>(80,000)</u>	<u>(80,000)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (230,598)</u>	<u>\$ 3,650</u>	51,452	<u>\$ 47,802</u>
FUND BALANCES				
Beginning of Year			<u>940,978</u>	
End of Year			<u>\$ 992,430</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, 2017**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 240,000	\$ 240,000	\$ 307,185	\$ 67,185
Investment Earnings	2,500	2,500	2,860	360
Total Revenue	<u>242,500</u>	<u>242,500</u>	<u>310,045</u>	<u>67,545</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	-	140,000	140,000	-
Interest and Fiscal Charges	-	94,248	159,881	65,633
Total Debt Service	<u>-</u>	<u>234,248</u>	<u>299,881</u>	<u>65,633</u>
Total Expenditures	<u>-</u>	<u>234,248</u>	<u>299,881</u>	<u>65,633</u>
EXCESS OF REVENUE OVER EXPENDITURES	242,500	8,252	10,164	1,912
OTHER FINANCE SOURCES (USES)				
Issuance of Bonds and Other Debt	-	-	2,370,000	2,370,000
Payment of Refunded Bonds	-	-	(2,395,000)	(2,395,000)
Discount on Issued Debt	-	-	(7,305)	(7,305)
Total Other Finance Sources (Uses)	<u>-</u>	<u>-</u>	<u>(32,305)</u>	<u>(32,305)</u>
NET CHANGE IN FUND BALANCES	<u>\$ 242,500</u>	<u>\$ 8,252</u>	(22,141)	<u>\$ (30,393)</u>
FUND BALANCES				
Beginning of Year			<u>385,320</u>	
End of Year			<u>\$ 363,179</u>	

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Special Assessments	\$ -	\$ -	\$ 306,138	\$ 306,138
Investment Earnings	-	-	863	863
Total Revenue	<u>-</u>	<u>-</u>	<u>307,001</u>	<u>307,001</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	307,001	<u>\$ 307,001</u>
FUND BALANCES				
Beginning of Year			<u>-</u>	
End of Year			<u>\$ 307,001</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, 2017**

	<u>Capital Improvement (401)</u>	<u>Street Improvement (490)</u>	<u>Totals</u>
ASSETS			
Cash and Investments	\$ 411,614	\$ 199,532	\$ 611,146
Receivables:			
Accrued Interest	<u>957</u>	<u>-</u>	<u>957</u>
Total Assets	<u>\$ 412,571</u>	<u>\$ 199,532</u>	<u>\$ 612,103</u>
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts and Contracts Payable	\$ 100,835	\$ -	\$ 100,835
Deposits	<u>-</u>	<u>174,681</u>	<u>174,681</u>
Total Liabilities	100,835	174,681	275,516
FUND BALANCE			
Assigned:			
Capital Plan Improvements	<u>311,736</u>	<u>24,851</u>	<u>336,587</u>
Total Liabilities and Fund Balance	<u>\$ 412,571</u>	<u>\$ 199,532</u>	<u>\$ 612,103</u>

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCE
YEAR ENDED DECEMBER 31, 2017**

	<u>Capital Improvement (401)</u>	<u>Street Improvement (490)</u>	<u>Totals</u>
REVENUE			
Other Revenue:			
Investment Earnings	\$ 3,199	\$ (80)	\$ 3,119
EXPENDITURES			
General Government:			
Administration	3,328	109	3,437
Capital Outlay:			
Other	424,914	-	424,914
Debt Service:			
Interest and Fiscal Charges	<u>3,999</u>	<u>-</u>	<u>3,999</u>
Total Expenditures	<u>432,241</u>	<u>109</u>	<u>432,350</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	(429,042)	(189)	(429,231)
OTHER FINANCE SOURCES			
Issuance of Bonds and Other Debt	235,000	-	235,000
Premium on Issued Debt	13,999	-	13,999
Transfers In	125,000	161,608	286,608
Proceeds from Sale of Capital Assets	<u>39,975</u>	<u>-</u>	<u>39,975</u>
Total Other Finance Sources	<u>413,974</u>	<u>161,608</u>	<u>575,582</u>
NET CHANGE IN FUND BALANCE	(15,068)	161,419	146,351
FUND BALANCES			
Beginning of Year	<u>326,804</u>	<u>(136,568)</u>	<u>190,236</u>
End of Year	<u><u>\$ 311,736</u></u>	<u><u>\$ 24,851</u></u>	<u><u>\$ 336,587</u></u>

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (GAAP BASIS)
YEAR ENDED DECEMBER 31, 2017**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Earnings	\$ 2,000	\$ 2,000	\$ 3,199	\$ 1,199
EXPENDITURES				
General Government:				
Administration	-	-	3,328	3,328
Capital Outlay:				
Other	496,200	459,095	424,914	(34,181)
Debt Service:				
Fiscal Charges	-	-	3,999	3,999
Total Expenditures	<u>496,200</u>	<u>459,095</u>	<u>432,241</u>	<u>(26,854)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(494,200)	(457,095)	(429,042)	28,053
OTHER FINANCE SOURCES				
Issuance of Equipment Certificates	275,000	275,000	235,000	(40,000)
Premium on Issued Debt		-	13,999	
Transfers In	-	125,000	125,000	-
Proceeds form Sale of Capital Assets	-	-	39,975	39,975
Total Other Finance Sources	<u>275,000</u>	<u>400,000</u>	<u>413,974</u>	<u>13,974</u>
NET CHANGE IN FUND BALANCES	<u>\$ (219,200)</u>	<u>\$ (57,095)</u>	(15,068)	<u>\$ 42,027</u>
FUND BALANCES				
Beginning of Year			<u>326,804</u>	
End of Year			<u>\$ 311,736</u>	

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Governmental Activities:										
Net Investment in Capital Assets	\$ 17,155,765	\$ 17,238,125	\$ 17,025,689	\$ 16,434,576	\$ 15,566,817	\$ 15,964,011	\$ 16,231,151	\$ 16,563,080	\$ 16,599,988	\$ 23,024,394
Restricted	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298
Unrestricted	134,772	2,439,958	2,597,269	2,797,210	2,726,677	1,857,939	2,991,147	1,857,033	3,457,549	530,081
Total Governmental Activities Net Position	\$ 20,261,802	\$ 21,022,529	\$ 22,784,369	\$ 22,388,875	\$ 22,226,520	\$ 27,711,897	\$ 29,869,717	\$ 27,691,550	\$ 27,763,716	\$ 32,321,773
Business-Type Activities:										
Net Investment in Capital Assets	\$ 11,026,422	\$ 11,733,525	\$ 11,368,839	\$ 11,250,260	\$ 10,776,769	\$ 10,563,847	\$ 11,169,939	\$ 12,775,949	\$ 11,846,587	\$ 17,722,284
Unrestricted	4,466,518	3,430,159	3,360,577	3,583,305	4,042,164	4,495,729	4,962,343	3,833,870	6,922,646	4,960,954
Total Business-Type Activities Net Position	\$ 15,492,940	\$ 15,163,684	\$ 14,729,416	\$ 14,833,565	\$ 14,818,933	\$ 15,059,576	\$ 16,132,282	\$ 16,609,819	\$ 18,769,233	\$ 22,683,238
Primary Government:										
Net Investment in Capital Assets	\$ 28,182,187	\$ 28,971,650	\$ 28,394,528	\$ 27,684,836	\$ 26,343,586	\$ 26,527,858	\$ 27,401,090	\$ 29,339,029	\$ 28,446,575	\$ 40,746,678
Restricted	2,971,265	1,344,446	3,161,411	3,157,089	3,933,026	9,889,947	10,647,419	9,271,437	7,706,179	8,767,298
Unrestricted	4,601,290	5,870,117	5,957,846	6,380,515	6,768,841	6,353,668	7,953,490	5,690,903	10,380,195	5,491,035
Total Primary Government Net Position	\$ 35,754,742	\$ 36,186,213	\$ 37,513,785	\$ 37,222,440	\$ 37,045,453	\$ 42,771,473	\$ 46,001,999	\$ 44,301,369	\$ 46,532,949	\$ 55,005,011

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Expenses:										
Governmental Activities:										
General Government	\$ 1,184,154	\$ 1,199,254	\$ 1,278,649	\$ 1,208,808	\$ 1,385,084	\$ 887,188	\$ 1,019,379	\$ 1,013,834	\$ 1,374,469	\$ 1,299,321
Public Safety	2,421,020	2,780,014	2,364,865	2,482,340	2,403,185	2,333,287	2,515,524	2,592,622	3,199,782	3,100,825
Public Works	2,093,346	2,177,115	2,332,918	1,877,626	2,372,757	2,171,994	2,226,393	2,403,548	2,516,668	2,688,371
Parks and Recreation	245,390	167,405	187,391	218,600	192,206	198,709	253,802	225,307	239,887	260,196
Interest and Fiscal Charges	173,255	375,092	346,216	386,100	411,838	604,518	1,029,562	477,254	433,674	595,435
Total Governmental Activities Expenses	6,117,165	6,698,880	6,510,039	6,173,474	6,765,070	6,195,696	7,044,660	6,712,565	7,764,480	7,944,148
Business-Type Activities:										
Water	619,499	588,448	543,151	593,418	686,378	778,481	687,528	746,686	965,379	900,399
Sewer	735,947	744,469	686,443	804,553	754,958	823,690	888,377	838,815	850,928	978,903
Storm Water	186,620	195,835	162,901	198,138	204,343	208,830	216,860	264,832	255,656	331,965
Recycling	84,005	85,590	86,293	92,938	97,054	98,893	112,990	119,733	131,935	133,800
Cable TV	-	-	-	-	-	-	45,659	3,548	-	-
Total Business-Type Activities Expenses	1,626,071	1,614,342	1,478,788	1,689,047	1,742,733	1,909,894	1,951,414	1,973,614	2,203,898	2,345,067
Total Primary Government Expenses	\$ 7,743,236	\$ 8,313,222	\$ 7,988,827	\$ 7,862,521	\$ 8,507,803	\$ 8,105,590	\$ 8,996,074	\$ 8,686,179	\$ 9,968,378	\$ 10,289,215
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 49,705	\$ 32,982	\$ 42,040	\$ 112,573	\$ 320,787	\$ 634,342	\$ 841,958	\$ 925,087	\$ 867,659	\$ 828,270
Public Safety	751,002	671,373	559,168	575,752	560,023	195,221	178,786	189,649	204,286	217,406
Public Works	23,445	34,254	-	-	-	233	251,784	134	190	32
Operating Grants and Contributions	102,241	106,321	186,286	233,568	200,604	440,828	835,875	507,773	277,650	327,664
Capital Grants and Contributions	413,575	1,004,261	1,415,745	403,713	1,378,968	5,383,439	2,968,198	384,022	340,638	6,519,798
Total Governmental Activities Program Revenues	1,339,968	1,849,191	2,203,239	1,325,606	2,460,382	6,654,063	5,076,601	2,006,665	1,690,423	7,893,170
Business-Type Activities:										
Charges for Services:										
Water	794,468	568,261	567,648	590,895	696,488	1,174,714	1,683,013	1,177,345	994,989	1,365,113
Sewer	536,113	525,082	578,391	608,277	668,048	709,365	850,803	830,784	877,481	929,997
Storm Water	86,885	89,017	98,454	94,213	176,956	181,069	187,059	224,120	261,853	294,973
Recycling	90,140	92,087	101,582	97,355	95,609	98,460	105,512	110,860	115,136	121,159
Cable TV	-	-	-	-	-	-	86,034	40,762	40,772	41,588
Operating Grants and Contributions	18,562	18,727	19,709	19,657	29,778	21,452	34,215	182,574	23,014	21,869
Capital Grants and Contributions	333,044	774,551	1,911	1,791	1,668	-	3,207	165	165	3,629,055
Total Business-Type Activities Program Revenues	1,859,212	2,067,725	1,367,695	1,412,188	1,668,547	2,185,060	2,949,843	2,566,610	2,313,410	6,403,754
Total Primary Government Program Revenues	\$ 3,199,180	\$ 3,916,916	\$ 3,570,934	\$ 2,737,794	\$ 4,128,929	\$ 8,839,123	\$ 8,026,444	\$ 4,573,275	\$ 4,003,833	\$ 14,296,924

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Net Revenue (Expense):										
Governmental Activities	\$ (4,777,197)	\$ (4,849,689)	\$ (4,306,800)	\$ (4,847,868)	\$ (4,304,688)	\$ 458,367	\$ (1,968,059)	\$ (4,705,900)	\$ (6,074,057)	\$ (50,978)
Business-Type Activities	233,141	453,383	(111,093)	(276,859)	(74,186)	275,166	998,429	592,996	109,512	4,058,687
Total Primary Government Net Expense	<u>\$ (4,544,056)</u>	<u>\$ (4,396,306)</u>	<u>\$ (4,417,893)</u>	<u>\$ (5,124,727)</u>	<u>\$ (4,378,874)</u>	<u>\$ 733,533</u>	<u>\$ (969,630)</u>	<u>\$ (4,112,904)</u>	<u>\$ (5,964,545)</u>	<u>\$ 4,007,709</u>
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 4,364,500	\$ 4,604,445	\$ 4,535,937	\$ 4,083,647	\$ 3,878,823	\$ 3,890,282	\$ 3,891,397	\$ 4,010,604	\$ 4,127,926	\$ 4,275,961
Investment Earnings	165,774	105,724	67,523	57,354	61,284	(34,452)	119,528	75,954	76,062	84,864
Capital Contribution	-	-	-	-	-	1,171,000	-	-	1,914,289	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	180	114,954	21,396	27,946	47,870
Miscellaneous	22,089	10,247	23,827	66,684	202,226	-	-	-	-	340
Transfers	-	890,000	460,000	(332,027)	-	-	-	-	-	200,000
Total Governmental Activities	<u>4,552,363</u>	<u>5,610,416</u>	<u>5,087,287</u>	<u>3,875,658</u>	<u>4,142,333</u>	<u>5,027,010</u>	<u>4,125,879</u>	<u>4,107,954</u>	<u>6,146,223</u>	<u>4,609,035</u>
Business-Type Activities:										
Other General Revenues	-	-	-	-	-	-	-	-	-	-
Investment Earnings	121,161	107,361	56,521	48,981	59,554	(34,523)	74,277	54,936	52,385	55,318
Capital Contribution	-	-	-	-	-	-	-	-	1,997,517	-
Transfers	-	(890,000)	(460,000)	323,027	-	-	-	-	-	(200,000)
Total Business-Type Activities	<u>121,161</u>	<u>(782,639)</u>	<u>(403,479)</u>	<u>372,008</u>	<u>59,554</u>	<u>(34,523)</u>	<u>74,277</u>	<u>54,936</u>	<u>2,049,902</u>	<u>(144,682)</u>
Total Primary Government	<u>\$ 4,673,524</u>	<u>\$ 4,827,777</u>	<u>\$ 4,683,808</u>	<u>\$ 4,247,666</u>	<u>\$ 4,201,887</u>	<u>\$ 4,992,487</u>	<u>\$ 4,200,156</u>	<u>\$ 4,162,890</u>	<u>\$ 8,196,125</u>	<u>\$ 4,464,353</u>
Change in Net Position:										
Governmental Activities	\$ (224,834)	\$ 760,727	\$ 780,487	\$ (972,210)	\$ (162,355)	\$ 5,485,377	\$ 2,157,820	\$ (597,946)	\$ 72,166	\$ 4,558,057
Business-Type Activities	354,302	(329,256)	(514,572)	95,149	(14,632)	240,643	1,072,706	647,932	2,159,414	3,914,005
Total Primary Government	<u>\$ 129,468</u>	<u>\$ 431,471</u>	<u>\$ 265,915</u>	<u>\$ (877,061)</u>	<u>\$ (176,987)</u>	<u>\$ 5,726,020</u>	<u>\$ 3,230,526</u>	<u>\$ 49,986</u>	<u>\$ 2,231,580</u>	<u>\$ 8,472,062</u>

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General Fund:										
Unreserved	\$ 2,200,846	\$ 2,371,750	\$ 2,185,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Nonspendable	-	-	-	-	-	-	-	22,434	23,820	15,888
Assigned	-	-	-	154,422	120,243	280,680	150,000	258,314	444,566	361,830
Unassigned	-	-	-	2,246,964	2,550,994	2,440,056	2,543,786	2,937,851	2,543,877	2,519,530
Total General Fund	<u>\$ 2,200,846</u>	<u>\$ 2,371,750</u>	<u>\$ 2,185,484</u>	<u>\$ 2,401,386</u>	<u>\$ 2,671,237</u>	<u>\$ 2,720,736</u>	<u>\$ 2,693,786</u>	<u>\$ 3,218,599</u>	<u>\$ 3,012,263</u>	<u>\$ 2,897,248</u>
All Other Governmental Funds:										
Reserved	\$ -	\$ 405,767	\$ 405,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, Reported in:										
Special Revenue Funds	2,543,175	922,785	914,997	-	-	-	-	-	-	-
Debt Service Funds	386,397	572,332	795,832	-	-	-	-	-	-	-
Capital Project Funds	1,296,478	2,600,504	2,457,566	-	-	-	-	-	-	-
Restricted	-	-	-	2,004,013	2,158,391	3,488,442	5,008,847	4,169,403	3,842,779	4,197,649
Committed	-	-	-	156,038	184,223	-	-	410,398	406,781	421,317
Assigned	-	-	-	2,357,044	2,258,497	2,258,497	802,133	227,155	326,804	1,560,724
Unassigned	-	-	-	(282,835)	(420,625)	-	-	-	(136,568)	-
Total All Other Governmental Funds	<u>\$ 4,226,050</u>	<u>\$ 4,501,388</u>	<u>\$ 4,574,163</u>	<u>\$ 4,234,260</u>	<u>\$ 4,180,486</u>	<u>\$ 5,746,939</u>	<u>\$ 5,810,980</u>	<u>\$ 4,806,956</u>	<u>\$ 4,439,796</u>	<u>\$ 6,179,690</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>
2008	\$ 4,364,500
2009	\$ 4,604,445
2010	\$ 4,535,937
2011	\$ 4,083,647
2012	\$ 3,878,823
2013	\$ 3,863,571
2014	\$ 3,878,323
2015	\$ 4,004,111
2016	\$ 4,157,599
2017	\$ 4,289,150

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Revenues:										
Taxes	\$ 4,316,069	\$ 4,561,767	\$ 4,517,943	\$ 4,197,308	\$ 3,906,517	\$ 3,913,257	\$ 3,908,750	\$ 4,022,425	\$ 4,157,304	\$ 4,266,743
Licenses and Permits	392,803	330,125	240,645	291,747	274,871	394,487	666,305	740,757	652,035	624,524
Intergovernmental	111,723	261,861	127,516	422,015	810,238	1,359,991	286,418	526,191	215,547	1,513,053
Charges for Services	589,644	376,146	326,057	405,543	370,856	259,168	513,250	271,046	329,901	325,524
Investment Earnings	251,864	178,768	61,129	81,714	93,763	(34,452)	119,528	75,954	76,062	84,864
Special Assessments	143,739	82,628	226,342	140,448	217,265	1,001,429	1,956,154	767,248	742,386	1,236,851
Miscellaneous	376,076	81,938	191,042	289,703	667,328	522,016	709,520	405,238	282,144	335,816
Total Revenues	6,181,918	5,873,233	5,690,674	5,828,478	6,340,838	7,415,896	8,159,925	6,808,859	6,455,379	8,387,375
Expenditures:										
General Government	1,353,054	1,094,775	1,162,534	1,143,459	1,088,050	1,057,405	1,167,794	974,569	1,303,870	1,121,798
Public Safety	2,272,375	5,527,291	3,193,979	2,205,315	2,082,473	1,980,708	2,240,017	2,200,045	2,330,657	2,538,467
Public Works	2,043,553	2,676,506	4,507,049	1,662,321	738,076	963,487	1,135,254	1,163,555	1,291,473	1,240,620
Parks and Recreation	367,085	882,755	116,293	149,007	288,780	111,257	126,927	129,905	155,671	149,900
Other	36,254	57,221	31,438	46,137	114,923	12,184	10,838	13,689	17,294	36,382
Capital Outlay	-	-	-	-	1,839,919	6,552,680	1,800,066	745,670	852,956	3,347,426
Debt Service:										
Principal	539,041	580,460	312,753	387,335	343,179	499,048	1,307,849	1,292,413	1,041,728	1,027,862
Interest	141,275	241,786	355,172	384,548	413,908	537,735	1,078,085	481,435	458,911	666,272
Total Expenditures	6,752,637	11,060,794	9,679,218	5,978,122	6,909,308	11,714,504	8,866,830	7,001,281	7,452,560	10,128,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	(570,719)	(5,187,561)	(3,988,544)	(149,644)	(568,470)	(4,298,608)	(706,905)	(192,422)	(997,181)	(1,741,352)
Other Financing Sources (Uses):										
Bonds Issued	-	5,600,304	3,866,350	15,950	770,000	7,695,000	5,150,000	331,000	375,000	8,315,000
Premium on Bonds Issued	-	26,134	304	-	-	-	326,382	-	20,739	130,666
Discount on Bonds Issued	-	-	-	-	-	-	-	-	-	(7,305)
Payment of Refunded Bonds	-	-	-	-	-	-	(4,965,000)	(635,000)	-	(5,320,000)
Sales of Capital Assets	63,919	7,365	8,399	9,693	14,547	-	120,250	17,211	27,946	47,870
Transfers In	-	1,842,320	944,021	-	192,332	653,908	403,104	39,458	350,731	526,016
Transfers Out	-	(1,842,320)	(944,021)	-	(192,332)	(2,321,984)	(403,104)	(39,458)	(350,731)	(326,016)
Total Other Financing Sources (Uses)	63,919	5,633,803	3,875,053	25,643	784,547	6,026,924	631,632	(286,789)	423,685	3,366,231
Net Change in Fund Balances	\$ (506,800)	\$ 446,242	\$ (113,491)	\$ (124,001)	\$ 216,077	\$ 1,728,316	\$ (75,273)	\$ (479,211)	\$ (573,496)	\$ 1,624,879
Debt Service as a Percentage of Noncapital Expenditures	10.1%	7.4%	6.9%	12.9%	13.3%	19.9%	34.3%	28.2%	20.1%	16.7%

**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			
2008	\$ 15,462,321	\$ 113,482	\$ 15,575,803	27.73	\$ 1,442,627,300	1.08
2009	16,452,171	125,101	16,577,272	27.47	1,528,370,300	1.08
2010	16,388,056	163,470	16,551,526	27.07	1,528,605,700	1.08
2011	14,746,292	151,993	14,898,285	27.30	1,382,773,800	1.08
2012	13,732,806	154,033	13,886,839	27.44	1,294,326,273	1.07
2013	12,732,540	168,869	12,901,409	29.55	1,206,365,054	1.07
2014	12,650,081	169,765	12,819,846	29.76	1,200,801,283	1.07
2015	13,538,197	181,771	13,719,968	28.44	1,295,560,255	1.06
2016	15,550,109	292,723	15,842,832	28.79	1,470,711,462	1.08
2017	16,781,818	305,702	17,087,520	26.59	1,584,382,887	1.08

* 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	
2008	23.710	4.023	27.733	N/A	N/A	38.571	N/A	N/A	23.970	90.274
2009	23.040	4.425	27.465	N/A	N/A	40.413	N/A	N/A	23.279	91.157
2010	22.659	4.408	27.067	N/A	N/A	42.640	N/A	N/A	26.030	95.737
2011	23.286	4.010	27.296	N/A	N/A	45.840	N/A	N/A	26.258	99.394
2012	22.807	4.633	27.440	N/A	N/A	48.231	N/A	N/A	22.780	98.451
2013	24.541	5.010	29.551	N/A	N/A	49.461	N/A	N/A	32.124	111.136
2014	24.737	5.024	29.761	N/A	N/A	49.959	N/A	N/A	31.883	111.603
2015	23.541	4.907	28.448	N/A	N/A	46.398	N/A	N/A	30.952	105.798
2016	23.427	5.365	28.792	N/A	N/A	45.356	N/A	N/A	32.920	107.068
2017	21.673	4.917	26.590	N/A	N/A	44.087	N/A	N/A	31.834	102.511

** 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	2017			2008		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Individual	\$ 123,422	1	0.8 %	\$ -	-	- %
Individual	57,663	2	0.4	-	-	-
MN M C Holding Corp	54,025	3	0.3	-	-	-
Individual	46,188	4	0.3	-	-	-
Individual	45,978	5	0.3	-	-	-
Individual	44,488	6	0.3	-	-	-
Individual	44,316	7	0.3	-	-	-
Individual	43,188	8	0.3	-	-	-
Individual	42,563	9	0.3	-	-	-
Burl Oaks Golf Club	39,650	10	0.3	-	-	-
Total	\$ 541,481		3.4 %	\$ -		- %

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
2008	\$ 4,376,111	\$ 4,309,282	98.5	\$ 66,829	\$ 4,376,111	100.00
2009	4,614,798	4,421,182	95.8	193,360	4,614,542	99.99
2010	4,557,871	4,423,556	97.1	128,246	4,551,802	99.87
2011	4,133,111	4,053,877	98.1	79,078	4,132,955	100.00
2012	3,878,973	3,819,672	98.5	59,240	3,878,912	100.00
2013	3,863,571	3,825,771	99.0	37,800	3,863,571	100.00
2014	3,878,323	3,857,974	99.5	18,301	3,876,275	99.95
2015	4,004,111	3,999,672	99.9	–	3,999,672	99.89
2016	4,157,599	4,140,337	99.6	–	4,140,337	99.58
2017	4,289,150	4,266,743	99.5	–	4,266,743	99.48

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

Fiscal Year	Governmental Activities		Business-Type	Total Primary Government	Per Capita (1)	Percentage of Personal Income
	G.O. Bonds	Special Assessment Bonds	Water/Sewer Revenue Bonds and Loans			
2008	\$ 745,000	\$ 1,220,000	\$ 1,070,000	\$ 3,035,000	487	–
2009	5,775,000	1,165,000	1,070,304	8,010,304	1,272	–
2010	5,575,000	4,380,000	1,560,841	11,515,841	1,804	–
2011	5,340,000	4,315,000	1,445,791	11,100,791	1,721	3.3
2012	5,155,000	5,015,000	2,090,364	12,260,364	1,872	–
2013	4,965,000	12,445,000	1,900,364	19,310,364	2,867	–
2014	4,595,000	11,760,000	1,699,364	18,054,364	2,657	–
2015	4,691,000	10,140,000	1,503,364	16,334,364	2,415	–
2016	5,021,906	9,499,417	11,375,398	25,896,721	3,684	–
2017	5,288,316	11,630,000	11,901,645	28,819,961	3,982	

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

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

Source: City of Minnetrista financial records

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

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2008	\$ 745,000	\$ 56,346	\$ 688,654	0.05	110
2009	5,775,000	652,187	5,122,813	0.36	814
2010	5,575,000	699,884	4,875,116	0.32	764
2011	5,340,000	655,775	4,684,225	0.31	726
2012	5,155,000	667,623	4,487,377	0.32	685
2013	12,445,000	1,870,981	10,574,019	0.82	1,570
2014	11,760,000	3,748,283	8,011,717	0.66	1,179
2015	14,831,000	2,904,647	11,926,353	0.99	1,763
2016	14,521,323	2,992,862	11,528,461	0.89	1,640
2017	16,918,316	3,390,024	13,528,292	0.92	1,869

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

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

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2017**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 16,918,316	100.00 %	\$ 16,918,316
Overlapping:			
School Districts:			
ISD No. 110*	114,455,000	9.47	10,834,310
ISD No. 111*	37,365,000	16.14	6,030,524
ISD No. 879**	76,680,000	0.34	259,638
ISD No. 277	43,193,204	31.83	13,748,397
Hennepin County:			
General	911,083,511	1.00	9,110,835
Three Rivers Park District	45,784,829	1.40	640,988
Regional Rail Authority	26,942,546	1.40	377,196
Metropolitan Council	12,606,580	0.51	64,294
Total Overlapping Debt			41,066,182
Total Direct and Overlapping Debt			\$ 57,984,498

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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Debt Limit	\$ 30,567,406	\$ 45,706,008	\$ 45,858,171	\$ 41,163,765	\$ 38,829,788	\$ 36,190,952	\$ 36,024,038	\$ 38,866,808	\$ 44,121,344	\$ 47,531,487
Total Net Debt Applicable to Limit	1,965,000	6,940,000	5,283,682	4,684,225	4,487,377	3,094,019	846,717	1,786,353	2,029,044	1,898,292
Legal Debt Margin	<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>\$ 33,096,933</u>	<u>\$ 42,092,300</u>	<u>\$ 45,633,195</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	6.43%	15.18%	11.52%	11.38%	11.56%	8.55%	2.35%	4.60%	4.60%	3.99%

Legal Debt Margin Calculation for Fiscal Year 2014

Market value	\$ 1,584,382,887
Debt limit (3% of market value)	47,531,487
Debt applicable to limit	
General obligation bonds	16,918,316
Less special assessment bonds	(11,630,000)
Less amount set aside for repayment of G.O. debt	(3,390,024)
Total net debt applicable to limit	<u>1,898,292</u>
Legal debt margin	<u>\$ 45,633,195</u>

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
PLEGDED 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	
2008	\$ 615,784	\$ 281,232	\$ 334,552	\$ 80,000	\$ 39,720	2.79	\$ 143,739	\$ 55,000	\$ 50,325	1.36
2009	588,746	324,375	264,371	80,000	40,345	2.20	82,628	55,000	50,326	0.78
2010	495,680	283,505	212,175	85,000	37,271	1.74	226,342	55,000	48,475	2.19
2011	517,710	288,565	229,145	85,000	34,456	1.92	134,974	65,000	124,737	0.71
2012	609,554	416,562	192,992	90,000	31,858	1.58	213,928	70,000	141,400	1.01
2013	546,875	558,280	(11,405)	95,000	27,818	(0.09)	1,004,594	265,000	301,523	1.77
2014	754,900	435,808	319,092	95,000	24,682	2.67	1,959,199	1,100,000	326,188	1.37
2015	821,729	512,418	309,311	95,000	15,524	2.80	767,248	1,620,000	357,555	0.39
2016	943,741	637,958	305,783	155,000	15,725	1.79	742,386	685,000	301,774	0.75
2017	983,381	620,781	362,600	754,000	18,751	0.47	1,236,851	585,000	446,302	1.20

* Does not include depreciation.

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

Source: City of Minnetrista financial records

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

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

Data sources:

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

**CITY OF MINNETRISTA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer		Employees	Rank
ISD No. 277 – Westonka School District	K–12 education	692 *	1
River Valley Church	Church	160	2
Burl Oaks Golf Club	Golf course	65	3
Al & Alma's Supper Club and Charters	Supper Club and Chartered Cruises	50	4
Westonka Bus Services	Transportation Services	50	5
Four Point O School Services	Transportation Services	50	6
Jubilee Foods	Grocery Store	45	7
City of Mound	Municipal government	41	8
Scotty B's Restaurant	Restaurant	40	9
YMCA - Camp Christmas Tree	Day camp and other recreation activities	35	10
		1,228	

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

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

	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function:										
General Government	9.0	9.0	9.0	9.0	9.0	9.0	9.0	10.0	11.0	11.0
Public Safety:										
Police										
Officers	12.0	12.0	12.0	11.0	11.0	11.0	11.0	12.0	13.0	13.0
Civilians	3.8	3.8	3.8	3.8	3.8	3.6	3.8	3.8	3.9	3.9
Highways and Streets	6.5	6.5	6.5	3.5	3.5	3.5	3.5	4.5	5.5	5.5
Parks and Recreation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	2.0
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>	<u>35.9</u>	<u>36.9</u>
Total	<u>33.8</u>	<u>33.8</u>	<u>33.8</u>	<u>29.8</u>	<u>29.8</u>	<u>29.6</u>	<u>29.8</u>	<u>32.8</u>	<u>35.9</u>	<u>36.9</u>

Source: City of Minnetrista records

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function:										
Police:										
Physical Arrests	81	82	119	100	119	134	116	152	112	148
Parking Violations	234	326	235	223	235	218	239	95	123	59
Traffic Violations	3,332	3,419	3,572	3,523	3,572	2,821	2,704	3,079	2,210	2,687
Highways and Streets:										
Street Seal Coated (Miles)	7.70	5.91	5.05	4.67	3.39	2.64	2.64	2.51	1.62	1.76
Blacktop Used in "Tons" for Repair of Potholes	677	800	993	1,186	378	301	724	545	650	611
Water:										
New Connections	64	42	43	25	28	29	57	110	89	64
Average Daily Consumption (Thousands of Gallons)	360	386	361	358	392	409	352	390	415	471
Wastewater:										
(Thousands of Gallons)	146	142	140	148	115	134	179	118	144	143

Source: Various city departments

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

	Fiscal Year									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Function:										
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	13	12	13	13	13	12	13	12
Highways and Streets:										
Streets (Miles)	60	60	60	64	63	63	63	63	72	72
Traffic Signals	1	1	1	2	2	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	75	75	75	75	75	75	76	76	76	76
Parks	21	21	21	21	21	21	22	22	22	22
Water:										
Water Mains (Miles)	18	18	31	29	29	29	29	31	36	36
Fire Hydrants	289	289	309	296	296	296	296	296	361	361
Sewer:										
Sanitary Sewers (Miles)	23	23	28	35	35	35	35	35	43	43
Storm Sewers (Miles)	12	12	12	14	14	14	14	14	19	19

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

Source: Various city departments