

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

Prepared by Finance Department

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I. INTRODUCTORY SECTION

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April 27, 2016

To the Honorable Mayor, Members of the City Council, and
Citizens of the City of Mahtomedi, Minnesota

Minnesota Statutes require all cities to issue an annual report on its financial position and activity prepared in accordance with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants or the Office of the State Auditor. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report of the City of Mahtomedi, Minnesota for the fiscal year ended December 31, 2015.

This report consists of management's representations concerning the finances of the City of Mahtomedi. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Mahtomedi has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Mahtomedi's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Mahtomedi's internal controls have been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assure that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Mahtomedi's financial statements have been audited by CliftonLarsonAllen LLP, Certified Public Accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Mahtomedi for the fiscal year ended December 31, 2015 are free of material misstatement. The independent audit involves examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Mahtomedi's financial statements for the fiscal year ended December 31, 2015, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

(1)

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<http://www.ci.mahtomedi.mn.us>

Honorable Mayor, Members of the City Council, and
Citizens of the City of Mahtomedi, Minnesota

GAAP requires 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 of Mahtomedi's MD&A can be found immediately following the report of the independent auditors.

Profile of Government

The City of Mahtomedi, Minnesota was incorporated in 1931 and is a northeast suburb of the Minneapolis/St. Paul metropolitan area, situated in Washington County. The City occupies five square miles and serves a population of approximately 8,000. The City of Mahtomedi is empowered to levy a property tax on real property within its boundaries.

The City of Mahtomedi operates under the Statutory Plan A form of government. The City Council consists of the mayor and four members and is responsible for governing all aspects of the City.

The City of Mahtomedi provides the following services: Construction and maintenance of streets and other infrastructure; fire protection; water, sewer, surface water; and general government operations including administration, finance/accounting, community information and general government buildings. The City contracts with Washington County for police services and the City of White Bear Lake for building inspection and code enforcement. In addition, the City also contracts for legal, engineering and planning services.

The annual budget serves as the foundation for the City of Mahtomedi's financial planning and control. The overall budget is prepared by fund and reviewed by the City's Finance Commission and approved by the City Council. The Council is required to adopt a final budget by late December. In late 2015, the City adopted a comprehensive capital improvement and financing plan through 2020. The capital improvement plan is reviewed annually as part of the budget process.

Local Economy

The City is predominately a suburban bedroom community with a small amount of retail and industrial development. The largest employer is FedEx Ground Package Systems, Inc. (FedEx). The City has a limited tax base diversity with 75% being residential. The limited commercial/industrial tax base causes residents to be more vulnerable to changes in the tax laws than they would be in more diversified tax base communities.

In 2015, the City saw the construction of 12 single family dwellings.

Honorable Mayor, Members of the City Council, and
Citizens of the City of Mahtomedi, Minnesota

Local Economy (Continued)

Housing construction remained consistent from twelve units in 2014 to twelve units in 2015. The City is estimating that five new residential units will be started in 2016; housing construction is expected to remain at a low level since the City is nearly fully developed. The median value home is \$300,950 with the 2015 new construction median value at approximately \$543,615.

During the past ten years, property taxes have increased in amount and as a percentage of total revenue (65% in 2006 to 71% in 2015) and intergovernmental revenues have increased from 5% of total revenues in 2006 to 6% in 2015.

Long-Term Financial Planning

The City is committed to maintaining an adequate level of fund balance. Management controls over the level of fund balance is based on the need for reserve balances. These consist of cash flow timing, capital outlay replacement, special projects, and emergency or unanticipated expenditures.

As mentioned earlier, the City Council approved a 5-year capital improvement program and comprehensive infrastructure replacement plan. The City is projected to spend \$23.8 million in the next five years toward storm water, water, sewer, street, parks and building improvements. These improvements will be funded through G.O. Capital Improvement Bonds, State Aid, Special Assessments, G.O. Water Revenue Bonds, G.O. Sewer Revenue Bonds, Federal and State Grants and existing cash on hand. This plan is updated annually.

As a result, over the next few years the utility rates will need to be increased to support funding for these projects and maintain adequate reserve levels in each utility fund.

Major Initiatives

As mentioned earlier, in the next few years the City is expecting to do major capital improvement work. During 2015, Pheasant Run Area and Historic District Phase I projects were substantially completed.

In 2016, new projects include the construction phase of the Historic District Phase II Improvements & Katherine Abbott Park Improvements. These projects will be funded by G.O. Improvement & Utility Bonds, current cash holdings and special assessments.

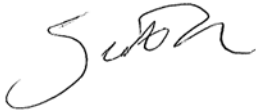
Honorable Mayor, Members of the City Council, and
Citizens of the City of Mahtomedi, Minnesota

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Mahtomedi, Minnesota for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2014. This was the twenty fourth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR 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.

The preparation of this report was accomplished through the time and effort of the Finance Department and through the helpful guidance and assistance from our auditing firm, CliftonLarsonAllen LLP.

Respectfully Submitted,



Scott Neilson
City Administrator



Scott Schaefer
Finance Director



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Mahtomedi
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2014

Executive Director/CEO

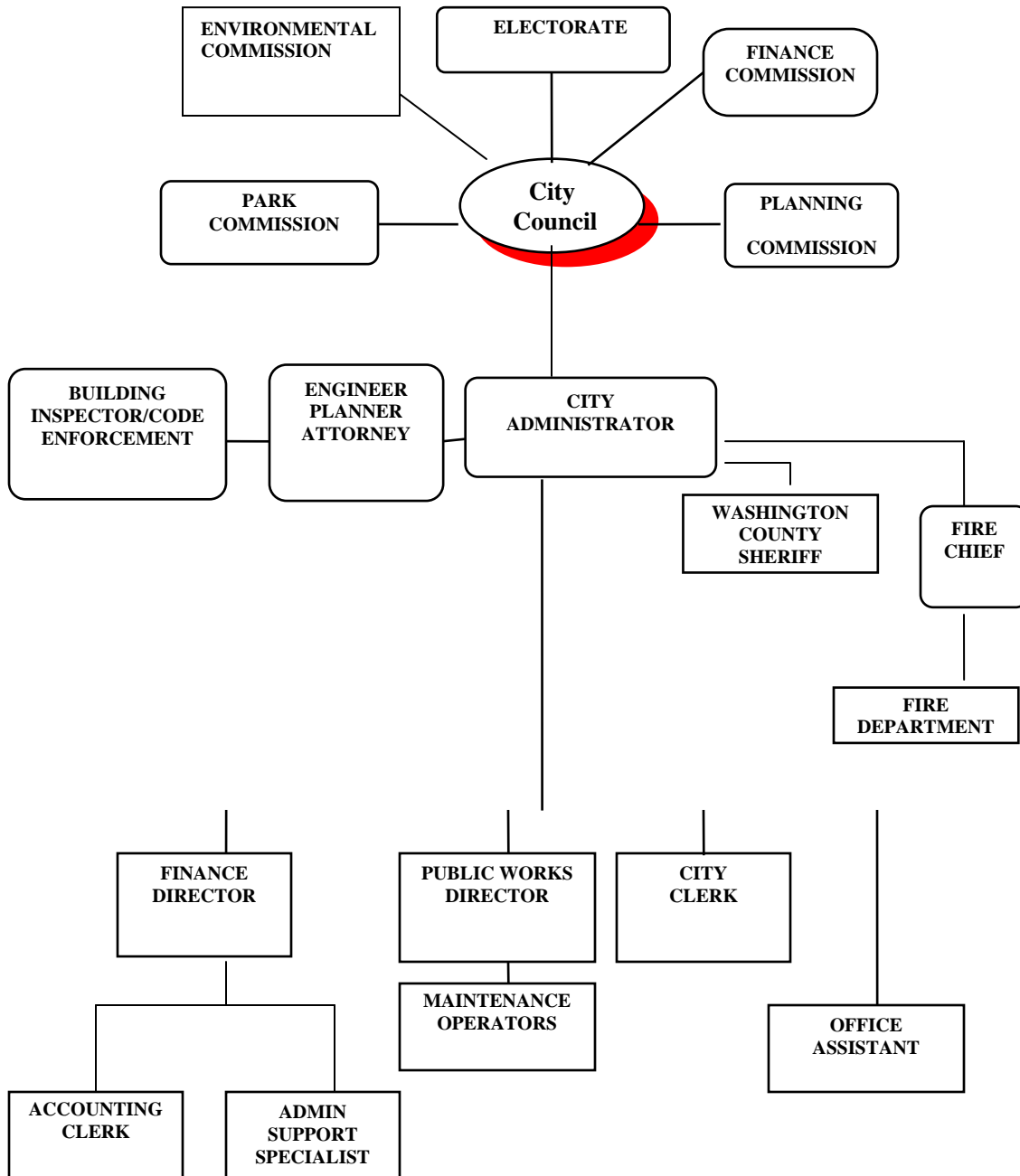
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CITY OF MAHTOMEDI, MINNESOTA
PRINCIPAL OFFICIALS
December 31, 2015

| | <u>Term Expires</u> |
|----------------------------------|---------------------|
| Elected: | |
| Mayor: | |
| Judson Marshall | December 31, 2015 |
| Council Members: | |
| Richard Brainerd | December 31, 2015 |
| Timothy Deans | December 31, 2015 |
| Joel Schilling | December 31, 2017 |
| Lael Ramaley | December 31, 2017 |
| Appointed: | |
| Administrator - Clerk-Treasurer: | |
| Scott Neilson | |
| Attorney: | |
| LeVander, Gillen & Miller: | |
| Jay Karlovich | |
| Engineer: | |
| WSB & Associates, Inc.: | |
| James Kennedy | |

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City of Mahtomedi Organization Chart



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II. FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and
Members of the City Council
City of Mahtomedi
Mahtomedi, 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 Mahtomedi, Minnesota (the City) as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements 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 City'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 City'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.

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

Auditors' Responsibility (Continued)

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 Mahtomedi as of December 31, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the City of Mahtomedi's 2014 financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and we expressed unmodified opinions on those financial statements in our report dated April 28, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2014 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Emphasis of Matters

During fiscal year ended December 31, 2015, City of Mahtomedi adopted the provisions of Governmental Accounting Standards Board Statement (GASB) No. 68, *Accounting and Financial Reporting for Pensions* and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result of the implementation of these standards, City of Mahtomedi reported a restatement for the change in accounting principle (see Note 15). Our auditors' opinion was not modified with respect to the restatement.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as management's discussion and analysis, budgetary information, schedule of changes in the Mahtomedi Firemen's Relief Association's net pension liability (asset), schedule of City contributions to Mahtomedi Firemen's Relief Association, PERA schedule of City's proportionate share of the net pension liability, PERA schedule of City contributions, and the schedule of funding progress as listed in the table of contents, respectively 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

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

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 Mahtomedi's basic financial statements. The combining and individual fund statements and schedules, other supplementary financial information, the introductory section, and statistical section 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 and other supplementary financial information 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 fund statements and schedules and other supplementary financial information are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section 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 it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 27, 2016, on our consideration of the City of Mahtomedi's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Mahtomedi's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
April 27, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Mahtomedi, we offer readers of the City of Mahtomedi's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1 through 4 of this report.

Financial Highlights

The assets and deferred outflows of resources of the City of Mahtomedi exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$39,332,235 (net position). Of this amount, \$14,936,798 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the City's fund designations and fiscal policies.

The City's total net position increased by \$1,515,624.

As of the close of the current fiscal year, the City of Mahtomedi's governmental funds reported combined ending fund balances of \$13,100,642. Of this total amount, \$10,285,897 is committed and assigned by City Council authorization, \$2,586,440 is restricted through externally enforceable limitations and \$111,829 is considered non-spendable resources. The unassigned fund balance is \$116,476.

At the end of the current fiscal year, the general fund balance was \$5,356,621. Of that amount, \$86,899 was non-spendable for inventory and prepaid items, \$2,284,809 was committed for street improvements and construction projects, \$415,862 was assigned and \$2,569,051 was unassigned.

The City's total long-term liabilities decreased by \$3,249,286 during the current fiscal year from \$21,251,965 as of December 31, 2014 to \$18,002,676 as of December 31, 2015. \$964,359 of the City's long term liabilities relate the City's proportionate share of the PERA pension plans' net pension liabilities due to implementing GASB Statement Nos. 68 and 71 as of December 31, 2015.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary 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 a private-sector business.

Management's Discussion and Analysis

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. Over time, increases or decreases 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 in 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. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by 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 of the City include general government, public safety, streets, City parks and storm water. The business-type activities of the City include the water utility and sewer utility operations.

The government-wide financial statements can be found on pages 23 through 25 of this report.

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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported 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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial 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 City's near term financial decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains seven individual major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the General Fund, Closed Bond Fund, Improvement Bonds of 2013A, Utility Capital Projects, Equipment and Building Replacement, 2014 Street Improvements, and 2015 Street Improvements, which are considered to be major funds.

Management's Discussion and Analysis

Data from the other 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 its general and special revenue fund – storm water fund.

Budgetary comparison statements have been provided for those funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 26 through 31 of this report.

Proprietary funds. The City maintains one type of proprietary funds. 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 the water utility and sewer utility operations.

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 the water utility and sewer utility operations which are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 32 through 34 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 through 69 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 78 through 103 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$39,332,235 at the close of the most recent fiscal year.

The City's unrestricted net position (\$14,936,798 or 38.0%) may be used to meet the City's ongoing obligations to citizens and creditors.

Management's Discussion and Analysis

CITY OF MAHTOMEDI'S NET POSITION

| | Governmental Activities | | Business-Type Activities | | Totals | |
|-----------------------------------|-------------------------|---------------|--------------------------|---------------|---------------|---------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Current and other assets | \$ 16,232,060 | \$ 17,251,450 | \$ 5,030,761 | \$ 5,974,620 | \$ 21,262,821 | \$ 23,226,070 |
| Capital assets | 25,074,003 | 23,830,386 | 12,056,770 | 12,212,764 | 37,130,773 | 36,043,150 |
| Total assets | 41,306,063 | 41,081,836 | 17,087,531 | 18,187,384 | 58,393,594 | 59,269,220 |
| Deferred outflows of resources | 150,112 | - | 32,807 | - | 182,919 | - |
| Long-term liabilities outstanding | 10,657,909 | 11,746,818 | 4,800,651 | 5,209,868 | 15,458,560 | 16,956,686 |
| Other liabilities | 2,777,344 | 3,208,754 | 900,683 | 1,287,169 | 3,678,027 | 4,495,923 |
| Total liabilities | 13,435,253 | 14,955,572 | 5,701,334 | 6,497,037 | 19,136,587 | 21,452,609 |
| Deferred inflows of resources | 84,172 | - | 23,519 | - | 107,691 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 13,251,398 | 11,453,640 | 7,544,198 | 7,839,762 | 20,795,596 | 19,293,402 |
| Restricted | 3,599,841 | 3,488,010 | - | - | 3,599,841 | 3,488,010 |
| Unrestricted | 11,085,511 | 11,184,614 | 3,851,287 | 3,850,585 | 14,936,798 | 15,035,199 |
| Total net position | \$ 27,936,750 | \$ 26,126,264 | \$ 11,395,485 | \$ 11,690,347 | \$ 39,332,235 | \$ 37,816,611 |

An additional portion of the City's net position, \$20,795,596 or 52.9% reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt used to acquire those assets that is 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. The remaining balance of \$3,599,841 or 9.1% represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's total net position increased by \$1,515,624; consisting of a \$1,810,486 increase related to governmental activities and a decrease of \$294,862 in business-type activities.

The government-type net position includes an increase in the City's net investment in capital assets of \$1,797,758 or 15.7% due to the construction of Hallam, 72nd and Pheasant Run improvements. There was an increase in "restricted net position" of \$111,831 or 3.2% for increase in restrictions for Debt Service. In addition, there was a decrease in unrestricted net position of \$99,103 or 0.9%.

The business-type net position overall decrease is \$294,862 or 2.5% from prior year. The net investment in capital assets decreased \$295,564 or 3.7% from the prior year due to normal depreciation. In addition, the unrestricted net position increased by \$702 or 0.1% to \$3,851,287.

Management's Discussion and Analysis

Governmental Activities

Governmental activities increased the City's net position by \$1,810,486. Key elements of this increase are as follows:

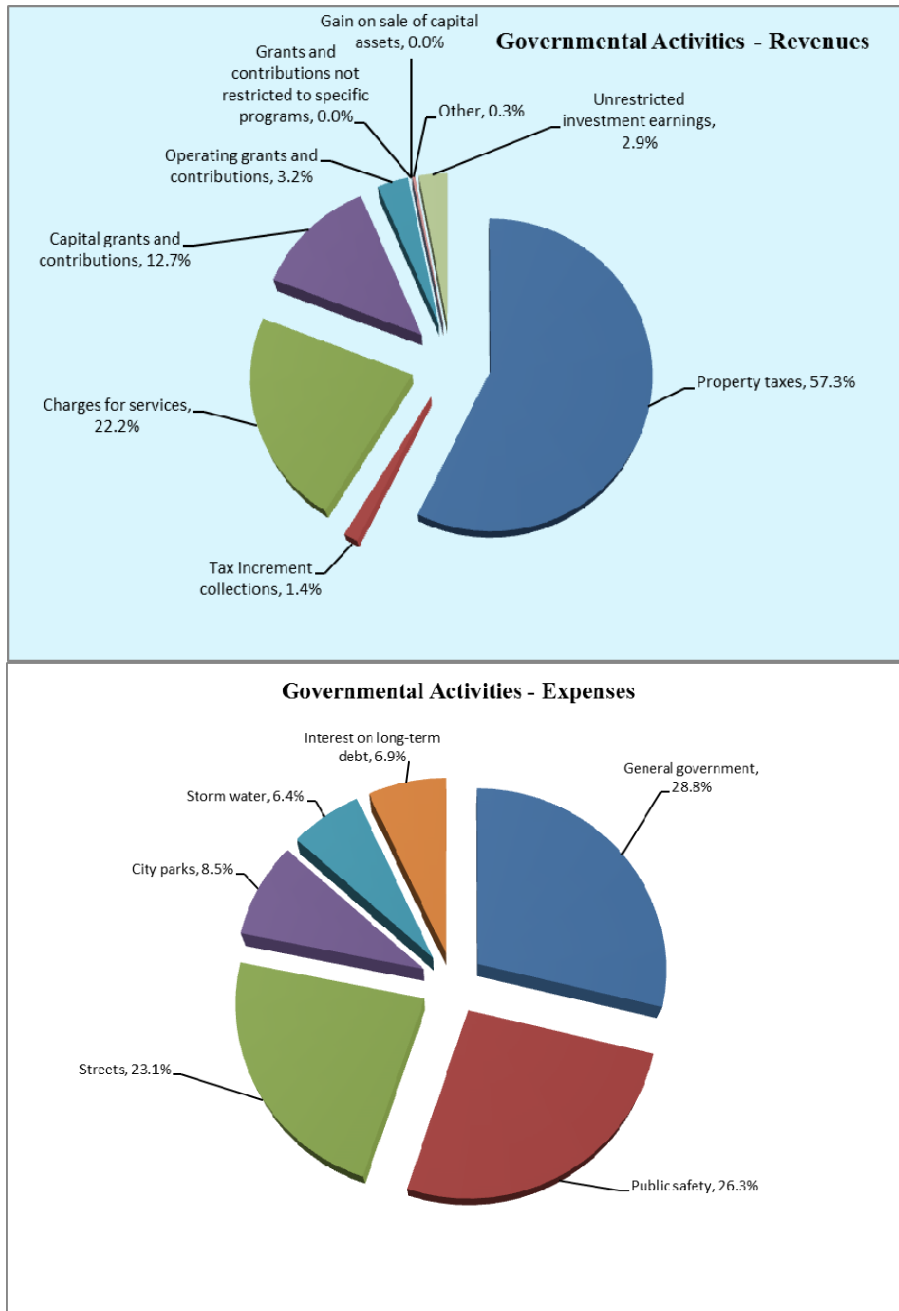
CITY OF MAHTOMEDI'S CHANGES IN NET POSITION

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,493,799 | \$ 1,384,140 | \$ 1,882,173 | \$ 1,879,500 | \$ 3,375,972 | \$ 3,263,640 |
| Operating grants and contributions | 216,254 | 193,237 | - | - | 216,254 | 193,237 |
| Capital grants and contributions | 858,209 | 787,766 | - | - | 858,209 | 787,766 |
| General revenues: | | | | | | |
| Property taxes | 3,862,088 | 3,347,098 | - | - | 3,862,088 | 3,347,098 |
| Tax increment collections | 91,142 | 91,515 | - | - | 91,142 | 91,515 |
| Grants and contributions not restricted to specific programs | 2,899 | 2,899 | - | - | 2,899 | 2,899 |
| Unrestricted investment earnings | 194,824 | 357,007 | 73,132 | 120,092 | 267,956 | 477,099 |
| Other | 19,073 | 801,128 | 1,083 | 1,867 | 20,156 | 802,995 |
| Gain on disposal of capital assets | - | - | - | - | - | - |
| Total revenues | <u>6,738,288</u> | <u>6,964,790</u> | <u>1,956,388</u> | <u>2,001,459</u> | <u>8,694,676</u> | <u>8,966,249</u> |
| Expenses: | | | | | | |
| General government | 1,434,505 | 1,393,774 | - | - | 1,434,505 | 1,393,774 |
| Public safety | 1,311,294 | 1,096,176 | - | - | 1,311,294 | 1,096,176 |
| Streets | 1,150,615 | 1,010,474 | - | - | 1,150,615 | 1,010,474 |
| City parks | 421,863 | 445,011 | - | - | 421,863 | 445,011 |
| Storm water | 319,920 | 263,345 | - | - | 319,920 | 263,345 |
| Interest on long-term debt | 344,829 | 398,420 | - | - | 344,829 | 398,420 |
| Water utility | - | - | 987,843 | 1,054,550 | 987,843 | 1,054,550 |
| Sewer utility | - | - | 1,044,189 | 1,021,219 | 1,044,189 | 1,021,219 |
| Total expenses | <u>4,983,026</u> | <u>4,607,200</u> | <u>2,032,032</u> | <u>2,075,769</u> | <u>7,015,058</u> | <u>6,682,969</u> |
| Change in net position | 1,755,262 | 2,357,590 | (75,644) | (74,310) | 1,679,618 | 2,283,280 |
| Net position - January 1 | 26,126,264 | 23,768,674 | 11,690,347 | 11,764,657 | 37,816,611 | 35,533,331 |
| Prior period adjustment | 55,224 | - | (219,218) | - | (163,994) | - |
| Net position - January 1 - Restated | <u>26,181,488</u> | <u>23,768,674</u> | <u>11,471,129</u> | <u>11,764,657</u> | <u>37,652,617</u> | <u>35,533,331</u> |
| Net position - December 31 | <u>\$ 27,936,750</u> | <u>\$ 26,126,264</u> | <u>\$ 11,395,485</u> | <u>\$ 11,690,347</u> | <u>\$ 39,332,235</u> | <u>\$ 37,816,611</u> |

- Increase in Property taxes of \$514,990 or 15.4% due to increased taxes and excess TIF
- Increase in Charges for services of \$109,659 due to increased ambulance and building permit revenue
- Decrease in Other revenue of \$782,055 due to decreased assessment prepayment collections
- Decrease in Investment income of \$162,183 due to current market conditions
- Expenses increased \$375,826 or 8.2% due to increased public safety and streets expenditures

Management's Discussion and Analysis

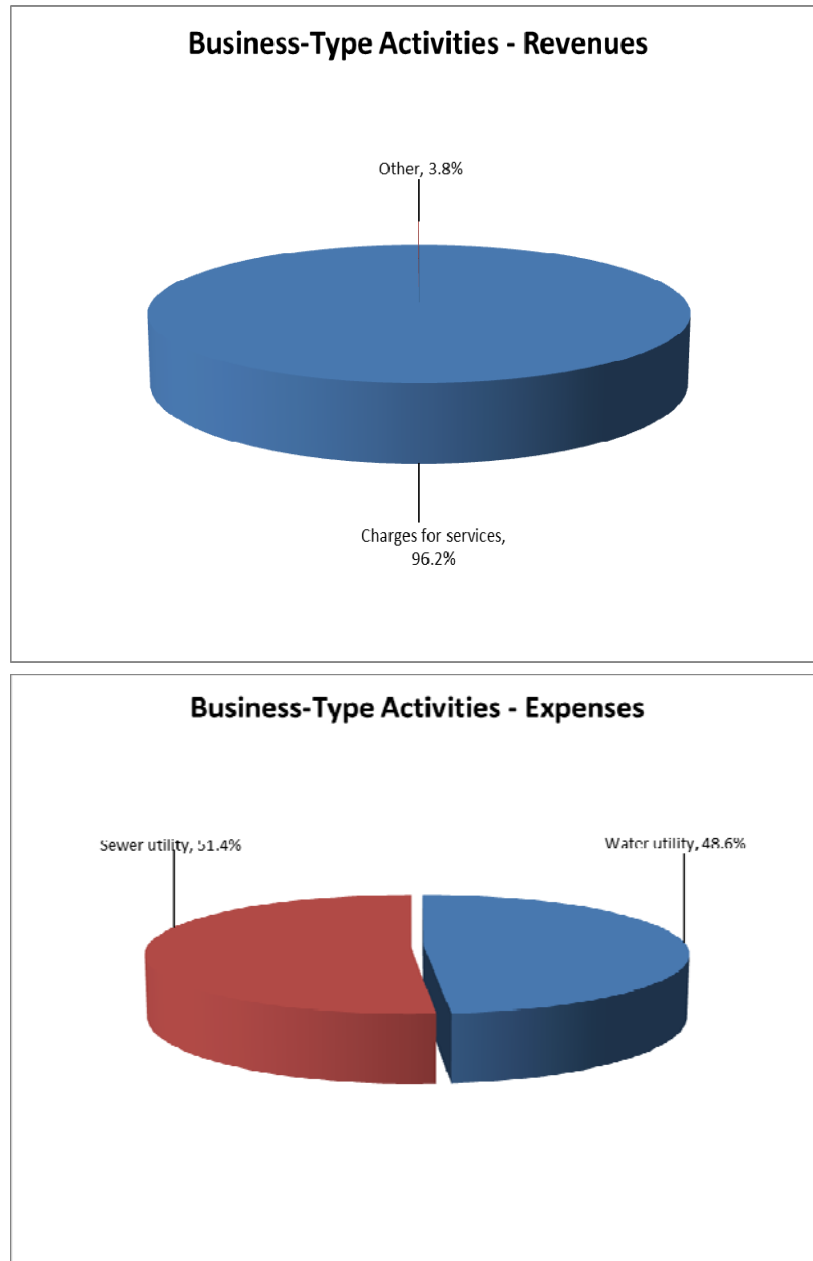
Below are specific graphs that provide comparisons of the governmental activities revenues and expenditures:



Management's Discussion and Analysis

Business-Type Activities

Business-type activities decreased net position by \$294,862. Below are graphs showing the business-type activities revenue and expense comparisons:



- Prior period adjustment to beginning net position in the amount of \$115,315 in the Water Fund and \$103,903 in the Sewer fund related to the City implementation of GASB Statement Nos. 68 and 71 as of December 31, 2015
- Charges for services were consistent with the prior year
- Decrease in water expenses of \$66,707 or 6.3% due to decreased consumption and operating expenses
- Increase in sewer expenses of \$22,969 or 2.2% due to increased contractual expenses
- Decrease in investment income due to current market conditions

Management's Discussion and Analysis

Financial Analysis of the Government's Funds

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$13,100,642. Approximately 0.9% of this total amount, \$116,476 constitutes unassigned fund balance and \$10,285,897 or 78.5% is either committed or assigned for capital improvements and debt service. The remainder of the fund balance, \$2,698,269 is non-spendable or restricted to provide for debt service, capital improvement, inventories and prepaid items.

The general fund balance increased by \$645,930 in 2015, which was primarily due to an increase in property tax and intergovernmental revenue.

The Closed Bond Fund increased by \$13,194 in 2015 due to investment income. This fund receives assessments, tax levies and investment earnings for the 1994A, 1995A, 1996A, 1997A and 1998A closed bond issues while there were no current expenditures in this fund.

The Improvement Bonds of 2013A fund balance decreased by \$1,098,298 due to payment of refunded bonds.

The 2014 Street Improvements fund balance decreased \$370,807 in 2015. This decrease is due to street construction expenditures for the Historic District phase I, Northwest area and Long Lake road projects.

The 2015 Street Improvements fund balance decreased \$841,694 in 2015. This decrease is due to street construction expenditures for the Pheasant run area project.

The Utility Capital Projects fund balance increased by \$47,756 in 2015. This increase is a result of investment income and water/sewer availability charges.

The Equipment and Building Replacement fund balance increased by \$131,756 in 2015 due to a budgeted increase.

Management's Discussion and Analysis

Governmental funds. (continued)

The nonmajor storm water special revenue fund decreased by \$187,243 for 2015, primarily due to an increase in expenditures related to the Glenmar area project.

The nonmajor debt service funds decreased by \$24,329 in 2015. The decrease is due to the payments of principal and interest exceeding the annual collection of special assessments and transfers.

The nonmajor capital project funds decreased by \$18,320 in 2015. The decrease is due to expenditures exceeding revenue and transfers.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The total net position in the respective proprietary funds are Water Utility of \$7,878,255, (\$4,951,944 net investment in capital assets and \$2,926,311 unrestricted) and Sewer Utility of \$3,517,230 (\$2,592,254 net investment in capital assets and \$924,976 unrestricted). The Water Utility fund had a decrease in net position in 2015 of \$186,135. \$115,315 of this decrease was related to a prior period adjustment related to the City implementing GASB Statement Nos. 68 and 71. The remainder of the decrease in Water Utility net position was primarily due to a decrease in billed water consumption. The Sewer Utility fund had a decrease in net position of \$108,727. \$103,903 of this decrease was related to a prior period adjustment related to the City implementing GASB Statement Nos. 68 and 71. The remainder of the decrease in Sewer Utility net position was primarily due to a decrease in non-operating revenue. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

General Fund. During the year, there were no increases in appropriations between the original and final amended budget.

The actual General Fund results which are significantly different from the final budget amounts are:

- Property Tax revenues are \$91,144 more than budgeted due to collections of excess TIF.
- Intergovernmental revenue is \$155,016 more than budgeted due to receiving a Federal grant for SCBA fire equipment.
- General Government expenditures are \$20,016 less than budgeted due to conservative spending.
- Street department expenditures are \$261,938 less than budgeted due to decreased personal services and materials and supplies coming under budget and unspent contingency in capital outlay.

Management's Discussion and Analysis

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets for its governmental and business-type activities as of December 31, 2015 amounts to \$37,130,773 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment and current infrastructure.

Major capital asset events during the current fiscal year include the following:

- Construction continued on the Iris, 60th Street and Kenwood lift stations with construction in progress as of the close of the year at \$965,800. This project will be completed in 2016.
- Construction was completed on the 2012 Street Improvements (Glenmar neighborhood) with construction costs of \$1,933,295.
- Construction continued for the Historic District Phase I improvements with construction in progress as of the close of the year at \$3,916,081. This project will be completed in 2016.
- Construction was completed for the Long Lake Road improvements with construction costs of \$889,792.
- Construction continued for the Woodland Drive and NW Area improvements with construction in progress as of the close of the year at \$1,012,304. These projects will be completed in 2016.
- Construction began on the 2015 Street Improvements (Pheasant Run area) with construction in progress as of the close of the year at \$1,049,121. This project will be completed in 2016.

City of Mahtomedi's Capital Assets (Net of Depreciation)

| City of Mahtomedi's Capital Assets (net of depreciation) | | | | | | |
|---|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-Type Activities | | Totals | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Land | \$ 2,397,546 | \$ 2,397,546 | \$ 2,875 | \$ 2,875 | \$ 2,400,421 | \$ 2,400,421 |
| Buildings | 5,008,971 | 5,146,074 | 1,848,964 | 1,916,833 | 6,857,935 | 7,062,907 |
| Other improvements | 654,015 | 731,029 | - | - | 654,015 | 731,029 |
| Streets | 6,291,315 | 4,647,692 | - | - | 6,291,315 | 4,647,692 |
| Storm sewers | 2,031,372 | 1,557,970 | - | - | 2,031,372 | 1,557,970 |
| Machinery and equipment | 2,299,478 | 2,287,101 | 390,900 | 436,791 | 2,690,378 | 2,723,892 |
| Distribution and collection systems | - | - | 8,848,232 | 8,903,300 | 8,848,232 | 8,903,300 |
| Construction in progress | 6,391,306 | 7,062,974 | 965,800 | 952,965 | 7,357,106 | 8,015,939 |
| Total | \$ 25,074,003 | \$ 23,830,386 | \$ 12,056,770 | \$ 12,212,764 | \$ 37,130,773 | \$ 36,043,150 |

Additional information on the City of Mahtomedi's capital assets can be found in Note 4 on pages 48-49 of this report.

Long-term Debt. At the end of the current fiscal year, the City of Mahtomedi had total G.O. bonded debt outstanding of \$16,750,000, a decrease of \$3,270,000 from 2014. Of this amount, \$3,450,000 comprises debt backed by the full faith and credit of the government and \$8,178,021 is special assessment debt for which the government is liable in the event of default by the property owners subject to the assessment. The remainder of the City's bonded debt of \$5,121,979 represents bonds secured by specified revenue sources (i.e., revenue bonds).

Management’s Discussion and Analysis

In addition, there is long-term liability for compensated absences in the amount of \$165,724 and a long-term liability for the City’s proportionate share of PERA’s net pension liability in the amount of \$964,359.

City of Mahtomedi’s Outstanding Long-Term Liabilities

| | Governmental Activities | | Business-Type Activities | | Totals | |
|--------------------------------------|-------------------------|----------------------|--------------------------|---------------------|----------------------|----------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| General obligation improvement bonds | \$ 11,628,021 | \$ 13,828,021 | \$ - | \$ - | \$ 11,628,021 | \$ 13,828,021 |
| Revenue Bonds | - | - | 5,121,979 | 6,191,979 | 5,121,979 | 6,191,979 |
| Unamortized bond premium | 56,749 | 64,720 | 65,847 | 71,353 | 122,596 | 136,073 |
| Net Pension Liability | 729,039 | - | 235,320 | - | 964,359 | - |
| Compensated absences | 131,492 | 128,663 | 34,232 | 33,427 | 165,724 | 162,090 |
| Total | <u>\$ 12,545,301</u> | <u>\$ 14,021,404</u> | <u>\$ 5,457,378</u> | <u>\$ 6,296,759</u> | <u>\$ 18,002,679</u> | <u>\$ 20,318,163</u> |

The City’s total long-term liabilities decreased by \$2,315,484 or 11.4% due to payment of refunded bonds.

State statutes limit the amount of general obligation debt a Minnesota city may issue to 3% of total estimated market value. The current debt limitation for the City is \$27,162,006. The amount of the City's outstanding debt that is counted within the statutory limitation is \$3,149,763, leaving a legal debt margin of \$24,012,243.

Additional information on the City’s long-term debt can be found in Note 5 on pages 50-52 of this report.

Economic Factors and Next Year’s Budgets and Rates

- The unemployment rate for the City is currently 2.8%, which is a decrease from a rate of 2.9% a year ago. This compares favorably to the state’s average unemployment rate of 3.7% and the national average rate of 5.0%.
- The City has experienced higher than anticipated new residential housing activity, with 12 residential houses started in 2015.

All of these factors were considered in preparing the City’s budget for the 2016 fiscal year.

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 government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 600 Stillwater Road, Mahtomedi, Minnesota 55115.

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BASIC FINANCIAL STATEMENTS

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CITY OF MAHTOMEDI, MINNESOTA

STATEMENT OF NET POSITION

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

Statement 1

| | Primary Government | | Totals | |
|---|----------------------|----------------------|----------------------|----------------------|
| | Governmental | Business-Type | 2015 | 2014 |
| | Activities | Activities | | |
| Assets: | | | | |
| Cash and investments | \$ 13,345,706 | \$ 4,444,334 | \$ 17,790,040 | \$ 18,045,877 |
| Cash with escrow agent | - | - | - | 2,334,324 |
| Accounts receivable - net | 217,740 | 525,923 | 743,663 | 744,756 |
| Accrued interest receivable | 46,545 | - | 46,545 | 37,699 |
| Loan receivable | 133,900 | - | 133,900 | 132,600 |
| Due from other governmental units | 10,496 | - | 10,496 | 192,883 |
| Property taxes receivable | 147,704 | - | 147,704 | 32,084 |
| Special assessments receivable | 1,475,326 | 6,171 | 1,481,497 | 1,544,514 |
| Inventory | 82,885 | 44,292 | 127,177 | 124,883 |
| Prepaid items | 28,944 | 10,041 | 38,985 | 36,450 |
| Net Pension Asset | 742,814 | - | 742,814 | - |
| Capital assets (net of accumulated depreciation): | | | | |
| Nondepreciable | 8,788,852 | 968,675 | 9,757,527 | 10,416,360 |
| Depreciable | 16,285,151 | 11,088,095 | 27,373,246 | 25,626,790 |
| Total assets | <u>41,306,063</u> | <u>17,087,531</u> | <u>58,393,594</u> | <u>59,269,220</u> |
| Deferred Outflows of Resources: | | | | |
| Deferred Outflows - Pensions | <u>150,112</u> | <u>32,807</u> | <u>182,919</u> | <u>-</u> |
| Liabilities: | | | | |
| Accounts payable | 234,429 | 82,391 | 316,820 | 504,439 |
| Salaries payable | 37,497 | 11,752 | 49,249 | 35,476 |
| Due to other governmental units | 291,396 | 55,203 | 346,599 | 241,467 |
| Contracts payable | 137,835 | 39,231 | 177,066 | 39,009 |
| Accrued interest payable | 136,368 | 55,381 | 191,749 | 252,969 |
| Deposits payable | 52,428 | - | 52,428 | 61,086 |
| Compensated absences payable: | | | | |
| Due within one year | 77,414 | 17,343 | 94,757 | 91,477 |
| Due in more than one year | 54,077 | 16,889 | 70,966 | 70,613 |
| Net Pension Liability: | | | | |
| Due in more than one year | 729,039 | 235,320 | 964,359 | - |
| Bonds payable: | | | | |
| Due within one year | 1,080,938 | 404,062 | 1,485,000 | 3,270,000 |
| Due in more than one year | 10,603,832 | 4,783,762 | 15,387,594 | 16,886,073 |
| Total liabilities | <u>13,435,253</u> | <u>5,701,334</u> | <u>19,136,587</u> | <u>21,452,609</u> |
| Deferred Inflows of Resources: | | | | |
| Deferred Inflows - Pensions | <u>84,172</u> | <u>23,519</u> | <u>107,691</u> | <u>-</u> |
| Net position: | | | | |
| Net investment in capital assets | 13,251,398 | 7,544,198 | 20,795,596 | 19,293,402 |
| Restricted for: | | | | |
| Capital Asset Replacement | 32,907 | - | 32,907 | 32,430 |
| Park Improvements | 392,099 | - | 392,099 | 321,485 |
| Debt service | 3,174,835 | - | 3,174,835 | 2,877,609 |
| Tax increment purposes | - | - | - | 256,486 |
| Unrestricted | 11,085,511 | 3,851,287 | 14,936,798 | 15,035,199 |
| Total net position | <u>\$ 27,936,750</u> | <u>\$ 11,395,485</u> | <u>\$ 39,332,235</u> | <u>\$ 37,816,611</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA

STATEMENT OF ACTIVITIES

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Charges for Services</u> |
|--------------------------------|---------------------|---------------------------------|
| Primary government: | | |
| Governmental activities: | | |
| General government | \$ 1,434,505 | \$ 383,507 |
| Public safety | 1,311,294 | 779,282 |
| Streets | 1,150,615 | - |
| City parks | 421,863 | 28,656 |
| Storm water | 319,920 | 302,354 |
| Interest on long-term debt | 344,829 | - |
| Total governmental activities | <u>4,983,026</u> | <u>1,493,799</u> |
| Business-type activities: | | |
| Water utility | 987,843 | 858,324 |
| Sewer utility | <u>1,044,189</u> | <u>1,023,849</u> |
| Total business-type activities | <u>2,032,032</u> | <u>1,882,173</u> |
| Total primary government | <u>\$ 7,015,058</u> | <u>\$ 3,375,972</u> |

The accompanying notes are an integral part of these financial statements.

| Program Revenues | | Net (Expense) Revenue and Changes in Net Position | | | | |
|---|-------------------|---|--|----------------------------|-----------------------------|--------|
| | | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | Governmental Activities | Business-Type Activities | Totals |
| | | | | 2015 | 2014 | |
| \$ - | \$ - | \$ (1,050,998) | \$ - | \$ (1,050,998) | \$ (1,051,380) | |
| 127,677 | 513,784 | 109,449 | - | 109,449 | (261,401) | |
| 88,577 | 344,425 | (717,613) | - | (717,613) | (143,845) | |
| - | - | (393,207) | - | (393,207) | (411,798) | |
| - | - | (17,566) | - | (17,566) | 24,787 | |
| - | - | (344,829) | - | (344,829) | (398,420) | |
| <u>216,254</u> | <u>858,209</u> | <u>(2,414,764)</u> | <u>-</u> | <u>(2,414,764)</u> | <u>(2,242,057)</u> | |
| - | - | - | (129,519) | (129,519) | (143,596) | |
| - | - | - | (20,340) | (20,340) | (52,673) | |
| - | - | - | (149,859) | (149,859) | (196,269) | |
| <u>\$ 216,254</u> | <u>\$ 858,209</u> | <u>(2,414,764)</u> | <u>(149,859)</u> | <u>(2,564,623)</u> | <u>(2,438,326)</u> | |
| General revenues: | | | | | | |
| General property taxes | | 3,862,088 | - | 3,862,088 | 3,347,098 | |
| Tax increment taxes | | 91,142 | - | 91,142 | 91,515 | |
| Grants and contributions not restricted to specific programs | | 2,899 | - | 2,899 | 2,899 | |
| Unrestricted investment earnings | | 194,824 | 73,132 | 267,956 | 477,099 | |
| Other | | 19,073 | 1,083 | 20,156 | 802,995 | |
| Total general revenues | | <u>4,170,026</u> | <u>74,215</u> | <u>4,244,241</u> | <u>4,721,606</u> | |
| Change in net position | | 1,755,262 | (75,644) | 1,679,618 | 2,283,280 | |
| Net Position - January 1 | | 26,126,264 | 11,690,347 | 37,816,611 | 35,533,331 | |
| Prior period restatement for change in accounting principle, see Note 15 | | 55,224 | (219,218) | (163,994) | - | |
| Net position - January 1 | | <u>26,181,488</u> | <u>11,471,129</u> | <u>37,652,617</u> | <u>35,533,331</u> | |
| Net position - December 31 | | <u>\$ 27,936,750</u> | <u>\$ 11,395,485</u> | <u>\$ 39,332,235</u> | <u>\$ 37,816,611</u> | |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

| Assets | General Fund | Closed Bond Fund | Improvement Bonds of 2013A | 2014 Street Improvements | 2015 Street Improvements |
|--|---------------------|---------------------|----------------------------------|--------------------------------|--------------------------------|
| Cash and investments | \$ 3,207,516 | \$ 1,109,963 | \$ 672,566 | \$ - | \$ - |
| Cash with escrow agent | - | - | - | - | - |
| Accounts receivable - net: | | | | | |
| Ambulance receivable | 93,250 | - | - | - | - |
| Recycling receivable | 22,305 | - | - | - | - |
| Other receivables | 18,656 | - | - | - | - |
| Accrued interest receivable | 46,545 | - | - | - | - |
| Due from other funds | 2,284,809 | - | - | - | - |
| Due from other governmental units | 10,113 | - | - | - | - |
| Special assessments receivable - net | 2,865 | 18,837 | 417,501 | - | - |
| Property tax receivable - net | 145,497 | 7 | 1,002 | - | - |
| Inventories | 58,824 | - | - | - | - |
| Prepaid items | 28,075 | - | - | - | - |
| CDBG Loan Receivable | 133,900 | - | - | - | - |
| Total assets | <u>\$ 6,052,355</u> | <u>\$ 1,128,807</u> | <u>\$ 1,091,069</u> | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 203,092 | \$ - | \$ - | \$ 3,991 | \$ 1,854 |
| Contracts payable | - | - | - | 93,453 | 44,382 |
| Salaries payable | 35,787 | - | - | - | - |
| Due to other funds | - | - | - | 1,166,745 | 843,369 |
| Due to other governmental units | 241,884 | - | - | - | - |
| Deposits payable | 52,428 | - | - | - | - |
| Total liabilities | <u>533,191</u> | <u>-</u> | <u>-</u> | <u>1,264,189</u> | <u>889,605</u> |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Resources | 162,543 | 18,844 | 417,508 | - | - |
| Fund balance: | | | | | |
| Non-spendable | 86,899 | - | - | - | - |
| Restricted | - | - | 673,561 | - | - |
| Committed | 2,284,809 | - | - | - | - |
| Assigned | 415,862 | 1,109,963 | - | - | - |
| Unassigned | 2,569,051 | - | - | (1,264,189) | (889,605) |
| Total fund balance | <u>5,356,621</u> | <u>1,109,963</u> | <u>673,561</u> | <u>(1,264,189)</u> | <u>(889,605)</u> |
| Total liabilities, deferred inflows of resources and fund balance | <u>\$ 6,052,355</u> | <u>\$ 1,128,807</u> | <u>\$ 1,091,069</u> | <u>\$ -</u> | <u>\$ -</u> |

The accompanying notes are an integral part of these financial statements.

Statement 3

| Utility Capital Projects | Equipment and Building Replacement | Other Governmental Funds | Intra Activity Eliminations | Totals | |
|--------------------------------|--|--------------------------------|-----------------------------------|----------------------|----------------------|
| | | | | Governmental Funds | |
| | | | | 2015 | 2014 |
| \$ 1,105,694 | \$ 3,010,711 | \$ 4,239,256 | \$ - | \$ 13,345,706 | \$ 13,402,453 |
| - | - | - | - | - | 1,595,989 |
| - | - | - | - | 93,250 | 94,783 |
| - | - | - | - | 22,305 | 21,741 |
| - | - | 83,529 | - | 102,185 | 98,324 |
| - | - | - | - | 46,545 | 37,699 |
| - | - | - | (2,284,809) | - | - |
| - | - | 383 | - | 10,496 | 192,883 |
| - | - | 1,036,123 | - | 1,475,326 | 1,538,681 |
| - | - | 1,198 | - | 147,704 | 32,084 |
| - | - | 24,061 | - | 82,885 | 77,817 |
| - | - | 869 | - | 28,944 | 26,396 |
| - | - | - | - | 133,900 | 132,600 |
| <u>\$ 1,105,694</u> | <u>\$ 3,010,711</u> | <u>\$ 5,385,419</u> | <u>\$ (2,284,809)</u> | <u>\$ 15,489,246</u> | <u>\$ 17,251,450</u> |
| | | | | | |
| \$ - | \$ - | \$ 25,492 | \$ - | \$ 234,429 | \$ 436,067 |
| - | - | - | - | 137,835 | - |
| - | - | 1,710 | - | 37,497 | 25,728 |
| - | - | 274,695 | (2,284,809) | - | - |
| - | - | 49,512 | - | 291,396 | 233,768 |
| - | - | - | - | 52,428 | 61,086 |
| <u>-</u> | <u>-</u> | <u>351,409</u> | <u>(2,284,809)</u> | <u>753,585</u> | <u>756,649</u> |
| | | | | | |
| - | - | 1,036,124 | - | 1,635,019 | 1,692,104 |
| - | - | 24,930 | - | 111,829 | 104,213 |
| - | - | 1,912,879 | - | 2,586,440 | 3,897,356 |
| - | - | 1,228,004 | - | 3,512,813 | 2,821,990 |
| 1,105,694 | 3,010,711 | 1,130,854 | - | 6,773,084 | 6,659,069 |
| - | - | (298,781) | - | 116,476 | 1,320,069 |
| <u>1,105,694</u> | <u>3,010,711</u> | <u>3,997,886</u> | <u>-</u> | <u>13,100,642</u> | <u>14,802,697</u> |
| | | | | | |
| <u>\$ 1,105,694</u> | <u>\$ 3,010,711</u> | <u>\$ 5,385,419</u> | <u>\$ (2,284,809)</u> | <u>\$ 15,489,246</u> | <u>\$ 17,251,450</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA

Statement 4

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

| | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|
| Total Fund Balances for Governmental Funds | \$ 13,100,642 | \$ 14,802,697 |
| 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 | \$ 2,397,546 | |
| Construction in Progress | 6,391,306 | |
| Buildings, Net of Accumulated Depreciation | 5,008,971 | |
| Other Improvements, Net of Accumulated Depreciation | 654,015 | |
| Streets, Net of Accumulated Depreciation | 6,291,315 | |
| Storm Sewers, Net of Accumulated Depreciation | 2,031,372 | |
| Machinery and Equipment, Net of Accumulated Depreciation | <u>2,299,478</u> | 23,830,386 |
| | 25,074,003 | |
| Some of the City's property taxes and special assessments 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 unavailable resources in the governmental funds. | 1,635,019 | 1,692,104 |
| 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. | (136,368) | (177,519) |
| The City's net pension liability and net pension asset and the related deferred inflows and deferred outflows of resources are recorded only on the Statement of Net Position. Balances at year end are: | | |
| Net Pension Asset | 742,814 | |
| Net Pension Liability | (729,039) | |
| Deferred Outflows of Resources - Pensions | 150,112 | |
| Deferred Inflows of Resources - Pensions | <u>(84,172)</u> | - |
| | 79,715 | |
| 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. Balances at year-end are: | | |
| Bonds Payable | (11,628,021) | |
| Unamortized Premiums | (56,749) | |
| Compensated Absence Payable | <u>(131,491)</u> | (14,021,404) |
| | (11,816,261) | |
| Total Net Position of Governmental Activities | <u>\$ 27,936,750</u> | <u>\$ 26,126,264</u> |

The accompanying notes are an integral part of these financial statements.

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CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| | General Fund | Closed Bond Fund | Improvement Bonds of 2013A | 2014 Street Improvements | 2015 Street Improvements |
|--|---------------------|---------------------|----------------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| General property taxes | \$ 3,859,529 | \$ - | \$ - | \$ - | \$ - |
| Tax increment | - | - | - | - | - |
| Special assessments | - | 3 | 54,347 | - | - |
| Licenses and permits | 209,683 | - | - | - | - |
| Intergovernmental | 347,865 | - | - | 79,066 | 265,359 |
| Charges for services | 802,957 | - | - | - | - |
| Fines and forfeits | 32,202 | - | - | - | - |
| Investment income | 38,556 | 16,085 | 18,293 | - | - |
| Water availability charges | - | - | - | - | - |
| Sewer availability charges | - | - | - | - | - |
| Park dedication fees | - | - | - | - | - |
| Gambling proceeds | - | - | - | - | - |
| Miscellaneous | 115,468 | - | - | - | - |
| Total revenues | <u>5,406,260</u> | <u>16,088</u> | <u>72,640</u> | <u>79,066</u> | <u>265,359</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 1,034,963 | - | - | - | - |
| Public safety | 1,505,695 | - | - | - | - |
| Streets | 486,338 | - | - | - | - |
| City parks | 281,573 | - | - | - | - |
| Storm water | - | - | - | - | - |
| Capital outlay: | | | | | |
| General government | - | - | - | - | - |
| Public safety | 9,896 | - | - | - | - |
| Streets | 1,500 | - | - | 715,660 | 1,107,053 |
| City parks | - | - | - | - | - |
| Developer incentives | - | - | - | - | - |
| Debt service: | | | | | |
| Principal | - | - | 220,000 | - | - |
| Interest | - | - | 44,223 | - | - |
| Bond Issuance Costs | - | - | - | - | - |
| Paying agent fees/fiscal charges | - | - | 977 | - | - |
| Total expenditures | <u>3,319,965</u> | <u>-</u> | <u>265,200</u> | <u>715,660</u> | <u>1,107,053</u> |
| Revenues over (under) expenditures | <u>2,086,295</u> | <u>16,088</u> | <u>(192,560)</u> | <u>(636,594)</u> | <u>(841,694)</u> |
| Other financing sources (uses): | | | | | |
| Proceeds from the sale of capital assets | - | - | - | - | - |
| Payment of Refunded Bonds | - | - | (1,380,000) | - | - |
| Bonds issued | - | - | - | - | - |
| Bond premium (discount) | - | - | - | - | - |
| Transfers in | - | - | 506,032 | 265,787 | - |
| Transfers out | (1,440,365) | (2,894) | (31,770) | - | - |
| Total other financing sources (uses) | <u>(1,440,365)</u> | <u>(2,894)</u> | <u>(905,738)</u> | <u>265,787</u> | <u>-</u> |
| Net change in fund balance | 645,930 | 13,194 | (1,098,298) | (370,807) | (841,694) |
| Fund balance - January 1 | <u>4,710,691</u> | <u>1,096,769</u> | <u>1,771,859</u> | <u>(893,382)</u> | <u>(47,911)</u> |
| Fund balance (deficit) - December 31 | <u>\$ 5,356,621</u> | <u>\$ 1,109,963</u> | <u>\$ 673,561</u> | <u>\$ (1,264,189)</u> | <u>\$ (889,605)</u> |

The accompanying notes are an integral part of these financial statements.

Statement 5

| Utility Capital Projects | Equipment and Building Replacement | Other Governmental Funds | Intra Activity Eliminations | Totals | |
|--------------------------------|--|--------------------------------|-----------------------------------|----------------------|----------------------|
| | | | | Governmental Funds | |
| | | | | 2015 | 2014 |
| \$ - | \$ - | \$ - | \$ - | \$ 3,859,529 | \$ 3,360,968 |
| - | - | 91,142 | - | 91,142 | 91,515 |
| - | - | 382,066 | - | 436,416 | 408,589 |
| - | - | - | - | 209,683 | 182,513 |
| - | - | - | - | 692,290 | 982,902 |
| - | - | 302,354 | - | 1,105,311 | 1,028,323 |
| - | - | - | - | 32,202 | 32,810 |
| 15,774 | 42,845 | 63,271 | - | 194,824 | 357,007 |
| 15,974 | - | - | - | 15,974 | 17,115 |
| 16,008 | - | - | - | 16,008 | 22,678 |
| - | - | - | - | - | 3,000 |
| - | - | 13,193 | - | 13,193 | 14,418 |
| - | - | 13,333 | - | 128,801 | 126,083 |
| <u>47,756</u> | <u>42,845</u> | <u>865,359</u> | <u>-</u> | <u>6,795,373</u> | <u>6,627,921</u> |
| - | - | 315,100 | - | 1,350,063 | 1,307,082 |
| - | - | - | - | 1,505,695 | 1,367,476 |
| - | - | 204,091 | - | 690,429 | 561,751 |
| - | - | 31,060 | - | 312,633 | 298,514 |
| - | - | 208,233 | - | 208,233 | 162,471 |
| - | - | - | - | - | 496,994 |
| - | 230,216 | - | - | 240,112 | 4,706,316 |
| - | 17,248 | - | - | 1,841,461 | 31,800 |
| - | 12,530 | - | - | 12,530 | - |
| - | - | 45,571 | - | 45,571 | 45,757 |
| - | - | 600,000 | - | 820,000 | 755,000 |
| - | - | 329,834 | - | 374,057 | 354,234 |
| - | - | - | - | - | - |
| - | - | 11,923 | - | 12,900 | 8,430 |
| <u>-</u> | <u>259,994</u> | <u>1,745,812</u> | <u>-</u> | <u>7,413,684</u> | <u>10,095,825</u> |
| <u>47,756</u> | <u>(217,149)</u> | <u>(880,453)</u> | <u>-</u> | <u>(618,311)</u> | <u>(3,467,904)</u> |
| - | 2,395 | 293,861 | - | 296,256 | 14,401 |
| - | - | - | - | (1,380,000) | - |
| - | - | - | - | - | 3,265,000 |
| - | - | - | - | - | 74,831 |
| - | 346,510 | 1,111,343 | (2,229,672) | - | - |
| - | - | (754,643) | 2,229,672 | - | - |
| <u>-</u> | <u>348,905</u> | <u>650,561</u> | <u>-</u> | <u>(1,083,744)</u> | <u>3,354,232</u> |
| 47,756 | 131,756 | (229,892) | - | (1,702,055) | (113,672) |
| <u>1,057,938</u> | <u>2,878,955</u> | <u>4,227,778</u> | <u>-</u> | <u>14,802,697</u> | <u>14,916,369</u> |
| <u>\$ 1,105,694</u> | <u>\$ 3,010,711</u> | <u>\$ 3,997,886</u> | <u>\$ -</u> | <u>\$ 13,100,642</u> | <u>\$ 14,802,697</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 6

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Net changes in fund balances - total governmental funds (Statement 5) | \$ (1,702,055) | \$ (113,672) |
| Amounts reported for governmental activities in the statement of activities (Statement 2) are different because: | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital outlays | \$ 2,127,447 | |
| Depreciation Expense | <u>(883,830)</u> | 1,243,617 |
| | | 4,767,865 |
| In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources, thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. | - | (14,401) |
| Delinquent and deferred 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 unavailable in the governmental funds. | | |
| Unavailable Resources - December 31, 2014 | 1,692,104 | |
| Unavailable Resources - December 31, 2015 | <u>1,635,019</u> | (57,085) |
| | | 336,869 |
| 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. Also, governmental funds report the effect of premiums and discounts when debt is first issued, whereas these amounts are amortized in the statement of activities. 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: | | |
| Repayment of bond principal | 2,200,000 | |
| Change in accrued interest payable | 41,151 | |
| Amortization of premiums | <u>7,971</u> | 2,249,122 |
| | | (2,617,463) |
| In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). | (2,828) | (1,608) |
| 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 the net pension liability and the related deferred inflows and outflows or resources. | <u>24,491</u> | <u>-</u> |
| Change in net position of governmental activities (Statement 2) | <u>\$ 1,755,262</u> | <u>\$ 2,357,590</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

Statement 7

| | Business-Type Activities - Enterprise Funds | | | |
|--|---|---------------------|----------------------|----------------------|
| | Water | Sewer | Totals | |
| | Utility | Utility | 2015 | 2014 |
| Asset and Deferred Outflows of Resources: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 3,531,590 | \$ 912,744 | \$ 4,444,334 | \$ 4,643,424 |
| Cash with escrow agent | - | - | - | 738,335 |
| Accounts receivable - trade | 210,767 | 252,376 | 463,143 | 468,304 |
| Accounts receivable - certified bills | 26,838 | 35,866 | 62,704 | 56,432 |
| Accounts receivable - other | 76 | - | 76 | 5,172 |
| Special assessments receivable: | | | | |
| Delinquent | 1,860 | 2,084 | 3,944 | 5,743 |
| Due from county | 981 | 1,246 | 2,227 | 90 |
| Inventories | 21,519 | 22,773 | 44,292 | 47,066 |
| Prepaid items | 4,401 | 5,640 | 10,041 | 10,054 |
| Total current assets | <u>3,798,032</u> | <u>1,232,729</u> | <u>5,030,761</u> | <u>5,974,620</u> |
| Noncurrent assets: | | | | |
| Capital assets: | | | | |
| Land | 2,875 | - | 2,875 | 2,875 |
| Buildings and structures | 1,155,769 | 992,780 | 2,148,549 | 2,148,549 |
| Distribution and collection system | 9,580,603 | 5,070,489 | 14,651,092 | 14,357,232 |
| Machinery and equipment | 700,458 | 332,501 | 1,032,959 | 1,062,455 |
| Construction in progress | - | 965,800 | 965,800 | 952,965 |
| Total capital assets | <u>11,439,705</u> | <u>7,361,570</u> | <u>18,801,275</u> | <u>18,524,076</u> |
| Less: Allowance for depreciation | <u>(3,841,155)</u> | <u>(2,903,350)</u> | <u>(6,744,505)</u> | <u>(6,311,312)</u> |
| Net capital assets | <u>7,598,550</u> | <u>4,458,220</u> | <u>12,056,770</u> | <u>12,212,764</u> |
| Deferred Outflows of Resources: | | | | |
| Deferred Outflows - Pensions | <u>17,258</u> | <u>15,549</u> | <u>32,807</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>11,413,840</u> | <u>5,706,498</u> | <u>17,120,338</u> | <u>18,187,384</u> |
| Liabilities, Deferred Inflows of Resources, and Net Position: | | | | |
| Current liabilities: | | | | |
| Accounts payable | 13,852 | 68,539 | 82,391 | 68,372 |
| Salaries payable | 6,187 | 5,565 | 11,752 | 9,748 |
| Due to other governmental units | 49,048 | 6,155 | 55,203 | 7,699 |
| Contracts payable | - | 39,231 | 39,231 | 39,009 |
| Accrued interest payable | 31,869 | 23,512 | 55,381 | 75,450 |
| Compensated absences payable | 11,643 | 5,700 | 17,343 | 16,891 |
| Bonds payable - current | <u>259,857</u> | <u>144,205</u> | <u>404,062</u> | <u>1,070,000</u> |
| Total current liabilities | <u>372,456</u> | <u>292,907</u> | <u>665,363</u> | <u>1,287,169</u> |
| Noncurrent liabilities: | | | | |
| Compensated absences payable - long-term | 6,220 | 10,669 | 16,889 | 16,536 |
| Net Pension Liability - long-term | 123,785 | 111,535 | 235,320 | - |
| Bonds payable - long-term | <u>3,020,752</u> | <u>1,763,010</u> | <u>4,783,762</u> | <u>5,193,332</u> |
| Total noncurrent liabilities | <u>3,150,757</u> | <u>1,885,214</u> | <u>5,035,971</u> | <u>5,209,868</u> |
| Total liabilities | <u>3,523,213</u> | <u>2,178,121</u> | <u>5,701,334</u> | <u>6,497,037</u> |
| Deferred Inflows of Resources: | | | | |
| Deferred Inflows - Pensions | <u>12,372</u> | <u>11,147</u> | <u>23,519</u> | <u>-</u> |
| Net position: | | | | |
| Net investment in capital assets | 4,951,944 | 2,592,254 | 7,544,198 | 7,839,762 |
| Unrestricted | <u>2,926,311</u> | <u>924,976</u> | <u>3,851,287</u> | <u>3,850,585</u> |
| Total net position | <u>7,878,255</u> | <u>3,517,230</u> | <u>11,395,485</u> | <u>11,690,347</u> |
| Total liabilities, deferred inflows of resources, and net position | <u>\$ 11,413,840</u> | <u>\$ 5,706,498</u> | <u>\$ 17,120,338</u> | <u>\$ 18,187,384</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS

Statement 8

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|---------------------|----------------------|----------------------|
| | Water | Sewer | Totals | |
| | Utility | Utility | 2015 | 2014 |
| Operating revenue: | | | | |
| Billings to customers | \$ 832,306 | \$ 994,704 | \$ 1,827,010 | \$ 1,816,248 |
| Penalties | 21,814 | 27,629 | 49,443 | 49,152 |
| Other | 4,204 | 1,516 | 5,720 | 14,100 |
| Total operating revenue | <u>858,324</u> | <u>1,023,849</u> | <u>1,882,173</u> | <u>1,879,500</u> |
| Operating expenses: | | | | |
| Salaries and wages | 213,380 | 191,583 | 404,963 | 379,276 |
| Administrative charge - General Fund | 20,000 | 20,000 | 40,000 | 40,000 |
| General supplies | 102,910 | 53,239 | 156,149 | 176,426 |
| Fuel and motor oil | 4,166 | 4,166 | 8,332 | 12,568 |
| Professional services | 22,358 | 15,160 | 37,518 | 50,218 |
| Contractual services | 53,182 | 109,415 | 162,597 | 189,276 |
| Insurance | 10,235 | 20,074 | 30,309 | 33,028 |
| Utilities | 74,449 | 19,450 | 93,899 | 100,536 |
| Buildings: charges - General Fund | 25,000 | 25,000 | 50,000 | 50,000 |
| Contractual services - MCES | - | 355,949 | 355,949 | 350,121 |
| Depreciation | 294,171 | 168,517 | 462,688 | 463,442 |
| Other | 73,713 | 8,354 | 82,067 | 46,817 |
| Total operating expenses | <u>893,564</u> | <u>990,907</u> | <u>1,884,471</u> | <u>1,891,708</u> |
| Operating income | (35,240) | 32,942 | (2,298) | (12,208) |
| Nonoperating revenues (expenses): | | | | |
| Special assessments - interest and adjustments | 514 | 569 | 1,083 | 1,867 |
| Investment income (loss) | 58,185 | 14,947 | 73,132 | 120,092 |
| Debt service - interest on bonds | (94,279) | (53,282) | (147,561) | (184,061) |
| Total nonoperating expenses | <u>(35,580)</u> | <u>(37,766)</u> | <u>(73,346)</u> | <u>(62,102)</u> |
| Change in net position | (70,820) | (4,824) | (75,644) | (74,310) |
| Net position - January 1 | 8,064,390 | 3,625,957 | 11,690,347 | 11,764,657 |
| Prior Period restatement for Implementation of GASB Standard (See Note 15) | (115,315) | (103,903) | (219,218) | - |
| Net position - January 1, as Restated | <u>7,949,075</u> | <u>3,522,054</u> | <u>11,471,129</u> | <u>11,764,657</u> |
| Net position - December 31 | <u>\$ 7,878,255</u> | <u>\$ 3,517,230</u> | <u>\$ 11,395,485</u> | <u>\$ 11,690,347</u> |

The accompanying notes are an integral part of these financial statements.

CITY OF MAHTOMEDI, MINNESOTA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For The Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 9

| | Business-Type Activities - Enterprise Funds | | | |
|---|---|-------------------|---------------------|---------------------|
| | Water Utility | Sewer Utility | Totals | |
| | | | 2015 | 2014 |
| Cash flows from operating activities: | | | | |
| Cash received from customers | \$ 876,632 | \$ 1,009,188 | \$ 1,885,820 | \$ 1,890,562 |
| Cash paid to suppliers for goods and services | (328,710) | (623,800) | (952,510) | (1,144,805) |
| Cash payments to employees for services | (208,336) | (187,004) | (395,340) | (379,210) |
| Net cash flows from operating activities | <u>339,586</u> | <u>198,384</u> | <u>537,970</u> | <u>366,547</u> |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (114,064) | (192,408) | (306,472) | (734,643) |
| Proceeds from capital debt | - | - | - | 990,000 |
| Principal payments - bonds | (929,562) | (140,439) | (1,070,001) | (315,000) |
| Interest and fiscal charges | (114,686) | (58,451) | (173,137) | (169,728) |
| Net cash flows from capital and related financing activities | <u>(1,158,312)</u> | <u>(391,298)</u> | <u>(1,549,610)</u> | <u>(229,371)</u> |
| Cash flows from investing activities: | | | | |
| Investment income (loss) | <u>58,699</u> | <u>15,516</u> | <u>74,215</u> | <u>121,959</u> |
| Net increase (decrease) in cash and cash equivalents | (760,027) | (177,398) | (937,425) | 259,135 |
| Cash and cash equivalents - January 1 | <u>4,291,617</u> | <u>1,090,142</u> | <u>5,381,759</u> | <u>5,122,624</u> |
| Cash and cash equivalents - December 31 | <u>\$ 3,531,590</u> | <u>\$ 912,744</u> | <u>\$ 4,444,334</u> | <u>\$ 5,381,759</u> |
| Reconciliation of operating income to net cash flows from operating activities | | | | |
| Operating income | \$ (35,240) | \$ 32,942 | \$ (2,298) | \$ (12,208) |
| Adjustments to reconcile operating income to net cash flows from operating activities: | | | | |
| Depreciation expense | 294,171 | 168,517 | 462,688 | 463,442 |
| Changes in assets, deferred outflows, liabilities, and deferred inflows: | | | | |
| (Increase) decrease in accounts receivable | 18,308 | (14,661) | 3,647 | 11,062 |
| (Increase) decrease in prepaid items | (237) | 250 | 13 | (1,147) |
| (Increase) decrease in inventory, at cost | 4,732 | (1,958) | 2,774 | (2,840) |
| (Increase) decrease deferred outflows | (12,199) | (10,991) | (23,190) | - |
| Increase (decrease) in accounts payable | 7,918 | 6,101 | 14,019 | (93,438) |
| Increase in accrued salaries payable | 1,063 | 941 | 2,004 | 1,503 |
| Increase in due to other governmental units | 44,890 | 2,614 | 47,504 | 1,610 |
| (Increase) decrease in compensated absences payable | 397 | 408 | 805 | (1,437) |
| (Increase) decrease in net pension liability | 3,411 | 3,074 | 6,485 | - |
| (Increase) decrease in deferred inflows | 12,372 | 11,147 | 23,519 | - |
| Total adjustments | <u>374,826</u> | <u>165,442</u> | <u>540,268</u> | <u>378,755</u> |
| Net cash flows from operating activities | <u>\$ 339,586</u> | <u>\$ 198,384</u> | <u>\$ 537,970</u> | <u>\$ 366,547</u> |

The accompanying notes are an integral part of these financial statements.

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Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mahtomedi, Minnesota (the City) was incorporated in 1931 and operates under the State of Minnesota Statutory Plan A form of government. The governing body consists of a five member City council elected by voters of the City.

The financial statements of the City of Mahtomedi have been prepared in conformity with generally accepted accounting principles as applied to governmental units by the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

A. FINANCIAL REPORTING ENTITY

In accordance with GASB pronouncements and generally accepted accounting principles, the financial statements of the reporting entity should include the primary government and its component units. The City of Mahtomedi (primary government) does not have any component units.

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these 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 fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or business-type activity. *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 business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business type activity. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues, except reimbursement grants, to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, special assessments, intergovernmental revenues, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. 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. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the City which accounts for all financial resources except those required to be accounted for in another fund.

The *Closed Bond Fund* is a debt service fund used to account for residual balances of other closed debt service funds.

The *Improvement Bonds of 2013A* debt service fund accounts for the debt issued to refund the *Improvement Bonds of 2006A* and *2006B* debt service funds associated with the South Warner Avenue and East Avenue improvements. In addition, this fund accounts for the debt associated with the Glenmar Street improvements.

The *2014 Street Improvements Fund* is a capital project fund used to account for future improvements to the City's streets including Historic District phase I and street improvements to the Northwest area of the City.

The *2015 Street Improvements Fund* is a capital project fund used to account for future improvements to the City's streets including Pheasant run and other street improvements.

The *Utility Capital Projects Fund* is used to finance projects in the Utility Funds as designated by the City Council. It is funded by the water availability charge and the sewer availability charge on new construction.

The *Equipment and Building Replacement Fund* is a capital project fund used to account for balances designated for a variety of future equipment and building replacement costs.

The government reports the following major proprietary funds:

The *Water Utility Fund* is used to account for the operations of providing water service to City residents and businesses and the related user fees.

The *Sewer Utility Fund* accounts for the operations of providing sewer service to City residents and businesses and the related user fees.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are transactions that would be treated as revenues, expenditures or expenses if they involved external organizations, such as buying goods and services or payments in lieu of taxes, are similarly treated when they involve other funds of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 water and sewer enterprise funds are charges to customers for sales and services. Operating expenses for 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.

When both restricted and unrestricted resources are available for an allowable use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. BUDGETS

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the General and Special Revenue Funds. Budgeted expenditure appropriations lapse at year-end.

E. LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Administrator submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of a resolution on a departmental basis and can be expended by each department based upon detailed budget estimates for individual expenditure accounts.
4. The City Administrator is authorized to approve transfers of appropriations between individual expenditure accounts within a department's budget and between departments. However, interfund appropriations or increases in appropriations are required to be authorized by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds.
6. Legal debt obligation indentures determine the appropriation level and debt service tax levies for the Debt Service Funds.
7. Supplementary budgets are adopted for the Proprietary Funds to determine and calculate user charges. These debt service and budget amounts represent general obligation bond indenture provisions and net income for operation and capital maintenance and are not reflected in the financial statements.
8. Expenditures may not legally exceed budgeted appropriations at the total fund level. Monitoring of budgets is maintained at the expenditure category level (i.e., personal services; contractual services; other; capital outlay) within each activity.
9. The City Council may authorize transfer of budgeted amounts between City funds.

F. CASH AND INVESTMENTS

Cash and investment balances from all funds are pooled and invested to the extent available in authorized investments. Earnings on investments are allocated to individual funds on the basis of the fund's equity in the cash and investment pool.

Investments are stated at fair value, based upon quoted market prices at the reporting date. Investment income is accrued at the balance sheet date.

For purposes of the statement of cash flows, the City considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. All of the cash and investments allocated to the proprietary funds have original maturities of 90 days or less. Therefore, the entire balance in the Proprietary Funds is considered cash equivalents.

Cash with escrow are amounts kept in an escrow relating to the general obligation bond issued in 2013, used to refund the outstanding maturities of General Obligation Improvement Bonds, Series 2006A and General Obligation Water and Sewer Revenue Bonds, Series 2006B.

G. PROPERTY TAX REVENUE RECOGNITION

The City Council annually adopts a tax levy and certifies it to the County in December (levy/assessment date) of each year for collection in the following year. The County is responsible for billing and collecting all property taxes for itself, the City, the local School District and other taxing authorities. Such taxes become a lien on January 1 and are recorded as receivables by the City at that date. Real property taxes are payable (by property owners) on May 15 and October 15 of each calendar year. Personal property taxes are payable by taxpayers on February 28 and June 30 of each year. These taxes are collected by the County and remitted to the City on or before July 7 and December 2 of the same year. Delinquent collections for November and December are received the following January. The City has no ability to enforce payment of property taxes by property owners. The County possesses this authority.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes property tax revenue in the period for which the taxes were levied. An allowance for uncollectible property taxes has been established.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The City recognizes property tax revenue when it becomes both measurable and available to finance expenditures of the current period. In practice, current and delinquent taxes and State credits received by the City in July, December and January are recognized as revenue for the current year. Taxes collected by the County by December 31 (remitted to the City the following January) and taxes and credits not received at year-end are classified as delinquent and due from County taxes receivable. The portion of delinquent taxes not collected by the City in January is fully offset by deferred inflows of resources because they are not available to finance current expenditures.

H. SPECIAL ASSESSMENT REVENUE RECOGNITION

Special assessments are levied against benefited properties for the cost or a portion of the cost of special assessment improvement projects in accordance with State Statutes. These assessments are collectible by the City over a term of years usually consistent with the term of the related bond issue. Collection of annual installments (including interest) is handled by the County Auditor in the same manner as property taxes. Property owners are allowed to (and often do) prepay future installments without interest or prepayment penalties.

Once a special assessment roll is adopted, the amount attributed to each parcel is a lien upon that property until full payment is made or the amount is determined to be excessive by the City Council or court action. If special assessments are allowed to go delinquent, the property is subject to tax forfeit sale. Proceeds of sales from tax forfeit properties are allocated first to the County's costs of administering all tax forfeit properties. Pursuant to State Statutes, a property shall be subject to a tax forfeit sale after three years unless it is homesteaded, agricultural or seasonal recreational land in which event the property is subject to such sale after five years.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The City recognizes special assessment revenue in the period that the assessment roll was adopted by the City Council. An allowance for the uncollectible special assessments has been established and the special assessments are presented net of this allowance.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

Revenue from special assessments is recognized by the City when it becomes measurable and available to finance expenditures of the current fiscal period. In practice, current and delinquent special assessments received by the City are recognized as revenue for the current year. Special assessments that are collected by the County by December 31 (remitted to the City the following January) are also recognized as revenue for the current year. All remaining delinquent, deferred and special deferred assessments receivable in governmental funds are completely offset by deferred inflows of resources.

I. INVENTORIES AND PREPAIDS

Materials and supplies, if material, are recorded at cost using first in first out (FIFO) method and reported under the consumption method in the Governmental Funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items under the consumption method in both government-wide and fund financial statements.

J. AMBULANCE BILLINGS

Commencing in 1998, the City directly bills individuals for ambulance services. The City reserves an amount as uncollectible based on estimated collection rates. The estimated rates were based on activity and upon a survey of historical collection rates of similar cities. The amount of the estimated uncollectible ambulance billings to individuals as of December 31, 2015 is as follows:

| | |
|--|----------------------|
| | December 31, 2015 |
| | <hr/> |
| Estimated uncollectible ambulance billings | \$ 195,812 |
| | <hr/> <hr/> |

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | |
|-------------------------------------|---------------|
| Buildings | 10 – 50 Years |
| Machinery and equipment | 3 – 25 Years |
| Other improvements | 10 – 20 Years |
| Streets | 20 Years |
| Distribution and collection systems | 20 – 60 Years |

Pursuant to GASB Statement #34, the City has elected to only record and depreciate infrastructure assets acquired after the implementation date of GASB Statement #34. Infrastructure acquired before January 1, 2004 is, therefore, not reported within these financial statements. Infrastructure assets include streets, storm sewers, street lights, etc.

L. RECEIVABLES AND PAYABLES

Property taxes, special assessments and ambulance receivables have been reported net of estimated uncollectible accounts (see Note 1 G, H, and J). Because utility bills are considered liens on property, no estimated uncollectible amounts are established. Uncollectible amounts are not material for other receivables and no allowance for uncollectible accounts has been recorded.

M. COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned, but unused vacation, compensatory time and sick pay benefits. All vacation pay, compensatory pay and accumulated sick leave that is vested as severance pay is accrued when incurred in the government-wide and proprietary fund financial statements.

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. In accordance with the provisions of Statement of Government Accounting Standards No. 16, *Accounting for Compensated Absences*, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

N. LONG-TERM OBLIGATIONS

In the government-wide financial statements and proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary funds statement of net position. Bond premiums and discounts are being amortized over the life of the related debt.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. PENSIONS

For purposes of measuring the net pension liability, deferred outflows/inflows of resources, and pension expense, information about the fiduciary net position of the Public Employees Retirement Association (PERA) and additions to/deductions from PERA's fiduciary net position have been determined on the same basis as they are reported by PERA except that PERA's fiscal year end is June 30. For this purpose, plan contributions are recognized as of employer payroll paid dates and benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources, and expense associated with the City's requirement to contribute to the Mahtomedi Firemen's Relief Association Plan, information about the Plan's fiduciary net position and additions to/deductions from the Mahtomedi Firemen's Relief Association Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

P. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred outflows of resources represent items which are related to the City's net pension liability and are to be recognized as outflows in future periods.

Deferred inflows of resources represent items which are related to the City's net pension liability and are to be recognized as inflows in future periods. In addition the City reports deferred inflows related to receivables which are not expected to be collected within the City's period of availability.

Q. FUND EQUITY

The City follows GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

Non-spendable – portions of fund balance related to prepaids, inventories, long-term receivables, and corpus on any permanent fund.

Restricted – funds are constrained by external 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. These constraints are established by the City Council and/or management. The City's fund balance policy established that the City Council also delegates the authority to assign fund balance to the City Administrator and Finance Director, jointly.

Unassigned – is the residual classification for the General Fund and also reflects 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 an unassigned fund balance range of 45% - 65% of the subsequent year’s budgeted expenditures.

R. INTERFUND TRANSACTIONS

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Interfund loans are reported as an interfund loan receivable or payable which offsets the movement of cash between funds. All other interfund transactions are reported as transfers.

S. COMPARATIVE DATA

The basic financial statements include certain prior-year summarized information in total, but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City’s financial statements for the year ended December 31, 2014, from which the summarized information was derived.

T. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles (GAAP) requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

U. CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year ended December 31, 2015, the City adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, and the related GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-an amendment of GASB Statement No. 68*. The primary objective of these Statements is to improve accounting and financial reporting by state and local governments for pensions. They also improve information provided by state and local governmental employers about financial support for pensions that is provided by other entities. See Note 15 for more detail of the effect of this change in accounting principle on the financial statements.

Note 2 DEPOSITS AND INVESTMENTS

A. DEPOSITS

In accordance with Minnesota Statutes, the City maintains deposits at those depository banks authorized by the City Council, all of which are members of the Federal Reserve System.

Minnesota Statutes require that all City deposits be protected by insurance, surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by insurance or bonds.

Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Clerk/Treasurer or in a financial institution other than that furnishing the collateral. Authorized collateral includes the following:

- (1) United States government treasury bills, treasury notes, treasury bonds;
- (2) Issues of United States government agencies and instrumentalities as quoted by a recognized industry quotation service available to the government City;
- (3) General obligation securities of any state or local government with taxing powers which is rated "A" or better by a national bond rating service, or revenue obligation securities of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service;
- (4) Unrated general obligation securities of a local government with taxing powers may be pledged as collateral against funds deposited by that same local government City;
- (5) Irrevocable standby letters of credit issued by Federal Home Loan Banks to a municipality accompanied by written evidence that the bank's public debt is rated "AA" or better by Moody's Investors Service, Inc., or Standard & Poor's Corporation; and
- (6) Time deposits that are fully insured by any federal agency.

B. INVESTMENTS

Minnesota Statutes authorize the City to invest in the following:

- a) Direct obligations or obligations guaranteed by the United States or its agencies, its instrumentalities, or organizations created by an act of congress, excluding mortgage-backed securities defined as high risk.
- b) Shares of investment companies registered under the Federal Investment Company Act of 1940 and whose only investments are in securities described in (a) above, general obligations tax-exempt securities, or repurchase or reverse repurchase agreements.
- c) Obligations of the State of Minnesota or any of its municipalities as follows:
 - (1) any security which is a general obligation of any state or local government with taxing powers which is rated "A" or better by a national bond rating service.
 - (2) any security which is a revenue obligation of any state or local government with taxing powers which is rated "AA" or better by a national bond rating service; and
 - (3) a general obligation of the Minnesota housing finance agency which is a moral obligation of the State of Minnesota and is rated "A" or better by a national bond rating agency.
- d) Bankers acceptance of United States banks eligible for purchase by the Federal Reserve System.
- e) Commercial paper issued by United States corporations or their Canadian subsidiaries, of the highest quality, and maturing in 270 days or less.
- f) Repurchase or reverse repurchase agreements with banks that are members of the Federal Reserve System with capitalization exceeding \$10,000,000; a primary reporting dealer in U.S. government securities to the Federal Reserve Bank of New York; certain Minnesota securities broker-dealers; or, a bank qualified as a depositor.
- g) General obligation temporary bonds of the same governmental City issued under section 429.091, subdivision 7, 469.178, subdivision 5 or 475.61, subdivision 6.
- h) Any security which is an obligation of a school district with an original maturity not exceeding 13 months and (i) rated in the highest category by a national bond rating service or (ii) enrolled in the credit enhancement program pursuant to section 126C.55.

As of December 31, 2015, the City had the following investments and maturities:

| Investment Type | Rating | Fair Value | Investment Maturities (in Years) | | | |
|------------------------------------|--------|----------------------|----------------------------------|----------------------|---------------------|----------------------|
| | | | Less Than 1 | 1-5 | 6-10 | Over 10 Years |
| Negotiable Certificates of Deposit | N/A | \$ 10,492,854 | \$ 890,364 | \$ 9,121,116 | \$ 481,374 | \$ - |
| Federal Home Loan Bank (1) | AA | 2,092,531 | - | 1,351,096 | 741,436 | - |
| Federal Farm Credit (1) | AA | 1,095,270 | - | 1,095,270 | - | - |
| External Investment Pool - 4M Fund | N/A | 2,302,487 | 2,302,487 | - | - | - |
| Money Market | N/A | 1,806,698 | 1,806,698 | - | - | - |
| Total | | <u>\$ 17,789,840</u> | <u>\$ 4,999,549</u> | <u>\$ 11,567,482</u> | <u>\$ 1,222,809</u> | <u>\$ -</u> |
| | | | Total investments | | | \$ 17,789,840 |
| | | | Petty cash | | | 200 |
| | | | Total cash and investments | | | <u>\$ 17,790,040</u> |

(1) These investments have call dates that occur in less than one year.

C. INVESTMENT RISKS

The City’s investment policy is to follow Minnesota State Statutes as described above which reduces the City’s exposure to credit, custodial credit, and interest rate risks. Specific risk information for the City is as follows:

Interest rate risk – The City’s investment policy requires the City to diversify its investment portfolio to eliminate the risk of loss resulting from over concentration of assets in a specific maturity. The policy also states the City’s investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

Credit risk – State law limits investments, as described on the previous page, by requiring certain ratings for different types of investments. The City’s investment policy does not further limit the ratings of their investments. The City’s external investment pool investment is with the 4M Fund which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities. The 4M Fund is an unrated 2a7-like pool and the fair value of the position in the pool is the same as the value of pool shares.

Concentration of credit risk – The City may invest no more than 5% of the overall portfolio in the securities of any single issuer except for securities of the U.S. Government and its agencies or an external investment pool. The City’s securities which are over 5% and invested in the U.S. Government are as follows:

| | |
|-------------------------|--------|
| Federal Home Loan Bank | 11.76% |
| Federal Farm Credit (1) | 6.16% |

D. CASH WITH ESCROW AGENT

The City had cash with escrow relating to the general obligation bond issued in 2013, used to refund the outstanding maturities of General Obligation Improvement Bonds, Series 2006A and General Obligation Water and Sewer Revenue Bonds, Series 2006B. As of December 31, 2015, the balance was \$-0-.

Note 3 RECEIVABLES

Significant receivables balances not expected to be collected within one year of December 31, 2015 are as follows:

| | Major Governmental Funds | | | Nonmajor Governmental Funds | Water Utility | Sewer Utility | Total |
|--------------------------------|--------------------------|------------------------|----------------------------------|-----------------------------------|------------------|------------------|--------------|
| | General | Closed Bond Fund | Improvement Bonds of 2013A | | | | |
| Special assessments receivable | \$ 2,865 | \$ 18,837 | \$ 417,501 | \$ 1,036,123 | \$ 1,860 | \$ 2,084 | \$ 1,479,270 |
| Delinquent property taxes | 145,497 | 7 | 1,002 | 1,198 | - | - | 147,704 |
| CDBG Loan Receivable | 133,900 | - | - | - | - | - | 133,900 |
| Total | \$ 282,262 | \$ 18,844 | \$ 418,503 | \$ 1,037,321 | \$ 1,860 | \$ 2,084 | \$ 1,760,874 |

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Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources and unearned revenue reported in the governmental funds were as follows:

| | <u>Unavailable</u> | <u>Unearned</u> |
|---|---------------------|-----------------|
| Delinquent property taxes receivable (General Fund) | \$ 25,778 | \$ - |
| Special assessments not yet due (General Fund) | 2,865 | - |
| Special assessments not yet due (Closed Bond Fund) | 18,844 | - |
| Special assessments not yet due (Improvement Bonds of 2013A) | 417,508 | - |
| Special assessments not yet due (Nonmajor Funds) | 1,036,124 | - |
| CDBG Loan (General Fund) | 133,900 | - |
| | <u>1,635,019</u> | <u>-</u> |
| Total deferred inflows of resources/unearned revenue for governmental funds | <u>\$ 1,635,019</u> | <u>\$ -</u> |

Note 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2015 was as follows:

| Primary Government | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|--|------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,397,546 | \$ - | \$ - | \$ 2,397,546 |
| Construction in progress | 7,062,974 | 2,151,419 | 2,823,087 | 6,391,306 |
| Total capital assets, not being depreciated | <u>9,460,520</u> | <u>2,151,419</u> | <u>2,823,087</u> | <u>8,788,852</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 6,444,535 | - | - | 6,444,535 |
| Other improvements | 2,425,866 | - | 125,584 | 2,300,282 |
| Machinery and equipment | 4,250,532 | 269,889 | 133,114 | 4,387,307 |
| Storm water | 2,093,055 | 578,055 | - | 2,671,110 |
| Streets | 6,180,962 | 1,951,171 | - | 8,132,133 |
| Total capital assets, being depreciated | <u>21,394,950</u> | <u>2,799,115</u> | <u>258,698</u> | <u>23,935,367</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 1,298,461 | 137,103 | - | 1,435,564 |
| Other improvements | 1,694,837 | 77,014 | 125,584 | 1,646,267 |
| Machinery and equipment | 1,963,431 | 257,512 | 133,114 | 2,087,829 |
| Storm water | 535,085 | 104,653 | - | 639,738 |
| Streets | 1,533,270 | 307,548 | - | 1,840,818 |
| Total accumulated depreciation | <u>7,025,084</u> | <u>883,830</u> | <u>258,698</u> | <u>7,650,216</u> |
| Total capital assets being depreciated - net | <u>14,369,866</u> | <u>1,915,285</u> | <u>-</u> | <u>16,285,151</u> |
| Governmental activities capital assets - net | <u>\$ 23,830,386</u> | <u>\$ 4,066,704</u> | <u>\$ 2,823,087</u> | <u>\$ 25,074,003</u> |

CITY OF MAHTOMEDI, MINNESOTA
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| Primary Government | <u>Beginning Balance</u> | <u>Increase</u> | <u>Decrease</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|-----------------|---------------------------|
| Business-type activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 2,875 | \$ - | \$ - | \$ 2,875 |
| Construction in progress | <u>952,965</u> | <u>12,834</u> | <u>-</u> | <u>965,800</u> |
| Total capital assets, not being depreciated | <u>955,840</u> | <u>12,834</u> | <u>-</u> | <u>968,675</u> |
| Capital assets, being depreciated: | | | | |
| Buildings | 2,148,550 | - | - | 2,148,550 |
| Distribution and collection system | 14,357,232 | 293,861 | - | 14,651,093 |
| Machinery and equipment | <u>1,062,455</u> | <u>-</u> | <u>29,496</u> | <u>1,032,959</u> |
| Total capital assets, being depreciated | <u>17,568,237</u> | <u>293,861</u> | <u>29,496</u> | <u>17,832,602</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 231,717 | 67,869 | - | 299,586 |
| Distribution and collection system | 5,453,932 | 348,929 | - | 5,802,861 |
| Machinery and equipment | <u>625,664</u> | <u>45,891</u> | <u>29,496</u> | <u>642,059</u> |
| Total accumulated depreciation | <u>6,311,313</u> | <u>462,689</u> | <u>29,496</u> | <u>6,744,506</u> |
| Total capital assets being depreciated - net | <u>11,256,924</u> | <u>(168,828)</u> | <u>-</u> | <u>11,088,096</u> |
| Business-type activities capital assets - net | <u>\$ 12,212,764</u> | <u>\$ (155,994)</u> | <u>\$ -</u> | <u>\$ 12,056,770</u> |

Depreciation expense was charged to functions/programs of the primary government as follows:

| | |
|---|-------------------|
| Governmental activities: | |
| General government | \$ 25,425 |
| Public safety | 175,534 |
| Streets | 464,945 |
| City parks | 107,224 |
| Storm water | 110,702 |
| Total depreciation expense - governmental activities | <u>\$ 883,830</u> |
| Business-type activities: | |
| Water | \$ 294,171 |
| Sewer | 168,518 |
| Total depreciation expense - business-type activities | <u>\$ 462,689</u> |

The City did not transfer any capital assets during the fiscal year between governmental and business-type activities.

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Note 5 LONG-TERM DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The reporting City’s long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

A. GOVERNMENTAL ACTIVITIES

As of December 31, 2015, the long-term debt of the financial reporting City consisted of the following:

| | Date | Final Maturity Date | Interest Rates | Original Issue | Payable 12/31/15 |
|--|-----------|------------------------|-------------------|----------------------|----------------------|
| Governmental activities | | | | | |
| General Obligation Bonds: | | | | | |
| Capital Improvement Bonds of 2008A | 9/1/2008 | 2/1/2029 | 4.45 | \$ 4,370,000 | \$ 3,450,000 |
| Improvement Bonds of 2008B | 9/1/2008 | 2/1/2024 | 4.15 | 1,595,000 | 965,000 |
| Improvement Bonds of 2011A | 9/28/2011 | 2/1/2022 | 2.56 | 1,135,000 | 825,000 |
| Improvement Bonds of 2013A | 7/17/2013 | 2/1/2025 | 1.7 | 3,123,021 | 3,123,021 |
| Improvement Bonds of 2014A | 6/26/2014 | 2/1/2025 | 2.19 | 3,265,000 | 3,265,000 |
| Unamortized Bond Premium (Discount) | | | | - | 56,749 |
| Total General Obligation Bonds, Net | | | | 16,553,021 | 11,684,770 |
| Net pension liability | | | | - | 729,039 |
| Compensated absences payable | | | | - | 131,492 |
| Total City indebtedness - governmental activities | | | | <u>\$ 16,553,021</u> | <u>\$ 12,545,301</u> |
| Business-type activities | | | | | |
| Revenue Bonds of 2007A | 12/1/2007 | 2/1/2028 | 4.14 | \$ 1,180,000 | \$ 870,000 |
| Revenue Bonds of 2008B-Water | 9/1/2008 | 2/1/2024 | 4.15 | 740,000 | 500,000 |
| Revenue Bonds of 2011A | 9/28/2011 | 2/1/2027 | 2.56 | 2,390,000 | 1,995,000 |
| Revenue Bonds of 2013A | 7/17/2013 | 2/1/2025 | 1.7 | 766,979 | 766,979 |
| Revenue Bonds of 2014A | 6/26/2014 | 2/1/2030 | 2.19 | 990,000 | 990,000 |
| Unamortized Bond Premium (Discount) | | | | - | 65,847 |
| Total Revenue Bonds, Net | | | | 7,421,979 | 5,187,826 |
| Net pension liability | | | | - | 235,320 |
| Compensated absences payable | | | | - | 34,232 |
| Total City indebtedness - business-type activities | | | | <u>\$ 7,421,979</u> | <u>\$ 5,457,378</u> |

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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Annual debt service requirements to maturity for long-term debt are as follows:

| Year Ending December 31, | Governmental Activities | | | | Total Governmental Activities | |
|-----------------------------|-------------------------|-------------------|-------------------------|---------------------|-------------------------------|---------------------|
| | G.O. Improvement Bonds | | G.O. Capital Impr Bonds | | Principal | Interest |
| | Principal | Interest | Principal | Interest | | |
| 2016 | \$ 890,938 | \$ 169,721 | \$ 190,000 | \$ 145,575 | \$ 1,080,938 | \$ 315,296 |
| 2017 | 902,083 | 153,666 | 195,000 | 137,394 | 1,097,083 | 291,060 |
| 2018 | 915,938 | 137,205 | 200,000 | 129,000 | 1,115,938 | 266,205 |
| 2019 | 922,083 | 119,743 | 210,000 | 120,287 | 1,132,083 | 240,030 |
| 2020 | 944,375 | 100,548 | 220,000 | 111,150 | 1,164,375 | 211,698 |
| 2021 | 954,375 | 79,492 | 225,000 | 101,694 | 1,179,375 | 181,186 |
| 2022 | 918,229 | 57,601 | 235,000 | 91,919 | 1,153,229 | 149,520 |
| 2023 | 605,000 | 39,080 | 245,000 | 81,719 | 850,000 | 120,799 |
| 2024 | 610,000 | 23,001 | 260,000 | 70,987 | 870,000 | 93,988 |
| 2025 | 515,000 | 7,260 | 270,000 | 59,556 | 785,000 | 66,816 |
| 2026 | - | - | 280,000 | 47,525 | 280,000 | 47,525 |
| 2027 | - | - | 295,000 | 34,763 | 295,000 | 34,763 |
| 2028 | - | - | 305,000 | 21,263 | 305,000 | 21,263 |
| 2029 | - | - | 320,000 | 7,200 | 320,000 | 7,200 |
| Total | <u>\$ 8,178,021</u> | <u>\$ 887,317</u> | <u>\$ 3,450,000</u> | <u>\$ 1,160,032</u> | <u>\$ 11,628,021</u> | <u>\$ 2,047,349</u> |

| Year Ending December 31, | Business-Type Activities Improvement Bonds | |
|-----------------------------|---|-------------------|
| | Principal | Interest |
| | 2016 | \$ 404,061 |
| 2017 | 422,917 | 132,788 |
| 2018 | 419,063 | 123,475 |
| 2019 | 437,917 | 113,328 |
| 2020 | 445,625 | 101,772 |
| 2021 | 455,625 | 89,189 |
| 2022 | 466,771 | 75,889 |
| 2023 | 365,000 | 63,071 |
| 2024 | 375,000 | 50,701 |
| 2025 | 330,000 | 38,939 |
| 2026 | 340,000 | 27,920 |
| 2027 | 345,000 | 16,459 |
| 2028 | 160,000 | 7,624 |
| 2029 | 75,000 | 3,525 |
| 2030 | 80,000 | 1,200 |
| Total | <u>\$ 5,121,979</u> | <u>\$ 987,698</u> |

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
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B. CHANGE IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2015 was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| G.O. improvement | \$ 9,953,021 | \$ - | \$ (1,775,000) | \$ 8,178,021 | \$ 890,938 |
| G.O. stormwater revenue bonds | 245,000 | - | (245,000) | - | - |
| G.O. capital improvement bonds | 3,630,000 | - | (180,000) | 3,450,000 | 190,000 |
| Unamortized Bond Premium (Discount) | 64,720 | - | (7,971) | 56,749 | - |
| Net pension liability | 704,967 | 131,558 | (107,486) | 729,039 | - |
| Compensated absences | 128,663 | 260,049 | (257,221) | 131,491 | 77,414 |
| Total government activity long-term liabilities | <u>\$ 14,726,371</u> | <u>\$ 391,607</u> | <u>\$ (2,572,678)</u> | <u>\$ 12,545,301</u> | <u>\$ 1,158,352</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| G.O. water and sewer revenue bonds | \$ 6,191,979 | \$ - | \$ (1,070,000) | \$ 5,121,979 | \$ 404,063 |
| Unamortized Bond Premium (Discount) | 71,353 | - | (5,506) | 65,847 | - |
| Net pension liability | 228,835 | 41,780 | (35,295) | 235,320 | - |
| Compensated absences | 33,427 | 75,820 | (75,015) | 34,232 | 17,343 |
| Total business-type activity long-term liabilities | <u>\$ 6,525,594</u> | <u>\$ 117,600</u> | <u>\$ (1,185,816)</u> | <u>\$ 5,457,378</u> | <u>\$ 421,406</u> |

For the governmental activities, compensated absences are generally liquidated by the General Fund.

All long-term bonded indebtedness outstanding at December 31, 2015 is backed by the full faith and credit of the City.

On July 17, 2013, the City issued General Obligation Bonds Series 2013A in the amount of \$3,890,000 to advance refund the outstanding portions of the General Obligation Bonds Series 2006A and 2006B with maturity dates of February 1, 2015 through February 1, 2022 of \$1,380,000 and \$960,000, respectively. This refunding resulted in actual cash savings of \$138,324 with a new present value of \$128,236.

Note 6 PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED BENEFIT PLANS

PLAN DESCRIPTION

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

1. General Employees Retirement Fund (GERF)

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

2. Public Employees Police and Fire Fund (PEPFF)

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

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% 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. GERF Benefits

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

equal 90 and normal retirement age is 65. For members hired on or after July 1, 1989, normal retirement age is the age for unreduced Social Security benefits capped at 66. Disability benefits are available for vested members and are based upon years of service and average high-five salary.

2. PEPFF Benefits

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

CONTRIBUTIONS

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

1. GERS Contributions

Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.50%, respectively, of their annual covered salary in calendar year 2015. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2015. The City contributions to the GERS for the year ended December 31, 2015, were \$68,646. 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 2015. The City was required to contribute 16.20% of pay for PEPFF members in calendar year 2015. The City contributions to the PEPFF for the year ended December 31, 2015, were \$24,866. The City contributions were equal to the required contributions as set by state statute.

PENSION COSTS

1. GERS Pension Costs

At December 31, 2015, the City reported a liability of \$782,560 for its proportionate share of the GERS' net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion share was .0151 % which was an increase of .0011% from its proportion measured as of June 30, 2014.

CITY OF MAHTOMEDI, MINNESOTA
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For the year ended December 31, 2015, the City recognized pension expense of \$91,395 for its proportionate share of the GERS's pension expense.

At December 31, 2015, 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 | \$ - | \$ 39,454 |
| Changes in Actuarial Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 74,081 | - |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | - | 38,754 |
| City Contributions Subsequent to the Measurement Date | 35,016 | - |
| Total | <u>\$ 109,097</u> | <u>\$ 78,208</u> |

A total of \$35,016 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Pension Expenses Amount |
|--------------------|----------------------------|
| 2016 | \$ (7,549) |
| 2017 | (7,549) |
| 2018 | (7,549) |
| 2019 | 18,520 |
| 2020 | - |
| Thereafter | - |

CITY OF MAHTOMEDI, MINNESOTA
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2. PEPFF Pension Costs

At December 31, 2015, the City reported a liability of \$181,797 for its proportionate share of the PEPFF's net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the City's contributions received by PERA during the measurement period for employer payroll paid dates from July 1, 2014, through June 30, 2015, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2015, the City's proportion was .016% which was the same as the City's proportion measured as of June 30, 2014.

For the year ended December 31, 2015, the City recognized pension expense of \$31,328 for its proportionate share of the PEPFF's pension expense. The City also recognized \$1,440 for the year ended December 31, 2015, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota's on-behalf contributions to the PEPFF. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the PEPFF each year, starting in fiscal year 2014.

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

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ - | \$ 29,482 |
| Changes in Actuarial Assumptions | - | - |
| Net Difference Between Projected and Actual Investment Earnings | 31,675 | - |
| Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions | - | - |
| City Contributions Subsequent to the Measurement Date | 12,608 | - |
| Total | <u>\$ 44,283</u> | <u>\$ 29,482</u> |

A total of \$12,608 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Pension Expenses Amount |
|--------------------|----------------------------|
| 2016 | \$ 2,022 |
| 2017 | 2,022 |
| 2018 | 2,022 |
| 2019 | 2,022 |
| 2020 | (5,895) |
| Thereafter | - |

ACTUARIAL ASSUMPTIONS

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

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

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

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

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

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

DISCOUNT RATE

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

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:

| Description | 1% Decrease in Discount Rate (6.90%) | Current Discount Rate (7.90%) | 1% Increase in Discount Rate (8.90%) |
|---|---|----------------------------------|---|
| City's Proportionate Share of the GERF Net Pension Liability | \$ 1,230,463 | \$ 782,560 | \$ 412,662 |
| City's Proportionate Share of the PEPFF Net Pension Liability | 354,325 | 181,799 | 39,260 |

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.

B. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION (PERA) - DEFINED CONTRIBUTION

PLAN DESCRIPTION

Four council members of the City of Mahtomedi are covered by the Public Employees Defined Contribution pension plan administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the Public Employees Defined Contribution Plan (PEDCP) which is a multiple-employer deferred compensation plan administered by PERA.

The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies the employee and employer contribution rates for those qualified personnel who elect to participate. An eligible elected official who decides to participate contributes 5% of salary which is matched by the elected official’s employer. For ambulance service personnel, employer contributions are determined by the employer, and salaried employees must be a fixed percentage of salary. Employer contributions for volunteer personnel may be a unit value for each call or period of alert duty. Employees who are paid for their services may elect to make member contributions in an amount not to exceed the employer share. Employer and employee contributions are combined and used to purchase shares in one or more of the seven accounts of the Minnesota Supplemental Investment Fund. For administering the plan, PERA receives 2% of employer contributions and twenty-five hundredths of one percent of the assets in each member’s account.

Total contributions made by the City during fiscal year 2015 were:

| | Amount | | Percentage of Covered Payroll | | Required Rates |
|-------|-----------|----------|-------------------------------|----------|----------------|
| | Employees | Employer | Employees | Employer | |
| PEDCP | \$ 420 | \$ 420 | 5.0 % | 5.0 % | 5.0 % |

C. FIRE RELIEF ASSOCIATION

PLAN DESCRIPTION

The Volunteer Firefighters of the City of Mahtomedi are members of the Mahtomedi Firemen's Relief Association. The Association is the administrator of the single-employer defined benefit pension plan available to firefighters. The plan is administered pursuant to Minnesota Statutes Chapter 69, Chapter 424A, and the Association's by-laws. As of December 31, 2014, membership includes 27 active participants, 1 inactive member, and 11 terminated employees entitled to benefit but not yet receiving them. The plan issues a stand-alone financial statement.

BENEFITS PROVIDED

Authority for payment of pension benefits is established in Minnesota Statutes §69.771 and 424A.091, and may be amended only by the Minnesota State Legislature. Each member who is at least 50 years of age, has retired from the Fire Department, has served at least 20 years of active service with such department before retirement shall be entitled to a lump sum service pension in the amount of \$4,900 for each year of active Fire Department service but not exceeding the maximum amount per year of service allowed by law for the minimum average amount of available financing per firefighter as prescribed by law.

Pursuant to Minnesota Statutes §424A.02, Subds. 2 and 4, members who retire with 10 years of service and have reached the age of 50 years are eligible for a retirement benefit. Members who retire before full retirement age and years of service requirements are eligible for a reduced benefit, based on the vesting schedule as set forth in Minnesota Statutes Statutes §424A.02, Subd. 2(c). During the time a member is on early vested pension, they will not be eligible for disability benefits.

The Association also provides death and disability benefits, whereby the disabled employee or beneficiary is entitled to receive benefits as defined by the plan.

Minnesota Statutes Section 424A.10 provides for the payment of a supplemental benefit equal to 10% of a regular lump sum distribution up to a maximum of \$1,000. The supplemental benefit is in lieu of state income tax exclusion for lump sum distributions and will no longer be available if state tax law is modified to exclude lump sum distributions from state income tax. The Association qualifies for these benefits.

CONTRIBUTIONS

Minnesota Statutes Chapter 424A.092 specifies minimum support rates required on an annual basis. The minimum support rates from the municipality and from state aid are determined as the amount required to meet the normal cost plus amortizing any existing prior service costs over a 10-year period. The significant actuarial assumptions used to compute the municipal support are the same as those used to compute the accrued pension liability. The association is comprised of volunteers; therefore, there are no payroll expenditures (i.e. there are no covered payroll percentage calculations). The minimum contribution from the City of Mahtomedi and state aid is determined as follows:

| | |
|---|--|
| | Normal Cost |
| + | Amortization Payment on Unfunded Accrued Liability Prior to Any Change |
| + | Amortization Contribution on Unfunded Accrued Liability Attributed to Any Change |
| + | Administrative Expenses |
| - | Anticipated State Aid |
| - | Projected Investment Earnings |
| = | <u>Total Contribution Required</u> |

The Plan is funded in part by fire state aid and, if necessary, City contributions. The State of Minnesota distributed to the City \$68,886 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2014. Required employer contributions are calculated annually based on statutory provisions. The City’s statutorily-required contribution to the plan for the year ended December 31, 2014 was \$-0-.

PENSION COSTS

At December 31, 2015, the City reported an asset of \$742,814 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

As a result of its requirement to contribute to the Relief Association, the City recognized a reduction in public safety expense of \$45,795 for the year ended December 31, 2015. At December 31, 2015, the City reported deferred outflows of resources and deferred inflows of resources from the following sources:

| Description | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences Between Expected and Actual Economic Experience | \$ - | \$ - |
| Changes in Actuarial Assumptions | - | - |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 29,537 | - |
| City Contributions Subsequent to the Measurement Date | - | - |
| Total | \$ 29,537 | \$ - |

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

The City was not statutorily-required to make contributions to the Association subsequent to the measurement date, so no related deferred outflows of resources were reported. Other amounts reported as deferred outflows and inflows of resources related to the Association’s pension will be recognized in pension expense as follows:

| Year Ended December 31 | Pension Expense Amount |
|------------------------|---------------------------|
| 2016 | \$ 7,384 |
| 2017 | 7,384 |
| 2018 | 7,384 |
| 2019 | 7,385 |
| 2020 | - |
| Thereafter | - |

ACTUARIAL ASSUMPTIONS

The actuarial total pension liability was determined as of December 31, 2014, using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|--|
| Valuation Date | 12/31/14 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar Closed |
| Actuarial Assumptions: | |
| Discount Rate | 6.25% |
| Investment Rate of Return | 6.25% |
| 20-Year Municipal Bond Yield | 3.56% |
| Inflation Rate | 2.75% |
| Age of Service Retirement | 50 |
| Mortality | <p><u>Healthy Pre-retirement:</u> RP-2000 non-annuitant generational mortality projected with scale AA, white collar adjustment, male rates set back 2 years, female rates set back 2 years.</p> <p><u>Healthy Post-retirement:</u> RP-2000 annuitant generational mortality projected with scale AA, white collar adjustment, without age adjustments.</p> <p><u>Disabled:</u> RP-2000 healthy annuitant mortality table, white collar adjustment, set forward eight years for males and females.</p> |

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These asset class estimates are combined to produce the portfolio long-term expected rate of return by weighting the expected future real rates of return by weighting the expected future real rates of return by the current asset allocation percentage (or target allocation, if available) and by adding expected inflation.

The best-estimate of expected future real rates of return were developed by aggregating data from several published capital market assumption surveys and deriving a single best-estimate based on the average survey values. These capital market assumptions reflect both historical market experience as well as diverse views regarding anticipated future returns. The expected inflation assumption was developed based on an analysis of historical experience blended with forward-looking expectations available in market data.

Best estimates of geometric real and nominal rates of return for each major asset class included in the pension plan's asset allocation as of December 31, 2015 are summarized in the following table:

| Asset Class | Allocation at December 31, 2014 | Long-Term Expected Real Rate of Return | Long-Term Expected Nominal Rate of Return |
|------------------------------|---------------------------------------|--|---|
| Domestic Equity | 56.32% | 5.00% | 7.75% |
| International Equity | 4.56% | 5.00% | 7.75% |
| Fixed Income | 16.13% | 1.75% | 4.50% |
| Real Estate and Alternatives | 2.10% | 4.00% | 6.75% |
| Cash Equivalents | 20.89% | 25.00% | 3.00% |
| Total Portfolio | 100.00% | 3.50% | 6.25% |

DISCOUNT RATE

The discount rate used to measure the total pension liability was 6.25%. Assets were projected using expected benefit payments and expected asset returns. Expected benefit payments were discounted by year using expected assets return assumption for years in which the assets were sufficient to pay all benefit payments. Any remaining benefit payments after the trust fund is exhausted are discounted at the municipal bond rate of return. The equivalent single rate is the discount rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

PENSION LIABILITY SENSITIVITY

The following presents the City of Mahtomedi's proportionate share of the net pension liability of the Association, calculated using the discount rate of 6.25%, as well as what the Association's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.25%) or one percentage point higher (7.25%) than the current rate:

| | 1% Decrease | Selected Discount Rate | 1% Increase |
|-------------------------------|--------------|---------------------------|--------------|
| Net Pension Liability (Asset) | \$ (704,637) | \$ (742,814) | \$ (778,488) |
| Discount Rate | 5.25% | 6.25% | 7.25% |

PLAN'S FIDUCIARY NET POSITION

The Relief Association issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Mahtomedi Firemen's Relief Association, 600 Stillwater Road, Mahtomedi, Minnesota, 55115.

Note 7 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Individual interfund receivable and payable balances at December 31, 2015 are as follows:

| Fund | Due from Other Funds | Due to Other Funds |
|--------------------------|-------------------------|-----------------------|
| General Fund | \$ 2,284,809 | \$ - |
| 2014 Street Improvements | - | 1,166,745 |
| 2015 Street Improvements | - | 843,369 |
| Nonmajor Funds | | |
| Interim Construction | - | 274,695 |
| Total | <u>\$ 2,284,809</u> | <u>\$ 2,284,809</u> |

The interfund receivable and payable reflects the temporary funding of incomplete interim construction projects. When these projects are completed they will be funded from the available funds as identified in the Capital Improvement Financing Plan.

Interfund transfers:

| | Transfer In | | | | Total |
|-----------------------------|-------------------------------|--------------------------------|--|----------------------------------|---------------------|
| | Major Funds | | | Nonmajor Governmental Fund | |
| | Improvement Bonds of 2013A | Street Improvements 2014 | Equipment and Building Replacement | | |
| Transfer out: | | | | | |
| General Fund | \$ 284,644 | \$ - | \$ 346,510 | \$ 809,211 | \$ 1,440,365 |
| Improvement Bonds of 2013A | - | - | - | 31,770 | 31,770 |
| Closed Bond Fund | - | - | - | 2,894 | 2,894 |
| Nonmajor governmental funds | 221,388 | 265,787 | - | 267,468 | 754,643 |
| Total transfers | <u>\$ 506,032</u> | <u>\$ 265,787</u> | <u>\$ 346,510</u> | <u>\$ 1,111,343</u> | <u>\$ 2,229,672</u> |

Interfund transfers allow the City to allocate financial resources to the funds that receive benefit from services provided by another fund or to transfer funds based on the City's Capital Improvement Financing Plan. The City's interfund transfers fall under these categories. All of the 2015 transfers are considered routine and consistent with previous practices.

Note 8 COMMITMENTS AND CONTINGENCIES

A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Workers compensation coverage is provided through a pooled self-insurance program through the League of Minnesota Cities Insurance Trust (LMCIT). The City pays an annual premium to LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through Workers Compensation Reinsurance Association (WCRA) as required by law. For workers compensation, the City is not subject to a deductible. The City's workers compensation coverage is retrospectively rated. With this type of coverage, final premiums are determined after loss experience is known. The amount of premium adjustment, if any, is considered immaterial and not recorded until received or paid.

Property and casualty, automobile and general liability insurance coverage is provided through a pooled self-insurance program through the LMCIT. The City pays an annual premium to the LMCIT. The City is subject to supplemental assessments if deemed necessary by the LMCIT. The LMCIT reinsures through commercial companies for claims in excess of various amounts. For all coverages, the City has a \$5,000 deductible with a \$10,000 general aggregate. If the general aggregate is exceeded then there is a \$1,000 deductible per loss per time.

The City continues to carry commercial insurance for all other risks of loss, including employee health and disability.

There were no significant reductions in insurance from the previous year or settlements in excess of insurance coverage for any of the past three fiscal years.

B. FEDERAL AND STATE FUNDS

The City receives financial assistance from state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with the terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the applicable fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2015.

C. TAX INCREMENT DISTRICTS

The City's tax increment districts are subject to review by the State of Minnesota Office of the State Auditor (OSA). Any disallowed claims or misuse of tax increments could become a liability of the applicable fund. Management has indicated that they are not aware of any other instances of noncompliance which could have a material effect on the financial statements.

D. PAY-AS-YOU-GO AGREEMENTS

The City had one tax increment pay-as-you-go agreement. This agreement is not a general obligation of the City and is payable solely from available tax increments. Accordingly, this agreement is not reflected in the financial statements of the City. Details of the pay-as-you-go revenue agreement is as follows:

TIF DISTRICT #6

Within TIF District #6, there is a pay-as-you-go agreement whereby a portion (50% - 90%) of the tax increments received is paid to the developer as reimbursement of site improvement costs. The agreement will continue until the earlier of February 1, 2016 or the date the developer has received total payments of \$1,909,725 (\$774,259 has been received as of December 31, 2015). This TIF district was decertified December 31, 2015.

Note 9 DEFERRED AD VALOREM TAX LEVIES - BONDED DEBT

General obligation bond issues sold by the City are financed by ad valorem tax levies and special assessment bond issues sold by the City are partially financed by ad valorem tax levies in addition to special assessments levied against the benefiting properties. When a bond issue to be financed partially or completely by ad valorem tax levies is sold, specific annual amounts of such tax levies are stated in the bond resolution and the County Auditor is notified and instructed to levy these taxes over the appropriate years. The future tax levies are subject to cancellation when and if the City has provided alternative sources of financing. The City Council is required to levy any additional taxes found necessary for full payment of principal and interest.

These future scheduled tax levies are not shown as assets in the accompanying financial statements at December 31, 2015.

Future scheduled tax levies for all bonds outstanding at December 31, 2015 totaled \$9,365,263.

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
December 31, 2015

Note 10 FUND BALANCES

At December 31, 2015, the City had various fund balances through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2015 are shown on the various balance sheets as segregations of the fund balance. The fund balances are as follows:

| | Total | Non-spendable | Restricted | Committed | Assigned | Unassigned |
|---------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
| General Fund | \$ 2,569,051 | \$ - | \$ - | \$ - | \$ - | \$ 2,569,051 |
| Inventories | 58,824 | 58,824 | - | - | - | - |
| Prepaid items | 28,075 | 28,075 | - | - | - | - |
| Fire department equipment and housing | 13,561 | - | - | - | 13,561 | - |
| Park improvements | 6,798 | - | - | - | 6,798 | - |
| Cable equipment | 264,011 | - | - | - | 264,011 | - |
| Compensated absences | 131,492 | - | - | - | 131,492 | - |
| Incomplete construction projects | 2,284,809 | - | - | 2,284,809 | - | - |
| Street improvements | - | - | - | - | - | - |
| Total General Fund | 5,356,621 | 86,899 | - | 2,284,809 | 415,862 | 2,569,051 |
| Closed Bond Fund: | | | | | | |
| Debt Service | 1,109,963 | - | - | - | 1,109,963 | - |
| Improvement Bonds of 2013A: | | | | | | |
| Debt Service | 673,560 | - | 673,560 | - | - | - |
| Equipment and Building Replacement: | | | | | | |
| Capital asset replacement | 3,010,711 | - | - | - | 3,010,711 | - |
| 2014 Street Improvement: | | | | | | |
| Capital asset replacement | (1,264,189) | - | - | - | - | (1,264,189) |
| 2015 Street Improvement: | | | | | | |
| Capital asset replacement | (889,605) | - | - | - | - | (889,605) |
| Utility Capital Projects: | | | | | | |
| Water improvements | 271,603 | - | - | - | 271,603 | - |
| Sewer improvements | 834,091 | - | - | - | 834,091 | - |
| Total Utility Capital Projects | 1,105,694 | - | - | - | 1,105,694 | - |
| Nonmajor Governmental Funds: | | | | | | |
| Inventories | 24,061 | 24,061 | - | - | - | - |
| Prepaid Items | 869 | 869 | - | - | - | - |
| Debt Service | 1,487,875 | - | 1,487,875 | - | - | - |
| Capital Asset Replacement | 1,163,760 | - | 32,906 | - | 1,130,854 | - |
| Park Improvements | 392,099 | - | 392,099 | - | - | - |
| Stormwater Improvements | 1,228,004 | - | - | 1,228,004 | - | - |
| Deficit Fund Balance | (298,781) | - | - | - | - | (298,781) |
| Total Nonmajor Funds | 3,997,887 | 24,930 | 1,912,880 | 1,228,004 | 1,130,854 | (298,781) |
| Total Fund Balances | \$ 13,100,642 | \$ 111,829 | \$ 2,586,440 | \$ 3,512,813 | \$ 6,773,084 | \$ 116,476 |

Note 11 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Balances

The City has deficit fund balances at December 31, 2015 as follows:

| | Fund Balance Deficit |
|---------------------------|-------------------------|
| Interim Construction Fund | \$ (298,781) |
| 2014 Street Improvements | (1,264,189) |
| 2015 Street Improvements | (889,605) |

The City intends to fund this deficit from available resources identified in the Capital Improvement Financing Plan as the projects close.

Note 12 COMMITTED CONTRACTS

At December 31, 2015, the City had the following commitments for uncompleted construction contracts:

| | |
|--|---------------------|
| 2013 Lift Station Rehabilitation | \$ 13,829 |
| Historic District Improvements - Phase 1 (CP 13-01) | 69,229 |
| Phase 2 - Historic District Improvements (CP 16-01) | 3,553,963 |
| Hamline Lake Streetcar Trail Improvements (CP 15-02) | 281,489 |
| Total | <u>\$ 3,918,510</u> |

Note 13 CONDUIT DEBT OBLIGATION

The City has issued Rental Housing Revenue Bonds and an Educational Facilities Revenue Note to provide financial assistance to a private-sector entity for the acquisition and construction of two 70-unit senior citizen apartment buildings, a 69-unit assisted living apartment building and an educational facility all deemed to be in the public interest. The bonds and note are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds and note, ownership of the acquired facilities transfers to the private-sector entity served by the debt issuance. Neither the City, the State, nor any other political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

In 2005, Series 1999 of the Senior Housing Revenue Bonds were called and Series 2005 Senior Housing Revenue Bonds were issued. This was refinanced in 2015, so it is no longer a conduit of the City.

CITY OF MAHTOMEDI, MINNESOTA
NOTES TO FINANCIAL STATEMENTS
 December 31, 2015

In 2008, the Briarcliff Apartment Project Rental Housing Revenue bonds were called and Series 2008 were issued.

As of December 31, 2015, there was one Rental Housing Revenue Bond and one Educational Facilities Revenue Note outstanding, with an aggregate principal amount payable of \$7,183,066.

Note 14 OPERATING LEASES

The City received revenue from agreements for the lease of space for antennas placed on the old garage site, the north water tower, and a new cell phone tower Verizon put up in Southwest park.

Terms of this lease are as follows:

| Location | 2015 Lease Amount | Annual Lease Adjustment Factor | Expiration Date | Renewal Options |
|---------------------------------|-------------------------|--------------------------------------|--------------------|--------------------|
| Old garage site* | \$ 40,980 | Greater of CPI or 4% | 8/31/2019 | 5-Year Terms |
| North water tower site | 13,800 | Per schedule | 12/31/2017 | 5-Year Terms |
| North water tower site | 13,784 | Per schedule | 12/31/2019 | 5-Year Terms |
| SW Park Site | 20,000 | 3% increase | 12/31/2019 | 5-Year Terms |
| Future T Mobile lease receipts: | | | | |
| 2016 | \$ 28,946 | | | |
| 2017 | 30,393 | | | |
| | <u>\$ 59,339</u> | | | |

*Amounts for future lease receipts are unavailable because they are based on the Consumer Price Index.

Note 15 PRIOR PERIOD ADJUSTMENT DUE TO CHANGE IN ACCOUNTING PRINCIPLE

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

| | Governmental Activities | Business-Type Activities |
|--|----------------------------|-----------------------------|
| Net Position, December 31, 2014, as Previously Reported | \$ 26,126,264 | \$ 11,690,347 |
| Cumulative Affect of Application of GASB 68, Net Pension Liability | (704,967) | (228,835) |
| Cumulative Affect of Application of GASB 68, Net Pension Asset | 726,556 | - |
| Cumulative Affect of Application of GASB 71, Deferred Outflow of Resources for City Contributions Made to the Plan During Fiscal Year Ending December 31, 2014 | 33,635 | 9,617 |
| Net Position, December 31, 2014, as Restated | <u>\$ 26,181,488</u> | <u>\$ 11,471,129</u> |

Note 16 Subsequent Event

On April 5, 2016 the City awarded the sale of \$8,640,000 General Improvement and Refunding Bond, series 2016A. The Series 2016A bonds were dated and delivered April 26, 2016. The bonds are being issued pursuant to Minnesota Statutes, Chapters 429, 444, 475 and Section 475.67. The 2016A bonds included a new issuance of \$4,070,000 for the Phase II of the City's Historic District improvements and \$4,570,000 for the advanced crossover refunding of the 2007A, 2008A, and 2008B bond issuances. The cash savings related to the crossover refunding of the 2007A, 2008A, and 2008B bonds totaled \$636,197. The net present value savings related to the crossover refunding of the 2007A, 2008A, and 2008B bonds totaled \$578,137.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

Statement 10
Page 1 of 4

| Revenue: | Budgeted Amounts Original and Final | 2015 Actual Amounts | Variance with Final Budget |
|---------------------------------------|--|---------------------------|-------------------------------|
| General property taxes: | | | |
| Current and delinquent | \$ 3,768,385 | \$ 3,857,758 | \$ 89,373 |
| Penalties and interest | - | 1,771 | 1,771 |
| Total general property taxes | <u>3,768,385</u> | <u>3,859,529</u> | <u>91,144</u> |
| Licenses and permits | <u>196,790</u> | <u>209,683</u> | <u>12,893</u> |
| Intergovernmental: | | | |
| State aids: | | | |
| Firefighter's relief aid | 69,352 | 73,627 | 4,275 |
| Other | 62,900 | 84,888 | 21,988 |
| Total state aids | <u>132,252</u> | <u>158,515</u> | <u>26,263</u> |
| Local: | | | |
| Recycling grant | 15,678 | 15,902 | 224 |
| Police aid | 44,919 | 49,180 | 4,261 |
| Other | - | 124,268 | 124,268 |
| Total local | <u>60,597</u> | <u>189,350</u> | <u>128,753</u> |
| Total intergovernmental | <u>192,849</u> | <u>347,865</u> | <u>155,016</u> |
| Charges for services: | | | |
| Fire contracts | 138,741 | 138,741 | - |
| Ambulance | 298,500 | 318,203 | 19,703 |
| Administrative fee - Enterprise Funds | 44,500 | 44,500 | - |
| Building charge - Enterprise Funds | 50,000 | 50,000 | - |
| Recycling | 79,280 | 80,006 | 726 |
| Certified recycling | - | 4,189 | 4,189 |
| Franchise fees | 114,500 | 145,938 | 31,438 |
| Other | 38,500 | 21,380 | (17,120) |
| Total charges for services | <u>764,021</u> | <u>802,957</u> | <u>38,936</u> |
| Fines and forfeits | <u>25,000</u> | <u>32,202</u> | <u>7,202</u> |
| Other revenue: | | | |
| Investment income (loss) | 25,000 | 38,556 | 13,556 |
| Other | 72,600 | 115,468 | 42,868 |
| Total other revenue | <u>97,600</u> | <u>154,024</u> | <u>56,424</u> |
| Total revenue | <u>5,044,645</u> | <u>5,406,260</u> | <u>361,615</u> |

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

Statement 10
Page 2 of 4

| Expenditures: | <u>Budgeted Amounts Original and Final</u> | <u>2015 Actual Amounts</u> | <u>Variance with Final Budget</u> |
|-----------------------------|--|------------------------------------|---------------------------------------|
| General government: | | | |
| Mayor and council: | | | |
| Current: | | | |
| Personal services | \$ 20,675 | \$ 20,519 | \$ 156 |
| Contractual services | 25,719 | 22,457 | 3,262 |
| Other | 21,652 | 19,201 | 2,451 |
| Total mayor and council | <u>68,046</u> | <u>62,177</u> | <u>5,869</u> |
| Administration: | | | |
| Current: | | | |
| Personal services | 470,152 | 471,422 | (1,270) |
| Materials and supplies | 16,500 | 14,146 | 2,354 |
| Contractual services | 21,395 | 20,612 | 783 |
| Other | 9,100 | 5,509 | 3,591 |
| Total current | <u>517,147</u> | <u>511,689</u> | <u>5,458</u> |
| Capital outlay | - | 303 | (303) |
| Total administration | <u>517,147</u> | <u>511,992</u> | <u>5,155</u> |
| Communications: | | | |
| Current: | | | |
| Contractual services | 44,660 | 38,566 | 6,094 |
| Total current | <u>44,660</u> | <u>38,566</u> | <u>6,094</u> |
| Professional services: | | | |
| Current: | | | |
| Contractual services | 286,707 | 296,020 | (9,313) |
| Total professional services | <u>286,707</u> | <u>296,020</u> | <u>(9,313)</u> |
| Elections: | | | |
| Current: | | | |
| Personal services | 7,160 | 2,354 | 4,806 |
| Materials and supplies | 800 | 540 | 260 |
| Contractual services | 1,000 | 600 | 400 |
| Other | 1,200 | 673 | 527 |
| Total elections | <u>10,160</u> | <u>4,167</u> | <u>5,993</u> |
| City buildings: | | | |
| Current: | | | |
| Personal services | 26,007 | 21,814 | 4,193 |
| Materials and supplies | 10,000 | 15,498 | (5,498) |
| Contractual services | 73,902 | 70,040 | 3,862 |
| Other | 18,350 | 14,689 | 3,661 |
| Total City buildings | <u>128,259</u> | <u>122,041</u> | <u>6,218</u> |
| Total general government | <u>1,054,979</u> | <u>1,034,963</u> | <u>20,016</u> |

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

Statement 10
Page 3 of 4

| | <u>Budgeted Amounts Original and Final</u> | <u>2015 Actual Amounts</u> | <u>Variance with Final Budget</u> |
|---------------------------|--|------------------------------------|---------------------------------------|
| Expenditures: (continued) | | | |
| Public safety: | | | |
| Police protection: | | | |
| Current: | | | |
| Contractual services | \$ 475,326 | \$ 481,456 | \$ (6,130) |
| Fire protection: | | | |
| Current: | | | |
| Personal services | 305,660 | 258,135 | 47,525 |
| Materials and supplies | 85,640 | 178,713 | (93,073) |
| Contractual services | 65,893 | 58,139 | 7,754 |
| Other | 44,910 | 32,595 | 12,315 |
| Total current | <u>502,103</u> | <u>527,582</u> | <u>(25,479)</u> |
| Capital outlay | <u>-</u> | <u>4,948</u> | <u>(4,948)</u> |
| Total fire protection | <u>502,103</u> | <u>532,530</u> | <u>(30,427)</u> |
| Ambulance service: | | | |
| Current: | | | |
| Personal services | 195,681 | 179,857 | 15,824 |
| Materials and supplies | 31,700 | 30,569 | 1,131 |
| Contractual services | 25,502 | 20,979 | 4,523 |
| Other | 22,500 | 12,276 | 10,224 |
| Total current | <u>275,383</u> | <u>243,681</u> | <u>31,702</u> |
| Capital outlay | <u>-</u> | <u>4,948</u> | <u>(4,948)</u> |
| Total ambulance service | <u>275,383</u> | <u>248,629</u> | <u>26,754</u> |
| Juvenile services: | | | |
| Current: | | | |
| Contractual services | <u>13,818</u> | <u>13,818</u> | <u>-</u> |
| Code enforcement: | | | |
| Current: | | | |
| Contractual services | <u>142,600</u> | <u>126,850</u> | <u>15,750</u> |
| Animal control: | | | |
| Current: | | | |
| Contractual services | <u>5,500</u> | <u>5,894</u> | <u>(394)</u> |
| Recycling: | | | |
| Current: | | | |
| Contractual services | <u>94,957</u> | <u>95,814</u> | <u>(857)</u> |
| Human Services: | | | |
| Current: | | | |
| Contractual services | <u>10,600</u> | <u>10,600</u> | <u>-</u> |
| Total public safety | <u>1,520,287</u> | <u>1,515,591</u> | <u>4,696</u> |

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
Year Ended December 31, 2015

Statement 10
Page 4 of 4

| | <u>Budgeted Amounts Original and Final</u> | <u>2015 Actual Amounts</u> | <u>Variance with Final Budget</u> |
|--------------------------------------|--|------------------------------------|---------------------------------------|
| Expenditures: (continued) | | | |
| Streets: | | | |
| Street maintenance: | | | |
| Current: | | | |
| Personal services | \$ 234,026 | \$ 203,218 | \$ 30,808 |
| Materials and supplies | 83,250 | 38,406 | 44,844 |
| Contractual services | 189,750 | 190,935 | (1,185) |
| Other | 5,000 | 4,257 | 743 |
| Total current | <u>512,026</u> | <u>436,816</u> | <u>75,210</u> |
| Capital outlay | <u>175,000</u> | <u>1,500</u> | <u>173,500</u> |
| Total street maintenance | <u>687,026</u> | <u>438,316</u> | <u>248,710</u> |
| Street lighting: | | | |
| Current: | | | |
| Contractual services | <u>62,750</u> | <u>49,522</u> | <u>13,228</u> |
| Total streets | <u>749,776</u> | <u>487,838</u> | <u>261,938</u> |
| City parks: | | | |
| Current: | | | |
| Personal services | 135,073 | 118,738 | 16,335 |
| Materials and supplies | 26,000 | 22,054 | 3,946 |
| Contractual services | 90,315 | 113,260 | (22,945) |
| Other | 25,350 | 27,521 | (2,171) |
| Total current | <u>276,738</u> | <u>281,573</u> | <u>(4,835)</u> |
| Capital outlay | <u>2,500</u> | <u>-</u> | <u>2,500</u> |
| Total City parks | <u>279,238</u> | <u>281,573</u> | <u>(2,335)</u> |
| Total expenditures | <u>3,604,280</u> | <u>3,319,965</u> | <u>284,315</u> |
| Revenue over expenditures | <u>1,440,365</u> | <u>2,086,295</u> | <u>77,300</u> |
| Other financing sources (uses): | | | |
| Transfers out | <u>(1,440,365)</u> | <u>(1,440,365)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(1,440,365)</u> | <u>(1,440,365)</u> | <u>-</u> |
| Net increase in fund balance | <u>\$ -</u> | <u>645,930</u> | <u>\$ 77,300</u> |
| Fund balance - January 1 | | <u>4,710,691</u> | |
| Fund balance - December 31 | | <u>\$ 5,356,621</u> | |

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
NOTE TO RSI
December 31, 2015

Note A BUDGETS

The General Fund budget is legally adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the fund level for the General Fund.

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE MAHTOMEDI FIREMEN'S RELIEF ASSOCIATION'S NET PENSION
LIABILITY (ASSET)
December 31, 2015

| | <u>2014</u> |
|--|---------------------|
| Total Pension Asset | |
| Service Cost | \$ 46,898 |
| Interest | 61,110 |
| Differences Between Expected and Actual Experience | - |
| Changes of Assumptions | - |
| Changes of Benefit Terms | - |
| Benefit Payments, Including Member Contribution Refunds | (25,800) |
| Other Changes | - |
| Net Change in Total Pension Liability | <u>82,208</u> |
| Total Pension Liability - Beginning | <u>943,762</u> |
| Total Pension Liability - Ending (a) | <u>1,025,970</u> |
| Plan Fiduciary Net Position | |
| Municipal Contributions | - |
| State Contributions | 68,886 |
| Net Investment Income | 68,413 |
| Benefit Payments | (25,800) |
| Administrative Expenses | (5,217) |
| Other Changes | (7,816) |
| Net Change in Fiduciary Net Position | <u>98,466</u> |
| Fiduciary Net Position - Beginning | <u>1,670,318</u> |
| Fiduciary Net Position - Ending (b) | <u>1,768,784</u> |
| Association's Net Pension Liability/(Asset) - Ending (a) - (b) | <u>\$ (742,814)</u> |
| Fiduciary Net Position as a Percentage of the Total Pension Liability | 172.40% |
| Covered-Employee Payroll | N/A |
| Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll | N/A |

Information prior to 2014 is not available at this time.

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CITY CONTRIBUTIONS TO MAHTOMEDI FIREMEN'S RELIEF ASSOCIATION
December 31, 2015

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Statutorily Required Contribution | \$ - | \$ - |
| Contributions in Relation to the Statutorily Required Contribution | - | - |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |

Information prior to 2014 is not available at this time.

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
PERA SCHEDULE OF CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
December 31, 2015

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

| | <u>Measurement</u> <u>Date 6/30/2015</u> | <u>Measurement</u> <u>Date 6/30/2014</u> |
|---|---|---|
| City's Proportion of the Net Pension Liability | 0.0151% | 0.0162% |
| City's Proportionate Share of the Net Pension Liability | \$ 782,560 | \$ 760,995 |
| City's Covered-Employee Payroll | 887,323 | 854,274 |
| City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll | 88.19% | 89.08% |
| Plan Fiduciary Net Position as a Percentage of the total Pension Liability | 78.20% | 78.70% |

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

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

| | <u>Measurement</u> <u>Date 6/30/2015</u> | <u>Measurement</u> <u>Date 6/30/2014</u> |
|---|---|---|
| City's Proportion of the Net Pension Liability | 0.0160% | 0.0160% |
| City's Proportionate Share of the Net Pension Liability | \$ 181,799 | \$ 172,807 |
| City's Covered-Employee Payroll | 149,328 | 142,249 |
| City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered-Employee Payroll | 121.74% | 121.48% |
| Plan Fiduciary Net Position as a Percentage of the total Pension Liability | 86.61% | 87.10% |

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

Information prior to 2014 is not available at this time.

CITY OF MAHTOMEDI, MINNESOTA
REQUIRED SUPPLEMENTARY INFORMATION
PERA SCHEDULE OF CITY CONTRIBUTIONS
December 31, 2015

GERF Schedule of City Contributions

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Statutorily Required Contribution | \$ 68,646 | \$ 63,447 |
| Contributions in Relation to the Statutorily Required Contribution | (68,646) | (63,447) |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 915,280 | \$ 875,131 |
| Contributions as a Percentage of Covered Employee Payroll | 7.50% | 7.25% |

PEPFF Schedule of City Contributions
Last Two Years

| | <u>2015</u> | <u>2014</u> |
|--|-------------|-------------|
| Statutorily Required Contribution | \$ 24,866 | \$ 22,445 |
| Contributions in Relation to the Statutorily Required Contribution | (24,866) | (22,445) |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> |
| City's Covered-Employee Payroll | \$ 153,494 | \$ 146,699 |
| Contributions as a Percentage of Covered Employee Payroll | 16.20% | 15.30% |

Information prior to 2014 is not available at this time.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

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NONMAJOR GOVERNMENTAL FUNDS

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CITY OF MAHTOMEDI, MINNESOTA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

Statement 11

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

| | Special Revenue | Debt Service | Capital Project | Totals | |
|---|---------------------|---------------------|---------------------|--------------------------------|---------------------|
| | | | | Nonmajor Governmental Funds | |
| | | | | 2015 | 2014 |
| Assets | | | | | |
| Cash and investments | \$ 1,146,938 | \$ 1,487,036 | \$ 1,605,282 | \$ 4,239,256 | \$ 4,404,212 |
| Accounts receivable - net | 83,049 | - | 480 | 83,529 | 79,999 |
| Special assessments receivable - net | 6,973 | 732,261 | 296,889 | 1,036,123 | 1,028,587 |
| Due from Other Government | - | - | 383 | 383 | 26,960 |
| Property taxes receivable: | | | | | |
| Due from County | 246 | 837 | 115 | 1,198 | 947 |
| Inventories | 24,061 | - | - | 24,061 | 22,103 |
| Prepaid items | 869 | - | - | 869 | 812 |
| Total assets | \$ 1,262,136 | \$ 2,220,134 | \$ 1,903,149 | \$ 5,385,419 | \$ 5,563,620 |
| Liabilities, Deferred Inflows of Resources, and Fund Balance | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 261 | \$ - | \$ 25,231 | \$ 25,492 | \$ 99,343 |
| Salaries payable | 1,710 | - | - | 1,710 | 1,415 |
| Due to other funds | - | - | 274,695 | 274,695 | 618,390 |
| Due to other governmental units | 257 | - | 49,255 | 49,512 | 212 |
| Total liabilities | 2,228 | - | 349,181 | 351,409 | 719,360 |
| Deferred Inflows of Resources: | | | | | |
| Unavailable Resources | 6,974 | 732,261 | 296,889 | 1,036,124 | 1,028,589 |
| Fund Balance: | | | | | |
| Non-spendable | 24,930 | - | - | 24,930 | 22,915 |
| Restricted | - | 1,487,873 | 425,006 | 1,912,879 | 1,761,301 |
| Committed | 1,228,004 | - | - | 1,228,004 | 1,417,262 |
| Assigned | - | - | 1,130,854 | 1,130,854 | 1,256,906 |
| Unassigned | - | - | (298,781) | (298,781) | (642,713) |
| Total fund balance | 1,252,934 | 1,487,873 | 1,257,079 | 3,997,886 | 3,815,671 |
| Total liabilities, deferred inflow of resources and fund balance | \$ 1,262,136 | \$ 2,220,134 | \$ 1,903,149 | \$ 5,385,419 | \$ 5,563,620 |

CITY OF MAHTOMEDI, MINNESOTA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 12

| | Special Revenue | Debt Service | Capital Project | Totals | |
|--------------------------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|
| | | | | Nonmajor Governmental Funds | |
| | | | | 2015 | 2014 |
| Revenue: | | | | | |
| Tax increments | \$ - | \$ - | \$ 91,142 | \$ 91,142 | \$ 91,515 |
| Special assessments | - | 227,915 | 154,151 | 382,066 | 266,890 |
| Intergovernmental | - | - | - | - | 2,235 |
| Charges for services | 302,354 | - | - | 302,354 | 288,132 |
| Investment income | 20,404 | 14,692 | 28,175 | 63,271 | 100,020 |
| Park dedication fees | - | - | - | - | 3,000 |
| Gambling proceeds | - | - | 13,193 | 13,193 | 14,418 |
| Total revenue | <u>322,758</u> | <u>242,607</u> | <u>299,994</u> | <u>865,359</u> | <u>766,210</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | - | - | 315,100 | 315,100 | 324,914 |
| Streets | - | - | 204,091 | 204,091 | 86,225 |
| City parks | - | - | 31,060 | 31,060 | 12,079 |
| Stormwater | 208,233 | - | - | 208,233 | 162,471 |
| Developer incentives | - | - | 45,571 | 45,571 | 45,757 |
| Debt service: | | | | | |
| Principal | - | 600,000 | - | 600,000 | 580,000 |
| Interest | - | 329,834 | - | 329,834 | 244,068 |
| Paying agent fees/fiscal charges | - | 11,923 | - | 11,923 | 7,032 |
| Total expenditures | <u>208,233</u> | <u>941,757</u> | <u>595,822</u> | <u>1,745,812</u> | <u>1,462,546</u> |
| Revenues under expenditures | <u>114,525</u> | <u>(699,150)</u> | <u>(295,828)</u> | <u>(880,453)</u> | <u>(696,336)</u> |
| Other financing sources (uses): | | | | | |
| Transfers in | - | 861,909 | 249,434 | 1,111,343 | 1,362,185 |
| Transfers out | (301,768) | (187,088) | (265,787) | (754,643) | (84,767) |
| Sale of Fixed Assets | - | - | 293,861 | 293,861 | - |
| Total other financing sources (uses) | <u>(301,768)</u> | <u>674,821</u> | <u>277,508</u> | <u>650,561</u> | <u>1,277,418</u> |
| Net change in fund balance | (187,243) | (24,329) | (18,320) | (229,892) | 581,082 |
| Fund balance - January 1 | <u>1,440,177</u> | <u>1,512,202</u> | <u>1,275,399</u> | <u>4,227,778</u> | <u>3,234,589</u> |
| Fund balance - December 31 | <u>\$ 1,252,934</u> | <u>\$ 1,487,873</u> | <u>\$ 1,257,079</u> | <u>\$ 3,997,886</u> | <u>\$ 3,815,671</u> |

CITY OF MAHTOMEDI, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR STORM WATER SPECIAL REVENUE FUND
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

Statement 13

| Assets | Storm Water | |
|--|-------------------------|-------------------------|
| | 2015 | 2014 |
| Cash and investments | \$ 1,146,938 | \$ 1,365,605 |
| Accounts receivable | 83,049 | 78,457 |
| Special assessments receivable - net: | | |
| Delinquent | 566 | 840 |
| Certified | 6,408 | 6,221 |
| Less: Estimated uncollectible | (1) | (1) |
| Due from County | 246 | 10 |
| Inventories | 24,061 | 22,103 |
| Prepaid items | 869 | 812 |
| Total assets | \$ 1,262,136 | \$ 1,474,047 |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 261 | \$ 25,182 |
| Salaries payable | 1,710 | 1,415 |
| Due to other governmental units | 257 | 212 |
| Total liabilities | 2,228 | 26,809 |
| Deferred Inflows of Resources, and Fund Balance: | | |
| Unavailable Resources | 6,974 | 7,061 |
| Fund Balance: | | |
| Non-spendable | 24,930 | 22,915 |
| Committed | 1,228,004 | 1,417,262 |
| Total fund balance | 1,252,934 | 1,440,177 |
| Total liabilities, deferred inflows of resources and fund balance | \$ 1,262,136 | \$ 1,474,047 |

CITY OF MAHTOMEDI, MINNESOTASUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR STORM WATER SPECIAL REVENUE FUND**Statement 14**

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| | Storm Water | |
|----------------------------|---------------------|---------------------|
| | 2015 | 2014 |
| Revenue: | | |
| Charges for services: | | |
| Storm water fees: | | |
| Billings to customers | \$ 290,039 | \$ 276,334 |
| Penalties | 5,666 | 5,771 |
| Certified storm water | 6,649 | 6,027 |
| Investment income | 20,404 | 37,033 |
| Total revenue | <u>322,758</u> | <u>325,165</u> |
| Expenditures: | | |
| Current: | | |
| Storm water | <u>208,233</u> | <u>162,471</u> |
| Revenue over expenditures | <u>114,525</u> | <u>162,694</u> |
| Other financing uses: | | |
| Transfers out | <u>(301,768)</u> | <u>(35,300)</u> |
| Net change in fund balance | (187,243) | 127,394 |
| Fund balance - January 1 | <u>1,440,177</u> | <u>1,312,783</u> |
| Fund balance - December 31 | <u>\$ 1,252,934</u> | <u>\$ 1,440,177</u> |

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CITY OF MAHTOMEDI, MINNESOTA

SUBCOMBINING BALANCE SHEET

NONMAJOR DEBT SERVICE FUNDS

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

| Assets | Improvement Bonds of 2006A | Storm Water Revenue Bonds 2006B | Equipment Certificates 2007B |
|---|----------------------------------|---------------------------------------|------------------------------------|
| Cash and investments | \$ - | \$ - | \$ - |
| Special assessments receivable: | - | - | - |
| Delinquent | - | - | - |
| Deferred | - | - | - |
| Less: Estimated uncollectible | - | - | - |
| Due from County | - | - | - |
| Total assets | \$ - | \$ - | \$ - |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | |
| Liabilities: | | | |
| Due to other funds | \$ - | \$ - | \$ - |
| Deferred Inflows of Resources: | | | |
| Unavailable Resources | - | - | - |
| Fund Balance: | | | |
| Restricted | - | - | - |
| Unassigned | - | - | - |
| Total fund balance | - | - | - |
| Total liabilities, deferred inflows of resources, and fund balance | \$ - | \$ - | \$ - |

| Capital Improvement 2008A | Improvement Bonds of 2008B | Improvement Bonds 2011A | Improvement Bonds 2014A | Totals Nonmajor Debt Service Funds | |
|---------------------------------|----------------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------|
| | | | | 2015 | 2014 |
| \$ 300,236 | \$ 502,173 | \$ 207,357 | \$ 477,270 | \$ 1,487,036 | \$ 1,149,964 |
| - | - | - | 395 | 395 | - |
| - | 184,305 | 117,317 | 430,317 | 731,939 | 880,159 |
| - | (18) | (12) | (43) | (73) | (87) |
| - | 467 | 202 | 168 | 837 | 937 |
| <u>\$ 300,236</u> | <u>\$ 686,927</u> | <u>\$ 324,864</u> | <u>\$ 908,107</u> | <u>\$ 2,220,134</u> | <u>\$ 2,030,973</u> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,894 |
| - | 184,287 | 117,305 | 430,669 | 732,261 | 880,073 |
| 300,236 | 502,640 | 207,559 | 477,438 | 1,487,873 | 1,150,900 |
| - | - | - | - | - | (2,894) |
| <u>300,236</u> | <u>502,640</u> | <u>207,559</u> | <u>477,438</u> | <u>1,487,873</u> | <u>1,148,006</u> |
| <u>\$ 300,236</u> | <u>\$ 686,927</u> | <u>\$ 324,864</u> | <u>\$ 908,107</u> | <u>\$ 2,220,134</u> | <u>\$ 2,030,973</u> |

CITY OF MAHTOMEDI, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

| | Improvement Bonds of 2006A | Storm Water Revenue Bonds 2006B | Equipment Certificates 2007B | Capital Improvement 2008A |
|----------------------------------|----------------------------------|---------------------------------------|------------------------------------|---------------------------------|
| Revenue: | | | | |
| Special assessments: | | | | |
| Current and delinquent | \$ 35,608 | \$ - | \$ - | \$ - |
| Investment income | 2,835 | - | - | 1,227 |
| Total revenue | <u>38,443</u> | <u>-</u> | <u>-</u> | <u>1,227</u> |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal | 180,000 | 25,000 | - | 180,000 |
| Interest | 29,651 | 4,900 | - | 153,438 |
| Paying agent fees/fiscal charges | 5,900 | 2,348 | - | 799 |
| Total expenditures | <u>215,551</u> | <u>32,248</u> | <u>-</u> | <u>334,237</u> |
| Revenue under expenditures | (177,108) | (32,248) | - | (333,010) |
| Other financing sources (uses): | | | | |
| Transfers In | | 31,770 | 2,894 | 356,593 |
| Transfers Out | <u>(187,088)</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Net change in fund balance | (364,196) | (478) | 2,894 | 23,583 |
| Fund balance - January 1 | <u>364,196</u> | <u>478</u> | <u>(2,894)</u> | <u>276,653</u> |
| Fund balance - December 31 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 300,236</u> |

Statement 16

| Improvement Bonds of 2008B | Improvement Bonds 2011A | Improvement Bonds 2014A | Totals Nonmajor Debt Service Funds | |
|----------------------------------|-------------------------------|-------------------------------|---------------------------------------|---------------------|
| | | | 2015 | 2014 |
| \$ 64,951 | \$ 28,673 | \$ 98,683 | \$ 227,915 | \$ 225,914 |
| 6,475 | 1,685 | 2,470 | 14,692 | 20,037 |
| <u>71,426</u> | <u>30,358</u> | <u>101,153</u> | <u>242,607</u> | <u>245,951</u> |
| 105,000 | 110,000 | - | 600,000 | 580,000 |
| 42,073 | 21,875 | 77,897 | 329,834 | 244,068 |
| 934 | 662 | 1,280 | 11,923 | 7,032 |
| <u>148,007</u> | <u>132,537</u> | <u>79,177</u> | <u>941,757</u> | <u>831,100</u> |
| (76,581) | (102,179) | 21,976 | (699,150) | (585,149) |
| 55,793 | 102,797 | 312,062 | 861,909 | 541,460 |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(187,088)</u> | <u>-</u> |
| (20,788) | 618 | 334,038 | (24,329) | (43,689) |
| <u>523,428</u> | <u>206,941</u> | <u>143,400</u> | <u>1,512,202</u> | <u>1,191,695</u> |
| <u>\$ 502,640</u> | <u>\$ 207,559</u> | <u>\$ 477,438</u> | <u>\$ 1,487,873</u> | <u>\$ 1,148,006</u> |

CITY OF MAHTOMEDI, MINNESOTA
SUBCOMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

| Assets | <u>Park</u> | <u>Future Water Improvements</u> | <u>County Turnback</u> | <u>Street Improvements</u> |
|---|--------------------------|--|----------------------------|--------------------------------|
| Cash and investments | \$ 392,366 | \$ 19,893 | \$ 32,907 | \$ 1,110,846 |
| Special Assessments Receivables | - | - | - | 244,769 |
| Due from County | - | - | - | 115 |
| Due from Other Government | - | - | - | - |
| Accounts Receivable | 480 | - | - | - |
| Total assets | <u>\$ 392,846</u> | <u>\$ 19,893</u> | <u>\$ 32,907</u> | <u>\$ 1,355,730</u> |
| Liabilities, Deferred Inflows of Resources and Fund Balance | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 747 | \$ - | \$ - | \$ - |
| Due to Other Governments | - | - | - | - |
| Due to Other Funds | - | - | - | - |
| Total liabilities | <u>747</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Deferred Inflows of Resources: | | | | |
| Unavailable Resources | - | - | - | 244,769 |
| Fund Balance: | | | | |
| Restricted | 392,099 | - | 32,907 | - |
| Assigned | - | 19,893 | - | 1,110,961 |
| Unassigned | - | - | - | - |
| Total fund balance | <u>392,099</u> | <u>19,893</u> | <u>32,907</u> | <u>1,110,961</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 392,846</u> | <u>\$ 19,893</u> | <u>\$ 32,907</u> | <u>\$ 1,355,730</u> |

Statement 17

| Interim Construction | 2012 Street Improvements | Tax Increment #6 | Totals Nonmajor Capital Project Funds | |
|-------------------------|--------------------------------|------------------------|--|---------------------|
| | | | 2015 | 2014 |
| \$ - | \$ 15 | \$ 49,255 | \$ 1,605,282 | \$ 1,888,643 |
| 52,120 | - | - | 296,889 | 141,455 |
| - | - | - | 115 | - |
| 383 | - | - | 383 | 26,960 |
| - | - | - | 480 | 1,542 |
| <u>\$ 52,503</u> | <u>\$ 15</u> | <u>\$ 49,255</u> | <u>\$ 1,903,149</u> | <u>\$ 2,058,600</u> |
| | | | | |
| \$ 24,469 | \$ 15 | \$ - | \$ 25,231 | \$ 74,161 |
| - | - | 49,255 | 49,255 | - |
| 274,695 | - | - | 274,695 | 615,496 |
| <u>299,164</u> | <u>15</u> | <u>49,255</u> | <u>349,181</u> | <u>689,657</u> |
| | | | | |
| 52,120 | - | - | 296,889 | 141,455 |
| - | - | - | 425,006 | 610,401 |
| - | - | - | 1,130,854 | 1,256,906 |
| (298,781) | - | - | (298,781) | (639,819) |
| <u>(298,781)</u> | <u>-</u> | <u>-</u> | <u>1,257,079</u> | <u>1,227,488</u> |
| | | | | |
| <u>\$ 52,503</u> | <u>\$ 15</u> | <u>\$ 49,255</u> | <u>\$ 1,903,149</u> | <u>\$ 2,058,600</u> |

CITY OF MAHTOMEDI, MINNESOTA
SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECT FUNDS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

| | <u>Park</u> | <u>Future Water Improvements</u> | <u>County Turnback</u> | <u>Street Improvements</u> |
|-----------------------------------|-------------------|--|----------------------------|--------------------------------|
| Revenue: | | | | |
| Special assessments | \$ - | \$ - | \$ - | \$ 120,896 |
| Tax increments | - | - | - | - |
| Intergovernmental | - | - | - | - |
| Gambling proceeds | 13,193 | - | - | - |
| Park dedication fees | - | - | - | - |
| Miscellaneous revenues | 13,333 | - | - | - |
| Investment income | 5,148 | 289 | 477 | 18,577 |
| Total revenue | <u>31,674</u> | <u>289</u> | <u>477</u> | <u>139,473</u> |
| Expenditures: | | | | |
| Current: | | | | |
| General government | - | - | - | 27 |
| Streets | - | - | - | - |
| Parks | 31,060 | - | - | - |
| Developer incentives | - | - | - | - |
| Total expenditures | <u>31,060</u> | <u>-</u> | <u>-</u> | <u>27</u> |
| Revenue over (under) expenditures | 614 | 289 | 477 | 139,446 |
| Other financing sources (uses): | | | | |
| Transfer in | 70,000 | - | - | - |
| Transfer out | - | - | - | (265,787) |
| Sale of Fixed Assets | - | - | - | - |
| Net change in fund balance | 70,614 | 289 | 477 | (126,341) |
| Fund balance - January 1 | <u>321,485</u> | <u>19,604</u> | <u>32,430</u> | <u>1,237,302</u> |
| Fund balance - December 31 | <u>\$ 392,099</u> | <u>\$ 19,893</u> | <u>\$ 32,907</u> | <u>\$ 1,110,961</u> |

Statement 18

| Interim Construction | 2012 Street Improvements | Tax Increment #6 | Totals Nonmajor Capital Project Funds | |
|-------------------------|--------------------------------|------------------------|--|---------------------|
| | | | 2015 | 2014 |
| \$ 33,255 | \$ - | \$ - | \$ 154,151 | \$ 40,976 |
| - | - | 91,142 | 91,142 | 91,515 |
| - | - | - | - | 2,235 |
| - | - | - | 13,193 | 14,418 |
| - | - | - | - | 3,000 |
| - | - | - | 13,333 | - |
| - | - | 3,684 | 28,175 | 42,950 |
| <u>33,255</u> | <u>-</u> | <u>94,826</u> | <u>299,994</u> | <u>195,094</u> |
| - | 9,332 | 305,741 | 315,100 | 324,914 |
| 204,091 | - | - | 204,091 | 86,225 |
| - | - | - | 31,060 | 12,079 |
| - | - | 45,571 | 45,571 | 45,757 |
| <u>204,091</u> | <u>9,332</u> | <u>351,312</u> | <u>595,822</u> | <u>468,975</u> |
| (170,836) | (9,332) | (256,486) | (295,828) | (273,881) |
| - | 179,434 | - | 249,434 | 820,725 |
| - | - | - | (265,787) | (49,467) |
| - | 293,861 | - | 293,861 | - |
| (170,836) | 463,963 | (256,486) | (18,320) | 497,377 |
| <u>(127,945)</u> | <u>(463,963)</u> | <u>256,486</u> | <u>1,275,399</u> | <u>730,111</u> |
| <u>\$ (298,781)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 1,257,079</u> | <u>\$ 1,227,488</u> |

CITY OF MAHTOMEDI, MINNESOTA
SPECIAL REVENUE FUND - STORM WATER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 19

| | 2015 | | | 2014 Actual |
|--------------------------------------|---------------------|---------------------|-------------------------------|---------------------|
| | Budgeted Amounts | Actual | Variance With Final Budget | |
| Revenue: | | | | |
| Charges for services: | | | | |
| Storm water fees: | | | | |
| Billings to customers | \$ 287,000 | \$ 290,039 | \$ 3,039 | \$ 276,334 |
| Penalties | 4,500 | 5,666 | 1,166 | 5,771 |
| Certified storm water | - | 6,649 | 6,649 | 6,027 |
| Investment income (loss) | 5,000 | 20,404 | 15,404 | 37,033 |
| Total revenue | <u>296,500</u> | <u>322,758</u> | <u>26,258</u> | <u>325,165</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Storm water: | | | | |
| Personal services | 66,188 | 57,449 | 8,739 | 54,586 |
| Materials and supplies | 13,550 | 4,995 | 8,555 | 8,699 |
| Contractual services | 83,375 | 115,478 | (32,103) | 47,168 |
| Administrative charge - General Fund | 4,500 | 4,500 | - | 4,500 |
| Other | 28,982 | 25,811 | 3,171 | 27,793 |
| Total current | <u>196,595</u> | <u>208,233</u> | <u>(11,638)</u> | <u>142,746</u> |
| Capital outlay | - | - | - | 19,725 |
| Total expenditures | <u>196,595</u> | <u>208,233</u> | <u>(11,638)</u> | <u>162,471</u> |
| Revenue over (under) expenditures | 99,905 | 114,525 | 14,620 | 162,694 |
| Other financing sources (uses): | | | | |
| Transfer in | - | - | - | - |
| Transfer to Capital Projects Fund | (122,640) | (189,434) | 66,794 | (35,300) |
| Transfer to Debt Service Fund | - | (112,334) | - | - |
| Net change in fund balance | <u>\$ (22,735)</u> | <u>(187,243)</u> | <u>\$ 81,414</u> | 127,394 |
| Fund balance - January 1 | | <u>1,440,177</u> | | <u>1,312,783</u> |
| Fund balance - December 31 | | <u>\$ 1,252,934</u> | | <u>\$ 1,440,177</u> |

CITY OF MAHTOMEDI, MINNESOTA

BALANCE SHEET

CLOSED BOND FUND

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

Statement 20

| | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 1,109,963 | \$ 1,096,769 |
| Special assessments receivable - net | 18,837 | 18,055 |
| Property taxes receivable | <u>7</u> | <u>10</u> |
| Total assets | <u>\$ 1,128,807</u> | <u>\$ 1,114,834</u> |
| Deferred Inflows of Resources and Fund Balance | | |
| Deferred Inflows of Resources: | | |
| Unavailable Resources | \$ 18,844 | \$ 18,065 |
| Fund Balance: | | |
| Assigned | <u>1,109,963</u> | <u>1,096,769</u> |
| Total deferred inflows of resources, and fund balance | <u>\$ 1,128,807</u> | <u>\$ 1,114,834</u> |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
CLOSED BOND FUND

Statement 21

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| | <u>2015</u> | <u>2014</u> |
|---------------------------------|----------------------------|----------------------------|
| Revenues: | | |
| Special assessments | \$ 3 | \$ - |
| Investment income (loss) | 16,085 | 29,769 |
| Total revenues | <u>16,088</u> | <u>29,769</u> |
| Revenue over expenditures | 16,088 | 29,769 |
| Other financing sources (uses): | | |
| Transfers out | <u>(2,894)</u> | <u>-</u> |
| Net change in fund balance | 13,194 | 29,769 |
| Fund balance - January 1 | <u>1,096,769</u> | <u>1,067,000</u> |
| Fund balance - December 31 | <u><u>\$ 1,109,963</u></u> | <u><u>\$ 1,096,769</u></u> |

CITY OF MAHTOMEDI, MINNESOTA

BALANCE SHEET

Improvement Bonds of 2013A

December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 22

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Assets | | |
| Cash and investments | \$ 672,566 | \$ 1,771,073 |
| Special assessments receivable - net | 417,501 | 318,005 |
| Due from County | <u>1,002</u> | <u>786</u> |
| Total assets | <u>\$ 1,091,069</u> | <u>\$ 2,089,864</u> |
| Deferred Inflows of Resources and Fund Balance | | |
| Deferred Inflows of Resources: | | |
| Unavailable Resources | \$ 417,508 | \$ 318,005 |
| Fund Balance: | | |
| Restricted | <u>673,561</u> | <u>1,771,859</u> |
| Total liabilities, deferred inflows of resources, and fund balance | <u>\$ 1,091,069</u> | <u>\$ 2,089,864</u> |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES

Statement 23

Improvement Bonds of 2013A

Year Ended December 31, 2015

(With Summarized Financial Information for Year Ended December 31, 2014)

| | <u>2015</u> | <u>2014</u> |
|----------------------------------|-------------------|---------------------|
| Revenues: | | |
| Special assessments | \$ 54,347 | \$ 96,466 |
| Investment income (loss) | 18,293 | (7,658) |
| Total revenues | <u>72,640</u> | <u>88,808</u> |
| Expenditures: | | |
| Debt Service | | |
| Principal | 220,000 | - |
| Interest | 44,223 | 47,582 |
| Paying agent fees/fiscal charges | 977 | 749 |
| Total expenditures | <u>265,200</u> | <u>48,331</u> |
| Revenue over expenditures | (192,560) | 40,477 |
| Other financing sources: | | |
| Payment of Refunded Bonds | (1,380,000) | - |
| Transfers In | 506,032 | 24,830 |
| Transfers Out | (31,770) | - |
| Total other financing sources | <u>(905,738)</u> | <u>24,830</u> |
| Net change in fund balance | (1,098,298) | 65,307 |
| Fund balance - January 1 | <u>1,771,859</u> | <u>1,706,552</u> |
| Fund balance - December 31 | <u>\$ 673,561</u> | <u>\$ 1,771,859</u> |

CITY OF MAHTOMEDI, MINNESOTA

BALANCE SHEET

2014 Street Improvements

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

Statement 24

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|--------------------|-------------------|
| Assets | | |
| Due from other governmental units | <u>\$ -</u> | <u>\$ 156,504</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 3,991 | \$ 106,607 |
| Contracts payable | 93,453 | 156,941 |
| Due to other funds | <u>1,166,745</u> | <u>786,338</u> |
| Total liabilities | 1,264,189 | 1,049,886 |
| Fund Balance: | | |
| Assigned | <u>(1,264,189)</u> | <u>(893,382)</u> |
| Total liabilities and fund balance | <u>\$ -</u> | <u>\$ 156,504</u> |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
2014 STREET IMPROVEMENTS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 25

| | <u>2015</u> | <u>2014</u> |
|-------------------------------|------------------------------|----------------------------|
| Revenues: | | |
| Intergovernmental | \$ 79,066 | \$ 784,531 |
| Miscellaneous | - | 750 |
| Total revenues | <u>79,066</u> | <u>785,281</u> |
| Expenditures: | | |
| Capital outlay: | | |
| Streets | <u>715,660</u> | <u>4,706,316</u> |
| Revenue under expenditures | (636,594) | (3,921,035) |
| Other financing sources: | | |
| Bonds issued | - | 3,265,000 |
| Bond premium | - | 74,831 |
| Transfers in | 265,787 | - |
| Transfers out | - | (299,793) |
| Total other financing sources | <u>265,787</u> | <u>3,040,038</u> |
| Net change in fund balance | (370,807) | (880,997) |
| Fund balance - January 1 | <u>(893,382)</u> | <u>(12,385)</u> |
| Fund balance - December 31 | <u><u>\$ (1,264,189)</u></u> | <u><u>\$ (893,382)</u></u> |

CITY OF MAHTOMEDI, MINNESOTA

BALANCE SHEET

2015 Street Improvements

December 31, 2015

(With Summarized Financial Information as of December 31, 2014)

Statement 26

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|------------------|-----------------|
| Assets | | |
| Due from other governmental units | <u>\$ -</u> | <u>\$ -</u> |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ 1,854 | \$ 9,543 |
| Contracts payable | 44,382 | - |
| Due to other funds | <u>843,369</u> | <u>38,368</u> |
| Total liabilities | 889,605 | 47,911 |
| Fund Balance: | | |
| Assigned | <u>(889,605)</u> | <u>(47,911)</u> |
| Total liabilities and fund balance | <u>\$ -</u> | <u>\$ -</u> |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
2015 STREET IMPROVEMENTS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 27

| | <u>2015</u> | <u>2014</u> |
|----------------------------|----------------------------|---------------------------|
| Revenues: | | |
| Intergovernmental | \$ 265,359 | \$ - |
| Expenditures: | | |
| Capital outlay: | | |
| Streets | <u>1,107,053</u> | <u>47,911</u> |
| Revenue under expenditures | (841,694) | (47,911) |
| Fund balance - January 1 | <u>(47,911)</u> | <u>-</u> |
| Fund balance - December 31 | <u><u>\$ (889,605)</u></u> | <u><u>\$ (47,911)</u></u> |

CITY OF MAHTOMEDI, MINNESOTA
BALANCE SHEET
UTILITY CAPITAL PROJECTS
 December 31, 2015
 (With Summarized Financial Information as of December 31, 2014)

Statement 28

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|----------------------------|----------------------------|
| Assets | | |
| Cash and investments | <u>\$ 1,105,694</u> | <u>\$ 1,057,938</u> |
| Total assets | <u><u>\$ 1,105,694</u></u> | <u><u>\$ 1,057,938</u></u> |
| Liabilities and Fund Balance | | |
| Fund Balance: | | |
| Assigned | <u>\$ 1,105,694</u> | <u>\$ 1,057,938</u> |
| Total liabilities and fund balance | <u><u>\$ 1,105,694</u></u> | <u><u>\$ 1,057,938</u></u> |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
UTILITY CAPITAL PROJECTS
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 29

| | <u>2015</u> | <u>2014</u> |
|----------------------------|---------------------|---------------------|
| Revenues: | | |
| Investment income | \$ 15,774 | \$ 28,566 |
| Water availability charges | 15,974 | 17,115 |
| Sewer availability charges | <u>16,008</u> | <u>22,678</u> |
| Total revenues | <u>47,756</u> | <u>68,359</u> |
| Net change in fund balance | 47,756 | 68,359 |
| Fund balance - January 1 | <u>1,057,938</u> | <u>989,579</u> |
| Fund balance - December 31 | <u>\$ 1,105,694</u> | <u>\$ 1,057,938</u> |

CITY OF MAHTOMEDI, MINNESOTA
BALANCE SHEET
EQUIPMENT AND BUILDING REPLACEMENT
December 31, 2015
(With Summarized Financial Information as of December 31, 2014)

Statement 30

| | 2015 | 2014 |
|------------------------------------|--------------|--------------|
| Assets | | |
| Cash and investments | \$ 3,010,711 | \$ 2,872,485 |
| Due from other governmental units | - | 6,901 |
| Total assets | \$ 3,010,711 | \$ 2,879,386 |
| Liabilities and Fund Balance | | |
| Liabilities: | | |
| Accounts payable | \$ - | \$ 431 |
| Fund Balance: | | |
| Assigned | 3,010,711 | 2,878,955 |
| Total liabilities and fund balance | \$ 3,010,711 | \$ 2,879,386 |

CITY OF MAHTOMEDI, MINNESOTA
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
EQUIPMENT AND BUILDING REPLACEMENT
Year Ended December 31, 2015
(With Summarized Financial Information for Year Ended December 31, 2014)

Statement 31

| | <u>2015</u> | <u>2014</u> |
|--|---------------------|---------------------|
| Revenues: | | |
| Investment income | \$ 42,845 | \$ 81,777 |
| Expenditures: | | |
| Current: | | |
| General government | - | 7,616 |
| Capital outlay: | | |
| Public safety | 230,216 | 496,994 |
| Streets | 17,248 | - |
| City parks | 12,530 | 31,800 |
| Total expenditures | <u>259,994</u> | <u>536,410</u> |
| Revenue under expenditures | (217,149) | (454,633) |
| Other financing sources: | | |
| Proceeds from the sale of capital assets | 2,395 | 14,401 |
| Transfers in | 346,510 | 341,389 |
| Total other financing sources | <u>348,905</u> | <u>355,790</u> |
| Net change in fund balance | 131,756 | (98,843) |
| Fund balance - January 1 | <u>2,878,955</u> | <u>2,977,798</u> |
| Fund balance - December 31 | <u>\$ 3,010,711</u> | <u>\$ 2,878,955</u> |

SUPPLEMENTARY FINANCIAL INFORMATION

CITY OF MAHTOMEDI, MINNESOTA
SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY
G.O. IMPROVEMENT BONDS AND EQUIPMENT CERTIFICATES
December 31, 2015

| | Capital Improvement Bonds of 2008A | Improvement Bonds of 2008B |
|-------------------------|---|----------------------------------|
| Bonds payable | \$ 3,450,000 | \$ 965,000 |
| Future interest payable | <u>1,160,032</u> | <u>188,049</u> |
| Totals | <u>\$ 4,610,032</u> | <u>\$ 1,153,049</u> |
| Payments to maturity: | | |
| 2016 | \$ 335,575 | \$ 143,214 |
| 2017 | 332,394 | 139,224 |
| 2018 | 329,000 | 140,002 |
| 2019 | 330,287 | 130,703 |
| 2020 | 331,150 | 126,424 |
| 2021 | 326,694 | 126,852 |
| 2022 | 326,919 | 122,068 |
| 2023 | 326,719 | 117,200 |
| 2024 | 330,987 | 107,362 |
| 2025 | 329,556 | - |
| 2026 | 327,525 | - |
| 2027 | 329,763 | - |
| 2028 | 326,263 | - |
| 2029 | <u>327,200</u> | <u>-</u> |
| Totals | <u>\$ 4,610,032</u> | <u>\$ 1,153,049</u> |

Exhibit 1

| Improvement Bonds of 2011A | Improvement Bonds of 2013A | 2014 Street Improvements | Totals |
|----------------------------------|----------------------------------|--------------------------------|----------------------|
| \$ 825,000 | \$ 3,123,021 | \$ 3,265,000 | \$ 13,433,021 |
| 81,563 | 228,793 | 388,913 | 2,081,901 |
| <u>\$ 906,563</u> | <u>\$ 3,351,814</u> | <u>\$ 3,653,913</u> | <u>\$ 15,514,922</u> |
| \$ 129,675 | \$ 419,775 | \$ 367,995 | \$ 3,235,785 |
| 132,425 | 417,155 | 366,945 | 1,388,143 |
| 130,125 | 417,220 | 365,795 | 1,382,142 |
| 127,538 | 419,041 | 364,545 | 1,372,114 |
| 129,300 | 421,055 | 368,145 | 1,376,074 |
| 130,625 | 414,745 | 361,645 | 1,360,561 |
| 126,875 | 366,792 | 360,095 | 1,302,749 |
| - | 158,707 | 368,173 | 970,799 |
| - | 160,464 | 365,175 | 963,988 |
| - | 156,860 | 365,400 | 851,816 |
| - | - | - | 327,525 |
| - | - | - | 329,763 |
| - | - | - | 326,263 |
| - | - | - | 327,200 |
| <u>\$ 906,563</u> | <u>\$ 3,351,814</u> | <u>\$ 3,653,913</u> | <u>\$ 15,514,922</u> |

CITY OF MAHTOMEDI, MINNESOTA
TAXABLE VALUATIONS, TAX LEVIES AND TAX RATES

Exhibit 2

| | Tax Capacity Values | | Tax Capacity Values | |
|------------------------------------|---------------------|-------------------|---------------------|-------------------|
| | 2015/2016 | | 2014/2015 | |
| Taxable valuations: | | | | |
| Real estate | \$ | 10,615,146 | \$ | 9,659,748 |
| Personal property | | 106,403 | | 102,677 |
| Total | | 10,721,549 | | 9,762,425 |
| Fiscal disparities: | | | | |
| Distribution | | 721,436 | | 682,831 |
| Contribution | | (372,075) | | (421,441) |
| Less: Captured tax increment value | | (88,633) | | (83,864) |
| Totals | \$ | 10,982,277 | \$ | 9,939,951 |
| | | | | |
| | Certified Levy | Tax Capacity Rate | Certified Levy | Tax Capacity Rate |
| Taxes levied: | | | | |
| Revenue | \$ | 3,868,642 * | \$ | 3,768,385 ** |
| Bond and interest | | - | | - |
| Totals | \$ | 3,868,642 | \$ | 3,768,385 |

* Includes \$1,019,791 for bond and interest.

** Includes \$1,023,855 for bond and interest.

CITY OF MAHTOMEDI, MINNESOTA
SCHEDULE OF DEFERRED TAX LEVIES
IMPROVEMENT BONDS
December 31, 2015

Exhibit 3

| <u>Year of Levy/Collection</u> | <u>Improvement Bonds of 2008A</u> | <u>Improvement Bonds of 2008B</u> | <u>Improvement Bonds of 2011A</u> | <u>Improvement Bonds of 2013A</u> | <u>Improvement Bonds of 2014A</u> | <u>Total</u> |
|------------------------------------|---|---|---|---|---|---------------------|
| 2015/2016 | \$ 353,364 | \$ 44,612 | \$ 105,737 | \$ 115,028 | \$ 311,012 | \$ 929,753 |
| 2016/2017 | 349,913 | 48,649 | 103,322 | 113,558 | 309,857 | 925,299 |
| 2017/2018 | 351,488 | 47,179 | 100,907 | 112,088 | 308,597 | 920,259 |
| 2018/2019 | 352,616 | 45,709 | 103,138 | 115,500 | 312,482 | 929,445 |
| 2019/2020 | 348,049 | 49,434 | 104,608 | 113,293 | 305,657 | 921,041 |
| 2020/2021 | 348,508 | 47,607 | 100,671 | 115,878 | 304,082 | 916,746 |
| 2021/2022 | 348,521 | 45,780 | - | 112,886 | 312,902 | 820,089 |
| 2022/2023 | 353,338 | 43,890 | - | 114,986 | 310,545 | 822,759 |
| 2023/2024 | 352,236 | - | - | 111,324 | 311,858 | 775,418 |
| 2024/2025 | 350,333 | - | - | - | - | 350,333 |
| 2025/2026 | 353,220 | - | - | - | - | 353,220 |
| 2026/2027 | 349,781 | - | - | - | - | 349,781 |
| 2027/2028 | 351,120 | - | - | - | - | 351,120 |
| Total | <u>\$ 4,562,487</u> | <u>\$ 372,860</u> | <u>\$ 618,383</u> | <u>\$ 1,024,541</u> | <u>\$ 2,786,992</u> | <u>\$ 9,365,263</u> |

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III. STATISTICAL SECTION (UNAUDITED)

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

| Contents | Page |
|--|------|
| 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. | 108 |
| Revenue Capacity | |
| These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax. | 114 |
| Debt Capacity | |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | 118 |
| Demographic and Economic Information | |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | 126 |
| 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 the services the City provides and the activities it performs. | 128 |

Sources: Unless otherwise noted, the information in these tables is derived from the comprehensive financial reports for the relevant year.

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CITY OF MAHOMETI, MINNESOTA
NET POSITION BY COMPONENT
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 1

| | Fiscal Year | | | | | | | | | |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 4,426,073 | \$ 5,655,941 | \$ 5,304,402 | \$ 7,307,741 | \$ 6,981,141 | \$ 7,937,791 | \$ 8,676,472 | \$ 9,420,479 | \$ 11,453,640 | \$ 13,251,398 |
| Restricted | 3,849,611 | 3,933,265 | 5,048,275 | 5,107,577 | 3,461,801 | 3,049,326 | 3,421,923 | 3,085,078 | 3,488,010 | 3,599,841 |
| Unrestricted | 7,778,941 | 8,547,152 | 8,955,399 | 7,921,616 | 10,361,901 | 10,357,761 | 10,952,848 | 11,263,117 | 11,184,614 | 11,085,511 |
| Total governmental activities net position | <u>\$ 16,054,625</u> | <u>\$ 18,136,358</u> | <u>\$ 19,308,076</u> | <u>\$ 20,336,934</u> | <u>\$ 20,804,843</u> | <u>\$ 21,344,878</u> | <u>\$ 23,051,243</u> | <u>\$ 23,768,674</u> | <u>\$ 26,126,264</u> | <u>\$ 27,936,750</u> |
| Business-type activities: | | | | | | | | | | |
| Net investment in capital assets | \$ 6,280,015 | \$ 6,097,427 | \$ 6,304,986 | \$ 6,713,537 | \$ 7,928,761 | \$ 7,831,750 | \$ 8,094,841 | \$ 7,882,443 | \$ 7,839,762 | \$ 7,544,198 |
| Unrestricted | 2,024,959 | 2,902,233 | 4,393,570 | 4,473,117 | 3,761,703 | 3,867,162 | 3,913,179 | 3,882,214 | 3,850,585 | 3,851,287 |
| Total business-type activities net position | <u>\$ 8,304,974</u> | <u>\$ 8,999,660</u> | <u>\$ 10,698,556</u> | <u>\$ 11,186,654</u> | <u>\$ 11,690,464</u> | <u>\$ 11,698,912</u> | <u>\$ 12,008,020</u> | <u>\$ 11,764,657</u> | <u>\$ 11,690,347</u> | <u>\$ 11,395,485</u> |
| Primary government: | | | | | | | | | | |
| Net investment in capital assets | \$ 10,706,088 | \$ 11,753,368 | \$ 11,392,707 | \$ 11,246,088 | \$ 11,753,368 | \$ 11,609,388 | \$ 14,021,278 | \$ 17,302,922 | \$ 19,293,402 | \$ 20,795,596 |
| Restricted | 3,849,611 | 3,933,265 | 5,521,825 | 3,849,611 | 3,933,265 | 5,048,275 | 5,107,577 | 3,085,078 | 3,488,010 | 3,599,841 |
| Unrestricted | 9,803,900 | 11,449,385 | 8,086,523 | 9,803,900 | 11,449,385 | 13,388,969 | 12,394,733 | 15,145,331 | 15,035,199 | 14,936,798 |
| Total primary government net position | <u>\$ 24,359,599</u> | <u>\$ 27,136,018</u> | <u>\$ 23,001,055</u> | <u>\$ 24,899,599</u> | <u>\$ 27,136,018</u> | <u>\$ 30,046,632</u> | <u>\$ 31,523,888</u> | <u>\$ 35,533,331</u> | <u>\$ 37,816,611</u> | <u>\$ 39,332,235</u> |

| | Fiscal Year | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 1,024,602 | \$ 1,041,432 | \$ 1,145,046 | \$ 1,120,763 | \$ 1,109,202 | \$ 1,421,735 | \$ 1,594,740 | \$ 1,396,451 | \$ 1,393,774 | \$ 1,434,505 |
| Public safety | 1,139,099 | 1,213,944 | 1,228,961 | 1,249,537 | 1,413,925 | 1,050,601 | 857,428 | 834,965 | 1,096,176 | 1,311,294 |
| Streets | 665,159 | 478,805 | 530,002 | 540,661 | 992,630 | 729,027 | 890,565 | 1,047,924 | 1,010,474 | 1,150,615 |
| City parks | 391,772 | 378,381 | 390,128 | 360,900 | 404,727 | 415,028 | 726,204 | 559,759 | 445,011 | 421,863 |
| Storm water | 146,167 | 115,387 | 118,333 | 162,051 | 204,736 | 223,439 | 217,097 | 397,649 | 263,345 | 319,920 |
| Interest on long-term debt | 201,125 | 194,202 | 170,672 | 446,804 | 416,504 | 364,677 | 351,287 | 417,830 | 398,420 | 344,829 |
| Total governmental activities expenses | 3,567,924 | 3,422,151 | 3,583,142 | 3,880,716 | 4,541,724 | 4,204,507 | 4,637,321 | 4,654,578 | 4,607,200 | 4,983,026 |
| Business-type activities: | | | | | | | | | | |
| Water Utility | 615,630 | 706,210 | 733,013 | 736,018 | 771,548 | 942,875 | 1,072,548 | 1,059,751 | 1,054,550 | 987,843 |
| Sewer Utility | 723,659 | 733,501 | 744,845 | 846,196 | 858,669 | 892,014 | 968,566 | 1,055,154 | 1,021,219 | 1,044,189 |
| Total business-type activities expenses | 1,339,289 | 1,439,711 | 1,477,858 | 1,582,214 | 1,630,217 | 1,834,889 | 2,041,114 | 2,114,905 | 2,075,769 | 2,032,032 |
| Total primary government expenses | 4,907,213 | 4,861,862 | 5,061,000 | 5,462,930 | 6,171,941 | 6,039,396 | 6,678,435 | 6,769,483 | 6,682,969 | 7,015,058 |
| Program revenues | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| General government | 363,952 | 449,760 | 420,735 | 320,094 | 384,880 | 341,926 | 403,392 | 340,858 | 342,394 | 383,507 |
| Public safety | 847,260 | 727,229 | 614,988 | 588,551 | 691,971 | 747,845 | 758,568 | 739,679 | 720,401 | 779,282 |
| Streets | - | - | 846 | - | - | 77,551 | - | - | - | - |
| City parks | 41,030 | 41,935 | 60,163 | 67,822 | 4,335 | 27,845 | 31,946 | 30,664 | 33,213 | 28,656 |
| Storm water | 181,036 | 194,827 | 206,815 | 223,085 | 247,411 | 261,119 | 266,737 | 282,081 | 288,132 | 302,354 |
| Operating grants and contributions | 174,206 | 144,427 | 119,800 | 170,196 | 153,739 | 31,087 | 169,789 | 192,694 | 193,237 | 216,254 |
| Capital grants and contributions | 479,549 | 356,379 | 1,385,879 | 432,973 | 426,649 | 272,468 | 287,672 | 26,263 | 787,766 | 858,209 |
| Total governmental activities program revenues | 2,087,033 | 1,914,557 | 2,809,226 | 1,802,721 | 1,908,985 | 1,759,841 | 1,918,104 | 1,612,239 | 2,365,143 | 2,568,262 |
| Business-type activities: | | | | | | | | | | |
| Charges for services: | | | | | | | | | | |
| Water Utility | 680,816 | 748,979 | 754,045 | 818,518 | 808,184 | 860,993 | 1,059,065 | 1,011,374 | 910,954 | 858,324 |
| Sewer Utility | 677,564 | 714,447 | 709,539 | 736,573 | 728,623 | 782,166 | 864,473 | 900,943 | 968,546 | 1,023,849 |
| Operating grants and contributions | 1,635 | 1,717 | 1,802 | - | - | - | - | - | - | - |
| Capital grants and contributions | 3,642 | 1,032 | - | - | - | - | - | - | - | - |
| Total business-type activities program revenues | 1,363,657 | 1,466,175 | 1,465,386 | 1,555,091 | 1,536,807 | 1,643,159 | 1,923,538 | 1,912,317 | 1,879,500 | 1,882,173 |
| Total primary government program revenues | \$ 3,450,690 | \$ 3,380,732 | \$ 4,274,612 | \$ 3,357,812 | \$ 3,445,792 | \$ 3,403,000 | \$ 3,841,642 | \$ 3,524,556 | \$ 4,244,643 | \$ 4,450,435 |

| | Fiscal Year | | | | | | | | | |
|---|----------------|----------------|--------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Net (expense) revenue: | | | | | | | | | | |
| Government activities | \$ (1,480,891) | \$ (1,507,594) | \$ (773,916) | \$ (2,077,995) | \$ (2,632,739) | \$ (2,444,666) | \$ (2,719,217) | \$ (3,042,339) | \$ (2,242,057) | \$ (2,414,764) |
| Business-type activities | 24,368 | 26,464 | (12,472) | (27,123) | (93,410) | (191,730) | (117,576) | (202,588) | (196,269) | (149,859) |
| Total primary government net (expenses) revenue | (1,456,523) | (1,481,130) | (786,388) | (2,105,118) | (2,726,149) | (2,636,396) | (2,836,793) | (3,244,927) | (2,438,326) | (2,564,623) |
| General revenues and other changes in net position | | | | | | | | | | |
| Governmental activities: | | | | | | | | | | |
| Taxes: | | | | | | | | | | |
| Property taxes | 2,557,294 | 2,697,214 | 2,856,255 | 3,099,086 | 3,189,103 | 3,315,540 | 3,408,363 | 3,243,793 | 3,347,098 | 3,862,088 |
| Tax increment collections | 137,092 | 113,010 | 115,463 | 118,874 | 126,145 | 145,250 | 157,687 | 83,653 | 91,515 | 91,142 |
| Unrestricted grants and contributions | 37,375 | 72,725 | 40,369 | 3,065 | 2,931 | 2,899 | 2,899 | 2,899 | 2,899 | 2,899 |
| Investment earnings | 476,038 | 656,218 | 560,553 | 264,660 | 264,367 | 177,012 | 172,348 | (139,729) | 357,007 | 194,824 |
| Other | 2,936 | 39,939 | 3,354 | 5,918 | 22,816 | 40,720 | 197,575 | 541,275 | 801,128 | 19,073 |
| Gain on disposal of capital assets | 4,839 | 20,870 | 867 | 250 | - | 904 | 25,694 | 27,879 | - | - |
| Transfers | (492,829) | (11,866) | (1,591,227) | (425,000) | (504,714) | (103,056) | (133,552) | - | - | - |
| Total governmental activities | 2,722,745 | 3,588,110 | 1,985,634 | 3,066,853 | 3,100,648 | 3,579,269 | 3,831,014 | 3,759,770 | 4,599,647 | 4,170,026 |
| Business-type activities: | | | | | | | | | | |
| Investment earnings | 134,543 | 116,162 | 119,386 | 90,221 | 92,506 | 56,322 | 64,624 | (45,248) | 120,092 | 73,132 |
| Other | - | 194 | 755 | - | - | 40,800 | 228,508 | 4,473 | 1,867 | 1,083 |
| Gain on disposal of capital assets | 4,950 | - | - | - | - | - | - | - | - | - |
| Transfers | 492,829 | 11,866 | 1,591,227 | 425,000 | 504,714 | 103,056 | 133,552 | - | - | - |
| Total business-type activities | 632,322 | 128,222 | 1,711,368 | 515,221 | 597,220 | 200,178 | 426,684 | (40,775) | 121,959 | 74,215 |
| Total primary government | \$ 3,355,067 | \$ 3,716,332 | \$ 3,697,002 | \$ 3,582,074 | \$ 3,697,868 | \$ 3,779,447 | \$ 4,257,698 | \$ 3,718,995 | \$ 4,721,606 | \$ 4,244,241 |
| Change in net position: | | | | | | | | | | |
| Government activities | \$ 1,241,854 | \$ 2,080,516 | \$ 1,211,718 | \$ 988,858 | \$ 467,909 | \$ 1,134,603 | \$ 1,111,797 | \$ 717,431 | \$ 2,357,590 | \$ 1,755,262 |
| Business-type activities | 656,690 | 154,686 | 1,698,896 | 488,098 | 503,810 | 8,448 | 309,108 | (243,363) | (74,310) | (75,644) |
| Total primary government | \$ 1,898,544 | \$ 2,235,202 | \$ 2,910,614 | \$ 1,476,956 | \$ 971,719 | \$ 1,143,051 | \$ 1,420,905 | \$ 474,068 | \$ 2,283,280 | \$ 1,679,618 |

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CITY OF MAHTOMEDI, MINNESOTA
 FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 3

| | Fiscal Year | | | | | | | | | |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| General Fund: | | | | | | | | | | |
| Reserved | \$ 16,647 | \$ 15,787 | \$ 16,465 | \$ 90,604 | \$ 85,015 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved | 2,421,088 | 2,988,653 | 3,614,499 | 3,831,507 | 4,075,963 | - | - | - | - | - |
| Non-spendable | - | - | - | - | - | 88,006 | 82,020 | 77,153 | 81,298 | 86,899 |
| Committed | - | - | - | - | - | 922,141 | 1,510,457 | 992,908 | 1,404,728 | 2,284,809 |
| Assigned | - | - | - | - | - | 406,284 | 484,943 | 528,508 | 368,501 | 415,862 |
| Unassigned | - | - | - | - | - | 3,034,807 | 2,871,197 | 2,990,822 | 2,856,164 | 2,569,051 |
| Total general fund | <u>\$ 2,437,735</u> | <u>\$ 3,004,440</u> | <u>\$ 3,630,964</u> | <u>\$ 3,922,111</u> | <u>\$ 4,160,978</u> | <u>\$ 4,451,238</u> | <u>\$ 4,948,617</u> | <u>\$ 4,589,391</u> | <u>\$ 4,710,691</u> | <u>\$ 5,356,621</u> |
| All other governmental funds: | | | | | | | | | | |
| Reserved | \$ 2,732,670 | \$ 2,957,731 | \$ 3,286,758 | \$ 3,460,875 | \$ 3,384,835 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 760,873 | 960,661 | 1,275,421 | 1,628,226 | 1,647,360 | - | - | - | - | - |
| Capital project funds | 5,165,309 | 5,841,533 | 4,137,225 | 4,308,287 | 4,368,235 | - | - | - | - | - |
| Undesignated, reported in: | | | | | | | | | | |
| Capital project funds | (333,678) | (1,239,939) | (53,676) | (1,935,233) | (969,956) | - | - | - | - | - |
| Non-spendable | - | - | - | - | - | 27,114 | 27,170 | 24,847 | 22,915 | 24,930 |
| Restricted | - | - | - | - | - | 2,582,231 | 2,395,244 | 3,780,888 | 3,897,356 | 2,586,440 |
| Committed | - | - | - | - | - | 1,223,367 | 1,350,289 | 1,287,936 | 1,417,262 | 1,228,004 |
| Assigned | - | - | - | - | - | 5,584,646 | 5,784,805 | 5,850,394 | 6,290,568 | 6,357,222 |
| Unassigned | - | - | - | - | - | (766,594) | (1,140,520) | (617,087) | (1,536,095) | (2,452,575) |
| Total all other governmental funds | <u>\$ 8,325,174</u> | <u>\$ 8,519,986</u> | <u>\$ 8,645,728</u> | <u>\$ 7,462,155</u> | <u>\$ 8,430,474</u> | <u>\$ 8,650,764</u> | <u>\$ 8,416,988</u> | <u>\$ 10,326,978</u> | <u>\$ 10,092,006</u> | <u>\$ 7,744,021</u> |

NOTE: Effective in fiscal year 2011, GASB 54 was implemented resulting in the new presentation in 2011 and onwards.

CITY OF MAHTOMEDI, MINNESOTA
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
 Last Ten Fiscal Years
 (Modified Accrual Basis of Accounting)

Table 4

| | Fiscal Year | | | | | | | | | |
|--|---------------------|-------------------|--------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|-----------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Revenues: | | | | | | | | | | |
| Taxes | \$ 2,562,806 | \$ 2,684,272 | \$ 2,826,707 | \$ 3,047,302 | \$ 3,166,710 | \$ 3,391,581 | \$ 3,424,550 | \$ 3,266,444 | \$ 3,360,968 | \$ 3,859,529 |
| Tax increments | 137,092 | 113,010 | 115,463 | 118,874 | 126,145 | 145,250 | 157,687 | 83,653 | 91,515 | 91,142 |
| Special assessments | 365,159 | 216,271 | 494,826 | 474,944 | 430,318 | 364,959 | 295,138 | 319,746 | 408,589 | 436,416 |
| Licenses and permits | 413,757 | 295,301 | 189,825 | 128,439 | 209,418 | 195,574 | 227,049 | 199,312 | 182,513 | 209,683 |
| Intergovernmental | 212,966 | 338,339 | 229,956 | 424,597 | 406,899 | 179,753 | 283,150 | 220,318 | 982,902 | 692,290 |
| Charges for services | 749,407 | 806,751 | 808,117 | 866,897 | 917,479 | 922,743 | 1,006,215 | 1,031,776 | 1,028,323 | 1,105,311 |
| Fines and penalties | 40,188 | 43,352 | 34,314 | 42,859 | 36,003 | 36,190 | 26,531 | 24,299 | 32,810 | 32,202 |
| Investment income | 476,038 | 656,218 | 560,553 | 264,660 | 264,367 | 177,012 | 172,348 | (139,729) | 357,007 | 194,824 |
| Water availability charges | 60,992 | 79,870 | 68,357 | 20,435 | 61,994 | 19,397 | 38,794 | 13,692 | 17,115 | 15,974 |
| Sewer availability charges | 66,700 | 94,714 | 81,374 | 23,816 | 23,816 | 22,678 | 45,356 | 18,676 | 22,678 | 16,008 |
| Park dedication fees | 112,457 | 16,530 | 52,900 | 3,000 | 6,000 | 10,649 | 14,190 | 3,000 | 3,000 | - |
| Gambling proceeds | 20,767 | 20,116 | 36,412 | 44,289 | 16,639 | - | 3,000 | 11,785 | 14,418 | 13,193 |
| Other revenues | 100,618 | 84,282 | 110,061 | 92,791 | 113,645 | 144,496 | 210,510 | 106,532 | 126,083 | 128,801 |
| Total revenues | 5,318,947 | 5,449,026 | 5,608,865 | 5,552,903 | 5,779,433 | 5,610,282 | 5,904,518 | 5,159,504 | 6,627,921 | 6,795,373 |
| Expenditures: | | | | | | | | | | |
| Current: | | | | | | | | | | |
| General government | 851,455 | 888,161 | 996,393 | 982,367 | 974,868 | 1,251,262 | 1,499,580 | 1,309,442 | 1,307,082 | 1,350,063 |
| Public safety | 1,020,975 | 1,090,221 | 1,102,488 | 1,095,669 | 1,239,117 | 1,260,515 | 1,291,266 | 1,407,491 | 1,367,476 | 1,505,695 |
| Streets | 565,718 | 385,286 | 344,743 | 309,264 | 792,200 | 507,377 | 508,849 | 532,165 | 561,751 | 690,429 |
| City parks | 251,215 | 254,666 | 265,394 | 234,617 | 272,100 | 282,368 | 593,968 | 427,443 | 298,514 | 312,633 |
| Storm sewer | 146,012 | 104,973 | 110,652 | 80,373 | 123,211 | 123,969 | 118,564 | 296,264 | 162,471 | 208,233 |
| Capital outlay: | | | | | | | | | | |
| General government | 12,574 | 67,560 | - | 19,988 | 310,033 | 823,161 | 154,321 | 999,865 | - | - |
| Public safety | 173,631 | 893,898 | 78,724 | 171,355 | 30,349 | 49,776 | 57,290 | 366,844 | 496,994 | 240,112 |
| Streets | 135,897 | 104,373 | 92,539 | 98,454 | 94,884 | 42,578 | 420,094 | 247,690 | 4,706,316 | 1,841,461 |
| City parks | 97,305 | 46,008 | 62,654 | 91,564 | 269,394 | - | 3,721 | - | 31,800 | 12,530 |
| Storm sewer | 8,527 | 31,804 | 61,052 | - | - | - | - | - | - | - |
| Construction/acquisition costs | 2,462,340 | 947,897 | 5,313,830 | 1,966,165 | - | - | - | - | - | - |
| Developer incentives | 108,047 | 101,706 | 103,917 | 100,647 | 100,077 | 107,526 | 41,827 | 41,827 | 45,757 | 45,571 |
| District decertified-repayment of tax increments | 25,401 | - | - | - | - | - | - | - | - | - |
| Debt service: | | | | | | | | | | |
| Principal retirement | 275,000 | 275,000 | 450,000 | 445,000 | 765,000 | 1,425,000 | 610,000 | 725,000 | 755,000 | 820,000 |
| Interest | 104,079 | 251,399 | 208,443 | 424,911 | 419,894 | 386,345 | 352,417 | 332,715 | 354,234 | 374,057 |
| Bond Issuance Costs | - | - | - | - | - | - | - | 67,025 | - | - |
| Paying agent fees | 3,693 | 2,201 | 2,790 | 3,618 | 5,784 | 16,438 | 14,712 | 10,302 | 8,430 | 12,900 |
| Total expenditures | 6,241,869 | 5,445,153 | 9,193,619 | 6,023,992 | 5,396,911 | 6,276,315 | 5,666,609 | 6,764,073 | 10,095,825 | 7,413,684 |
| Revenues over (under) expenditures | (922,922) | 3,873 | (3,584,754) | (471,089) | 382,522 | (666,033) | 237,909 | (1,604,569) | (3,467,904) | (618,311) |
| Other financing sources (uses): | | | | | | | | | | |
| Sale of capital assets | 4,839 | 20,870 | 22,897 | 3,663 | - | 904 | 25,694 | 27,879 | 14,401 | 296,256 |
| Insurance recovery | - | - | - | - | - | - | - | - | - | - |
| Payment on Refunded Bonds | - | - | - | - | - | - | - | - | - | (1,380,000) |
| Bonds issued | 3,065,000 | 775,000 | 5,965,000 | - | - | 1,135,000 | - | 3,123,021 | 3,265,000 | - |
| Bond premiums (discounts) | 10,064 | - | (59,650) | - | - | 40,679 | - | 4,433 | 74,831 | - |
| Transfers in | - | - | - | - | 824,664 | - | - | - | - | - |
| Transfers out | (137,691) | - | (1,591,227) | (425,000) | - | - | - | - | - | - |
| Total other financing sources (uses) | 2,942,212 | 795,870 | 4,337,020 | (421,337) | 824,664 | 1,176,583 | 25,694 | 3,155,333 | 3,354,232 | (1,083,744) |
| Net change in fund balance | \$ 2,019,290 | \$ 799,743 | \$ 752,266 | \$ (892,426) | \$ 1,207,186 | \$ 510,550 | \$ 263,603 | \$ 1,550,764 | \$ (113,672) | \$ (1,702,055) |
| Debt service as percentage of noncapital expenditures | 22.2% | 22.6% | 49.1% | 11.4% | 15.8% | 18.4% | 23.8% | 21.7% | 25.2% | 22.6% |
| Debt service as percentage of total expenditures | 6.1% | 9.7% | 7.2% | 14.5% | 22.1% | 29.1% | 17.2% | 16.8% | 11.1% | 16.3% |

CITY OF MAHTOMEDI, MINNESOTA
PROGRAM REVENUES BY FUNCTION/PROGRAM
Last Ten Fiscal Years
(Accrual Basis of Accounting)

Table 5

| Function/Program | Fiscal Year | | | | | | | | | |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 |
| Governmental activities: | | | | | | | | | | |
| General government | \$ 363,952 | \$ 487,142 | \$ 435,181 | \$ 327,935 | \$ 384,880 | \$ 358,797 | \$ 404,755 | \$ 340,858 | \$ 342,394 | \$ 383,507 |
| Public safety | 975,359 | 841,340 | 737,281 | 687,378 | 965,356 | 1,034,529 | 1,022,438 | 856,451 | 834,775 | 1,420,743 |
| Streets | 413,199 | 295,783 | 1,291,886 | 446,001 | 307,003 | 77,551 | 83,128 | 102,185 | 866,629 | 433,002 |
| City parks | 153,487 | 58,465 | 113,063 | 70,822 | 4,335 | 27,845 | 141,046 | 30,664 | 33,213 | 28,656 |
| Storm water | 181,136 | 231,827 | 231,815 | 270,585 | 247,411 | 261,119 | 266,737 | 282,081 | 288,132 | 302,354 |
| Subtotal governmental activities | <u>2,087,133</u> | <u>1,914,557</u> | <u>2,809,226</u> | <u>1,802,721</u> | <u>1,908,985</u> | <u>1,759,841</u> | <u>1,918,104</u> | <u>1,612,239</u> | <u>2,365,143</u> | <u>2,568,262</u> |
| Business-type activities: | | | | | | | | | | |
| Water | 682,676 | 749,454 | 754,045 | 818,518 | 808,184 | 860,993 | 1,059,065 | 1,011,374 | 910,954 | 858,324 |
| Sewer | 680,881 | 716,721 | 711,341 | 736,573 | 729,623 | 782,166 | 864,473 | 900,943 | 968,546 | 1,023,849 |
| Subtotal business-type activities | <u>1,363,557</u> | <u>1,466,175</u> | <u>1,465,386</u> | <u>1,555,091</u> | <u>1,537,807</u> | <u>1,643,159</u> | <u>1,923,538</u> | <u>1,912,317</u> | <u>1,879,500</u> | <u>1,882,173</u> |
| Total primary government | <u>\$ 3,450,690</u> | <u>\$ 3,380,732</u> | <u>\$ 4,274,612</u> | <u>\$ 3,357,812</u> | <u>\$ 3,446,792</u> | <u>\$ 3,403,000</u> | <u>\$ 3,841,642</u> | <u>\$ 3,524,556</u> | <u>\$ 4,244,643</u> | <u>\$ 4,450,435</u> |

CITY OF MAHTOMEDI, MINNESOTA

TAX CAPACITY VALUE AND ESTIMATED MARKET VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

Table 6

| Fiscal Year Ended December 31, | Residential Property | Commercial/Industrial Property | All Other | Total Tax Capacity | Less: Fiscal Disparity Contribution | Adjusted Tax Capacity Value | Total Direct Tax Rate | Estimated Market Value | Adjusted Tax Capacity as a Percent of EMV |
|--------------------------------|----------------------|--------------------------------|-----------|--------------------|-------------------------------------|-----------------------------|-----------------------|------------------------|---|
| 2006 | \$ 8,419,829 | \$ 838,510 | \$ 84,904 | \$ 9,343,243 | \$ (243,977) | \$ 9,099,266 | 28.101 % | \$ 859,973,800 | 1.06 % |
| 2007 | 9,541,154 | 1,041,757 | 81,918 | 10,664,829 | (249,940) | 10,414,889 | 25.771 % | 995,785,800 | 1.05 % |
| 2008 | 9,756,858 | 1,189,814 | 77,754 | 11,024,426 | (315,756) | 10,708,670 | 26.740 % | 994,033,200 | 1.08 % |
| 2009 | 10,255,986 | 1,012,480 | 75,424 | 11,343,890 | (358,310) | 10,985,580 | 26.979 % | 1,075,952,300 | 1.02 % |
| 2010 | 10,044,161 | 1,035,179 | 82,702 | 11,162,042 | (423,599) | 10,738,443 | 28.498 % | 1,030,531,200 | 1.04 % |
| 2011 | 9,382,358 | 1,050,326 | 86,408 | 10,519,092 | (424,402) | 10,094,690 | 31.386 % | 969,411,100 | 1.04 % |
| 2012 | 8,592,974 | 1,020,765 | 90,314 | 9,704,053 | (443,276) | 9,260,777 | 33.679 % | 923,540,300 | 1.00 % |
| 2013 | 8,090,670 | 1,004,063 | 98,460 | 9,193,193 | (432,302) | 8,760,891 | 34.656 % | 878,186,100 | 1.00 % |
| 2014 | 8,144,048 | 988,489 | 100,500 | 9,233,037 | (425,336) | 8,807,701 | 36.414 % | 883,377,800 | 1.00 % |
| 2015 | 8,683,031 | 976,717 | 102,677 | 9,762,425 | (421,441) | 9,340,984 | 38.022 % | 934,599,500 | 1.00 % |

Source: 2006 Official Statements for the City of Mahtomedi
 2007-2015 Washington County Department of Property Records and Taxpayers Services

CITY OF MAHTOMEDI, MINNESOTA
DIRECT AND OVERLAPPING PROPERTY TAX RATES
 Last Ten Fiscal Years

Table 7

| Fiscal Year | City Direct Rate | | Overlapping Rates* | | | Total |
|----------------|------------------|---------------------------|--------------------|--------------------|--------|---------|
| | General | Total City Direct Rate | School District | Other Districts | County | |
| 2006 | 28.101 | 28.101 | 23.075 | 5.726 | 26.968 | 88.529 |
| 2007 | 25.771 | 25.771 | 22.628 | 4.878 | 25.673 | 83.870 |
| 2008 | 26.740 | 26.740 | 23.650 | 5.394 | 25.923 | 78.950 |
| 2009 | 26.979 | 26.979 | 24.480 | 5.160 | 26.371 | 81.707 |
| 2010 | 29.793 | 28.498 | 26.389 | 5.402 | 27.775 | 88.064 |
| 2011 | 31.386 | 31.386 | 34.330 | 5.754 | 29.772 | 101.242 |
| 2012 | 33.679 | 33.679 | 38.360 | 6.758 | 31.939 | 110.736 |
| 2013 | 34.656 | 34.656 | 37.105 | 7.375 | 34.225 | 113.361 |
| 2014 | 36.414 | 36.414 | 39.770 | 7.027 | 32.811 | 116.022 |
| 2015 | 38.022 | 38.022 | 34.496 | 6.368 | 30.186 | 109.072 |

Source: 2006 Official Statements for the City of Mahtomedi
 2007-2015: Washington County Department of Property Records and Taxpayer Services

* 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; for example, although the county property tax rates apply to all City property owners, Other Districts rates apply only to the approximately one-third of City property owners whose property is located within that District's geographic boundaries.

CITY OF MAHTOMEDI, MINNESOTA
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Ten Years Ago

Table 8

| Taxpayer | 2015 | | | 2006 | | |
|------------------------------------|------------------------|------|---|------------------------|------|---|
| | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value | Taxable Capacity Value | Rank | Percentage of Total City Capacity Value |
| FedEx Ground Pkg. Sys. Inc. | \$ 179,122 | 1 | 1.83 % | \$ 159,025 | 1 | 1.70 % |
| Xcel Energy | 161,761 | 2 | 1.66 % | 100,384 | 3 | 1.07 % |
| PSA Housing/Assist Living Inc. | 150,652 | 3 | 1.54 % | 146,378 | 2 | 1.57 % |
| P-4 Properties LLC | 108,126 | 4 | 1.11 % | 81,344 | 4 | 0.87 % |
| Park Tool | 56,210 | 5 | 0.58 % | | | |
| NCSM Wedgewood I LLC | 46,499 | 6 | 0.48 % | | | |
| Wixie LLC | 46,380 | 7 | 0.48 % | 30,154 | 6 | 0.32 % |
| Lincoln Square Limited Partnership | 41,826 | 8 | 0.43 % | 25,744 | 8 | 0.28 % |
| Flex Holding LLC | 40,366 | 9 | 0.41 % | | | |
| 592 Investments LLC | 41,168 | 10 | 0.42 % | | | |
| Briarcliff of Mahtomedi Individual | | | | 38,914 | 5 | 0.42 % |
| Amoco Oil Co. | | | | 29,072 | 7 | 0.31 % |
| Chariot Partnership I, LLC | | | | 6,614 | 10 | 0.07 % |
| | | | | 22,224 | 9 | 0.00 % |
| Total | \$ 872,110 | | 8.93 % | \$ 639,853 | | 6.61 % |
| Total all property | \$ 9,762,425 | | | \$ 9,343,243 | | |

Sources:
 Washington County Top Taxpayers
 City of Mahtomedi - Finance

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CITY OF MAHTOMEDI, MINNESOTA
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Fiscal Years

Table 9

| Fiscal Year Ended December 31, | Taxes Levied For the Fiscal Year | Collected Within The Fiscal Year of the Levy | | Collections in Subsequent Years | Total Collections to Date | |
|--------------------------------|----------------------------------|--|--------------------|---------------------------------|---------------------------|--------------------|
| | | Amount* | Percentage of Levy | | Amount | Percentage of Levy |
| 2006 | \$ 2,634,048 | \$ 2,559,698 | 97.18 % | \$ 25,906 | \$ 2,585,604 | 98.16 % |
| 2007 | 2,764,765 | 2,734,068 | 98.89% | 19,427 | 2,753,495 | 99.59 % |
| 2008 | 2,903,483 | 2,838,576 | 97.76% | 34,920 | 2,873,496 | 98.97 % |
| 2009 | 3,103,424 | 3,015,647 | 97.17% | 65,226 | 3,080,873 | 99.27 % |
| 2010 | 3,184,871 | 3,108,872 | 97.61% | 57,215 | 3,166,087 | 99.41 % |
| 2011 | 3,301,751 | 3,251,618 | 98.48% | 28,195 | 3,279,813 | 99.34 % |
| 2012 | 3,310,303 | 3,279,719 | 99.08% | 6,043 | 3,285,762 | 99.26 % |
| 2013 | 3,231,393 | 3,208,496 | 99.29% | 6,429 | 3,214,925 | 99.49 % |
| 2014 | 3,399,916 | 3,373,456 | 99.22% | 12,328 | 3,385,784 | 99.58 % |
| 2015 | 3,768,385 | 3,745,727 | 99.40% | - | 3,745,727 | 99.40 % |

Source: 2006-2015 Mahtomedi Finance Department
 Collected in subsequent years - Washington County Department of Property Records and Taxpayer Services

+ For payable 2008, the Minnesota Legislature withheld the second half of the Market Value Credit to balance their budget. Since the initial levy includes the full amount of the Market Value Credit, it had been reduced to reflect the withheld Market Value Credit amount of \$37,470. For 2009, the City did not receive any Market Value Credit.

^ For payable 2009, the Minnesota Legislature withheld the Market Value Credit to balance their budget. Since the initial levy includes the full amount of the Market Value Credit, it had been reduced to reflect the withheld Market Value Credit amount of \$71,431.

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CITY OF MAHTOMEDI, MINNESOTA
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Ten Fiscal Years

| Year | Governmental Activities | | | Percentage of Tax Capacity |
|------|--------------------------------|----------------------|-------------------------------------|----------------------------------|
| | General Obligation Bonds | Improvement Bonds | Total Governmental Activities | |
| 2006 | \$ - | \$ 5,015,000 | \$ 5,015,000 | 47.00 % |
| 2007 | 775,000 | 4,740,000 | 5,515,000 | 53.24 % |
| 2008 | 5,145,000 | 5,885,000 | 11,030,000 | 103.26 % |
| 2009 | 5,505,000 | 5,080,000 | 10,585,000 | 93.31 % |
| 2010 | 4,930,000 | 4,890,000 | 9,820,000 | 87.98 % |
| 2011 | 4,620,000 | 4,910,000 | 9,530,000 | 90.60 % |
| 2012 | 4,334,024 | 4,584,809 | 8,918,833 | 91.92 % |
| 2013 | 4,004,151 | 7,380,728 | 11,319,464 | 123.11 % |
| 2014 | 3,630,000 | 10,198,021 | 13,828,021 | 149.77 % |
| 2015 | 3,450,000 | 8,178,021 | 11,628,021 | 119.11 % |

Source: 2006-2015 City of Mahtomedi Finance Department

Table 10

| Business-Type Activities | | | | | | |
|--------------------------|-------------------------|--------------------------------------|-----------------|--------------------------------|-------------------------------------|---------------|
| Sewer/ Water Bonds | Term Loan Payable | Total Business-Type Activities | Per Customer | Total Primary Government | Percentage of Personal Income | Per Capita |
| \$ 1,355,000 | \$ 3,519 | \$ 1,358,519 | \$ 551 | \$ 6,373,519 | 1.82 % | \$ 792 |
| 2,535,000 | 1,802 | 2,536,802 | 997 | 8,051,802 | 2.21 % | 1,019 |
| 3,205,000 | - | 3,205,000 | 1,249 | 14,235,000 | 3.73 % | 1,778 |
| 3,100,000 | - | 3,100,000 | 1,198 | 13,685,000 | 3.33 % | 1,700 |
| 2,960,000 | - | 2,960,000 | 1,144 | 12,780,000 | 3.26 % | 1,665 |
| 5,190,000 | - | 5,190,000 | 1,831 | 14,720,000 | 4.80 % | 1,918 |
| 5,103,813 | - | 5,103,813 | 1,758 | 14,022,646 | 3.68 % | 1,825 |
| 5,582,279 | - | 5,582,279 | 1,918 | 16,901,743 | 4.20 % | 2,187 |
| 6,191,979 | - | 6,191,979 | 2,151 | 20,020,000 | 4.89 % | 2,544 |
| 5,121,979 | - | 5,121,979 | 1,766 | 16,750,000 | 3.87 % | 2,083 |

CITY OF MAHTOMEDI, MINNESOTA
RATIOS OF GENERAL BONDED DEBT
 Last Ten Fiscal Years

Table 11

| <u>Year</u> | <u>General Obligation Bonds</u> | <u>Improvement Bonds</u> | <u>Less: Amounts Available in Debt Service Funds</u> | <u>Total</u> | <u>Percentage of Estimated Actual Taxable Market Value (1)</u> | <u>Per Capita (2)</u> |
|-------------|---|------------------------------|--|--------------|--|---------------------------|
| 2006 | \$ - | \$ 5,015,000 | \$ 2,732,406 | \$ 2,282,594 | 0.27% | \$ 289 |
| 2007 | 775,000 | 4,740,000 | 2,956,993 | 2,558,007 | 0.26% | 324 |
| 2008 | 5,145,000 | 5,885,000 | 3,285,931 | 7,744,069 | 0.78% | 967 |
| 2009 | 5,505,000 | 5,080,000 | 3,432,396 | 7,152,604 | 0.66% | 889 |
| 2010 | 4,930,000 | 4,890,000 | 3,348,585 | 6,471,415 | 0.63% | 843 |
| 2011 | 4,620,000 | 4,910,000 | 1,577,663 | 7,952,337 | 0.82% | 1,036 |
| 2012 | 4,300,000 | 4,620,000 | 1,784,280 | 7,135,720 | 0.77% | 930 |
| 2013 | 3,970,000 | 7,348,021 | 3,261,929 | 8,056,092 | 0.92% | 1,047 |
| 2014 | 3,630,000 | 10,198,021 | 3,286,955 | 10,541,066 | 1.19% | 1,339 |
| 2015 | 3,450,000 | 8,178,021 | 2,161,435 | 9,466,586 | 1.07% | 1,203 |

Source: 2006-2015 City of Mahtomedi Finance Department

- (1) - See the Assessed and Estimated Actual Value of Taxable Property for estimated actual taxable market value
- (2) - See the Demographic and Economic Statistics schedule for population data.

CITY OF MAHTOMEDI, MINNESOTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 December 31, 2015

Table 12

| Governmental Unit | Debt Outstanding* | Estimated Percentage Applicable* | Estimated Share of Overlapping Debt |
|---------------------------------------|----------------------|--|--|
| Debt repaid with property taxes: | | | |
| Washington County | \$ 118,065,000 | 3.8 % | \$ 4,486,470 |
| ISD No. 832 | 46,350,033 | 46.8 % | 21,668,640 |
| Metropolitan Council/Regional Transit | 153,680,000 | 3.4 % | <u>5,225,120</u> |
| Subtotal - overlapping debt | | | 31,380,230 |
| City direct debt | | | <u>11,628,021</u> |
| Total direct and overlapping debt | | | <u><u>\$ 43,008,251</u></u> |

Sources: City of Mahtomedi Official Statements, Washington County, ISD#832 (Mahtomedi) and Metropolitan Council.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident and therefore, responsible for repaying the debt of each overlapping government.

* Amounts exclude general obligation debt supported by revenues, revenue debt, State-aid road bonds, and grant and loan anticipation certificates. Includes annual appropriation lease debt.

CITY OF MAHTOMEDI, MINNESOTA
LEGAL DEBT MARGIN INFORMATION
 Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2015

| | |
|------------------------------------|-----------------------|
| Market value | <u>\$ 905,400,200</u> |
| Debt Limit (3% of market value) | <u>\$ 27,162,006</u> |
| Debt applicable to limit: | |
| General obligation bonds | 16,750,000 |
| Less: | |
| Special assessment bonds | (8,178,021) |
| Revenue bonds | (5,121,979) |
| Cash and investments in General | |
| Obligation Debt Service Funds | <u>(300,237)</u> |
| Total net debt applicable to limit | <u>3,149,763</u> |
| Legal debt margin | <u>\$ 24,012,243</u> |

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 27,162,006 | \$ 25,485,261 | \$ 25,289,631 | \$ 26,729,970 |
| Total net debt applicable to limit | <u>3,149,763</u> | <u>3,353,347</u> | <u>3,546,895</u> | <u>3,675,456</u> |
| Legal debt margin | <u>\$ 24,012,243</u> | <u>\$ 22,131,914</u> | <u>\$ 21,742,736</u> | <u>\$ 23,054,514</u> |

Amount of Debt Applicable to Debt Limit:

| | | | | |
|--|---------|---------|---------|---------|
| Total net debt applicable to the limit is a percentage of debt limit | 11.60 % | 13.16 % | 14.03 % | 13.75 % |
|--|---------|---------|---------|---------|

Table 13

| <u>2011</u> | <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 29,008,974 | \$ 30,915,936 | \$ 32,278,569 | \$ 30,402,192 | \$ 20,274,336 | \$ 19,915,716 |
| <u>4,018,353</u> | <u>4,438,284</u> | <u>4,775,553</u> | <u>5,115,185</u> | <u>769,875</u> | <u>-</u> |
| <u>\$ 24,990,621</u> | <u>\$ 26,477,652</u> | <u>\$ 27,503,016</u> | <u>\$ 25,287,007</u> | <u>\$ 19,504,461</u> | <u>\$ 19,915,716</u> |
| 13.85 % | 14.36 % | 14.79 % | 16.83 % | 3.80 % | 0.00 % |

CITY OF MAHTOMEDI, MINNESOTA
PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

| Fiscal Year | Water Revenue Bonds | | | | | | Utility Service Charges | Less Operating Expenses |
|-------------|-------------------------|-------------------------|-----------------------|--------------|-----------|----------|-------------------------|-------------------------|
| | Utility Service Charges | Less Operating Expenses | Net Available Revenue | Debt Service | | Coverage | | |
| | | | | Principal | Interest | | | |
| 2006 | \$ 680,816 | \$ 483,340 | \$ 197,476 | \$ - | \$ 10,387 | 19.01 | \$ 677,564 | \$ 630,208 |
| 2007 | 748,979 | 493,950 | 255,029 | - | 77,892 | 3.27 | - | - |
| 2008 | 754,045 | 492,178 | 261,867 | 70,000 | 100,249 | 1.54 | 709,539 | 631,850 |
| 2009 | 818,518 | 539,019 | 279,499 | 105,000 | 101,781 | 1.35 | 736,573 | 723,307 |
| 2010 | 808,184 | 505,071 | 303,113 | 120,000 | 94,769 | 1.41 | 728,623 | 733,738 |
| 2011 | 860,992 | 572,775 | 288,217 | 130,000 | 96,401 | 1.27 | 782,166 | 691,885 |
| 2012 | 1,046,064 | 576,497 | 469,567 | 130,000 | 103,044 | 2.01 | 864,473 | 763,656 |
| 2013 | 1,011,374 | 598,581 | 412,793 | 163,390 | 100,918 | 1.56 | 900,943 | 774,702 |
| 2014 | 910,939 | 632,634 | 278,305 | 179,561 | 104,966 | 0.98 | 968,546 | 747,469 |
| 2015 | 858,324 | 550,757 | 307,567 | 189,561 | 110,304 | 1.03 | 1,023,849 | 819,159 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

There are no debt service requirements for 2007 in the Sewer Utility Fund. The unused 2006B bond proceeds in the sewer fund were transferred for use in the Water Utility Fund in 2007.

Table 14

| Sewer Revenue Bonds | | | | Improvement Bonds | | | | |
|-----------------------|--------------|-----------|----------|--------------------------------|--------------|------------|----------|--|
| Net Available Revenue | Debt Service | | Coverage | Special Assessment Collections | Debt Service | | Coverage | |
| | Principal | Interest | | | Principal | Interest | | |
| \$ 47,356 | \$ - | \$ 11,557 | 4.10 | \$ 365,159 | \$ 275,000 | \$ 104,079 | 0.96 | |
| - | - | - | - | 216,271 | 275,000 | 251,399 | 0.41 | |
| 77,689 | - | 6,853 | 11.34 | 494,826 | 450,000 | 208,443 | 0.75 | |
| 13,266 | - | 20,558 | 0.65 | 474,944 | 445,000 | 424,911 | 0.55 | |
| (5,115) | 20,000 | 19,752 | (0.13) | 430,318 | 765,000 | 419,894 | 0.36 | |
| 90,281 | 30,000 | 30,137 | 1.50 | 364,959 | 1,425,000 | 386,345 | 0.20 | |
| 100,817 | 30,000 | 58,577 | 1.14 | 295,070 | 610,000 | 352,416 | 0.31 | |
| 126,241 | 116,611 | 59,384 | 0.72 | 294,526 | 725,000 | 332,716 | 0.28 | |
| 221,077 | 135,439 | 61,361 | 1.12 | 408,956 | 415,000 | 179,185 | 0.69 | |
| 204,690 | 140,439 | 58,112 | 1.03 | 436,412 | 420,000 | 222,113 | 0.68 | |

CITY OF MAHTOMEDI, MINNESOTA
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Table 15

| <u>Fiscal Year</u> | <u>Population</u> | <u>Personal Income (1)</u> | <u>Per Capita Personal Income (1)</u> | <u>Unemployment Rate (2)</u> |
|--------------------|-------------------|----------------------------|---------------------------------------|------------------------------|
| 2006 | 7,885 | 278,616,475 | 35,335 | 3.5 % |
| 2007 | 7,900 | 288,776,600 | 36,554 | 4.0 % |
| 2008 | 8,005 | 303,325,460 | 37,892 | 6.3 % |
| 2009 | 8,048 | 314,990,672 | 39,139 | 6.9 % |
| 2010 | 7,676 | 299,778,504 | 39,054 | 6.3 % |
| 2011 | 7,676 | 306,510,356 | 39,931 | 5.2 % |
| 2012 | 7,645 | 378,603,335 | 49,523 | 4.8 % |
| 2013 | 7,697 | 398,835,449 | 51,817 | 4.0 % |
| 2014 | 7,871 | 409,764,260 | 52,060 | 2.9 % |
| 2015 | 8,043 | 432,978,819 | 53,833 | 2.8 % |

Sources: Population: Metropolitan Council estimates

(1) Information is not tracked on a yearly basis for individual cities. Data is for Washington County.
 Source: US Bureau of Economic Analysis: CA1-3 Per Capita personal income.

(2) Information is not tracked on a yearly basis for individual cities. Data is for Washington County.
 Source: Minnesota Department of Employment and Economic Development: Washington County.

CITY OF MAHTOMEDI, MINNESOTA
PRINCIPAL EMPLOYERS
 Current Year and Ten Years Ago

Table 16

| Employer | 2015 | | | 2006 | | |
|--------------------------------|--------------|------|-------------------------------------|--------------|------|-------------------------------------|
| | Employees | Rank | Percentage of Total City Employment | Employees | Rank | Percentage of Total City Employment |
| FedEx | 680 | 1 | 33.32 % | 540 | 1 | 24.87 % |
| Century College - East Campus | 500 | 2 | 24.50 % | 350 | 2 | 16.12 % |
| Mahtomedi School District #832 | 354 | 3 | 17.34 % | 254 | 3 | 11.70 % |
| St. Andrews Church | 87 | 4 | 4.26 % | 85 | 4 | 3.92 % |
| St. Andrews Village | 57 | 5 | 2.79 % | | | |
| TLC Electronics | 60 | 6 | 2.94 % | 70 | 5 | 3.22 % |
| Coventry Senior Living | 38 | 7 | 1.86 % | | | |
| Federal Molding | 20 | 8 | 0.98 % | | | |
| Jethro's Char-House & Pub | 22 | 9 | 1.08 % | 25 | 8 | 1.15 % |
| St. Jude of the Lake | 17 | 10 | 0.83 % | 20 | 9 | 0.92 % |
| Park Tool | | | | 31 | 6 | 1.43 % |
| Dairy Queen | | | | 27 | 7 | 1.24 % |
| Mulcahy, Inc. | | | | 20 | 10 | 0.92 % |
| Total | 1,835 | | 89.91% | 1,422 | | 65.49 % |

Source: 2006 City contact with Major Employers
 2015 City contact with Major Employers and Metropolitan Council-Community Profile

CITY OF MAHTOMEDI, MINNESOTA
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 |
|---------------------|-------|-------|-------|
| General government: | | | |
| General Government | 4.50 | 4.50 | 4.50 |
| Public Safety | 1.00 | 1.00 | 1.00 |
| Buildings | 0.50 | 1.00 | 1.00 |
| Streets | 2.00 | 2.00 | 2.00 |
| City Parks | 1.50 | 1.50 | 1.50 |
| Storm Water | 1.00 | 1.50 | 1.50 |
| Water Utility | 1.50 | 1.50 | 1.50 |
| Sewer Utility | 1.50 | 1.50 | 1.50 |
| Total | 13.50 | 14.50 | 14.50 |

Source: City Budget Office.

Table 17

Full-Time Equivalent Employees as of December 31,

| <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 | 4.50 |
| 1.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 | 2.00 |
| 1.00 | 1.00 | 0.25 | 0.25 | 0.25 | 0.25 | 0.25 |
| 2.00 | 2.00 | 2.00 | 2.00 | 2.50 | 2.50 | 2.50 |
| 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 |
| 1.50 | 1.50 | 0.75 | 0.75 | 0.50 | 0.50 | 0.50 |
| 1.50 | 1.50 | 2.50 | 2.50 | 2.50 | 2.50 | 2.50 |
| 1.50 | 1.50 | 2.00 | 2.00 | 2.25 | 2.25 | 2.25 |
| <u>14.50</u> | <u>15.50</u> | <u>15.50</u> | <u>15.50</u> | <u>16.00</u> | <u>16.00</u> | <u>16.00</u> |

CITY OF MAHTOMEDI, MINNESOTA
OPERATING INDICATORS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 | 2009 |
|-----------------------------------|-----------|-----------|-----------|-----------|
| Police: | | | | |
| Moving violations | 421 | 140 | 192 | 198 |
| Non-moving violations | 456 | 389 | 317 | 369 |
| DWI | 35 | 54 | 54 | 45 |
| Part 1 crimes ** | 121 | 102 | 144 | 138 |
| Part 2 crimes ** | 623 | 589 | 569 | 501 |
| Fire: | | | | |
| Medical responses | 447 | 518 | 547 | 521 |
| Fires | 242 | 258 | 198 | 213 |
| Building inspection: | | | | |
| Permits issued: | | | | |
| Residential | 28 | 70 | 4 | 2 |
| Commercial | 6 | - | 3 | 1 |
| Additions/other | 740 | 970 | 619 | 514 |
| Other public works: | | | | |
| Street resurfacing (miles) | 3 | 2 | 1 | - |
| Potholes filled (tons) | 50 | 200 | 63 | 53 |
| Water: | | | | |
| New connections | 29 | 80 | 22 | 21 |
| Water main breaks | 3 | 3 | 1 | 1 |
| Average daily consumption | 841,324 | 865,019 | 812,704 | 832,482 |
| Peak daily consumption | 1,510,400 | 2,236,000 | 2,275,000 | 2,163,000 |
| Water customer count | 2,464 | 2,544 | 2,567 | 2,588 |
| Sewer customer count | 2,403 | 2,474 | 2,501 | 2,533 |
| City of Willernie water customers | 220 | 220 | 220 | 220 |

Sources: Various City Departments/Washington County Sheriff's Office (Police)

Note: Indicators are not available for the general government function.

* Indicates information not available

** Part 1 Crimes include: Arson, Assault, Auto Theft, Burglary, Domestic Assault, Larceny-Theft, Rape, Robbery

Part 2 Crimes include: Disorderly Conduct, Family/Children, Forgery, Fraud, Liquor Laws, Narcotics, Other, Vandalism, Weapons

Table 18

| Fiscal Year | | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|--|
| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| 206 | 224 | 112 | 100 | 209 | 177 | |
| 465 | 424 | 363 | 464 | 434 | 401 | |
| 18 | 25 | 14 | 23 | 23 | 23 | |
| 101 | 137 | 124 | 108 | 135 | 107 | |
| 469 | 421 | 470 | 380 | 384 | 337 | |
| 633 | 584 | 587 | 803 | 729 | 767 | |
| 210 | 237 | 285 | 184 | 165 | 164 | |
| 12 | 14 | 25 | 13 | 12 | 12 | |
| 3 | 5 | - | - | - | 1 | |
| 631 | 678 | 635 | 636 | 554 | 789 | |
| 1 | 3 | - | 1 | 5 | 2 | |
| 94 | 106 | 90 | 67 | 33 | 58 | |
| 21 | 16 | 24 | 15 | 2 | 16 | |
| - | 2 | 1 | - | - | - | |
| 699,701 | 701,808 | 810,952 | 743,862 | 638,800 | 583,403 | |
| 1,635,000 | 1,764,000 | 2,087,000 | 2,084,000 | 1,947,000 | 1,509,000 | |
| 2,600 | 2,616 | 2,641 | 2,656 | 2,658 | 2,674 | |
| 2,545 | 2,550 | 2,584 | 2,602 | 2,607 | 2,608 | |
| 220 | 220 | 220 | 220 | 220 | 228 | |

CITY OF MAHTOMEDI, MINNESOTA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
 Last Ten Fiscal Years

| Function/Program | 2006 | 2007 | 2008 |
|---|---------|-----------|-----------|
| Fire stations | 1 | 1 | 1 |
| Other public works: | | | |
| Streets (miles) | 48 | 52 | 52 |
| Highways (miles) | 1 | 1 | 1 |
| Streetlights | 312 | 320 | 320 |
| Traffic signals | 3 | 3 | 3 |
| Parks and recreation: | | | |
| Acreage | 168 | 169 | 169 |
| Playgrounds | 4 | 4 | 5 |
| Baseball/softball diamonds | 3 | 4 | 4 |
| Soccer/football fields | 2 | 2 | 2 |
| Community centers | - | - | - |
| Water: | | | |
| Water mains (miles) | 36 | 37 | 47 |
| Fire hydrants | 388 | 400 | 455 |
| Storage capacity (thousands of gallons) | 500,000 | 1,000,000 | 1,000,000 |
| Wastewater: | | | |
| Sanitary sewers (miles) | 38 | 39 | 35 |
| Storm sewers (miles) | 16 | 19 | 25 |
| Treatment capacity (thousands of gallons) | * | * | * |

Sources: Various City Departments.

Police services are contracted with Washington County.

* Indicates information not available, treatment facilities are through Metropolitan Council Environmental Services

Table 19

| Fiscal Year | | | | | | | |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 52 | 52 | 52 | 52 | 52 | 52 | 52 | 52 |
| 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| 320 | 328 | 328 | 328 | 328 | 328 | 328 | 328 |
| 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| 169 | 169 | 169 | 169 | 169 | 169 | 169 | 169 |
| 5 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| - | - | - | - | - | - | - | - |
| 47 | 47 | 47 | 47 | 47 | 47 | 47 | 47 |
| 456 | 456 | 456 | 456 | 459 | 459 | 459 | 459 |
| 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 33 | 33 | 33 | 33 | 33 | 33 | 33 | 33 |
| 25 | 25 | 25 | 25 | 25 | 25 | 25 | 25 |
| * | * | * | * | * | * | * | * |

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