

**CITY OF MAHTOMEDI, MINNESOTA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**YEAR ENDED DECEMBER 31, 2016**

Prepared by Finance Department

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## **I. INTRODUCTORY SECTION**

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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, 2016.

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, 2016 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, 2016, 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)

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 2016, the City adopted a comprehensive capital improvement and financing plan through 2021. 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 2016, the City saw the construction of six single family dwellings.

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

### **Local Economy (Continued)**

Housing construction slowed from twelve units in 2015 to six units in 2016. The City is estimating that five new residential units will be started in 2017; housing construction is expected to remain at a low level since the City is nearly fully developed. The median value home is \$288,500 with the 2016 new construction median value at approximately \$326,125.

During the past ten years, property taxes have increased in amount and as a percentage of total revenue (66% in 2007 to 72% in 2016) and intergovernmental revenues have decreased from 6% of total revenues in 2007 to 4% in 2016.

### **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 \$19.0 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 2016, Katherine Abbott Park Improvements and Historic District Phase II projects were substantially completed.

In 2017, new projects include the construction phase of the CSAH 12 Improvements & Katherine Abbott Park Phase II Improvements. These projects will be funded by State Aid, County Aid & current cash holdings.

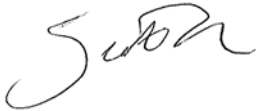
Honorable Mayor, Members of the City Council, and  
Citizens of the City of Mahtomedi, Minnesota

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, 2015. This was the twenty fifth 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, 2015**

Executive Director/CEO

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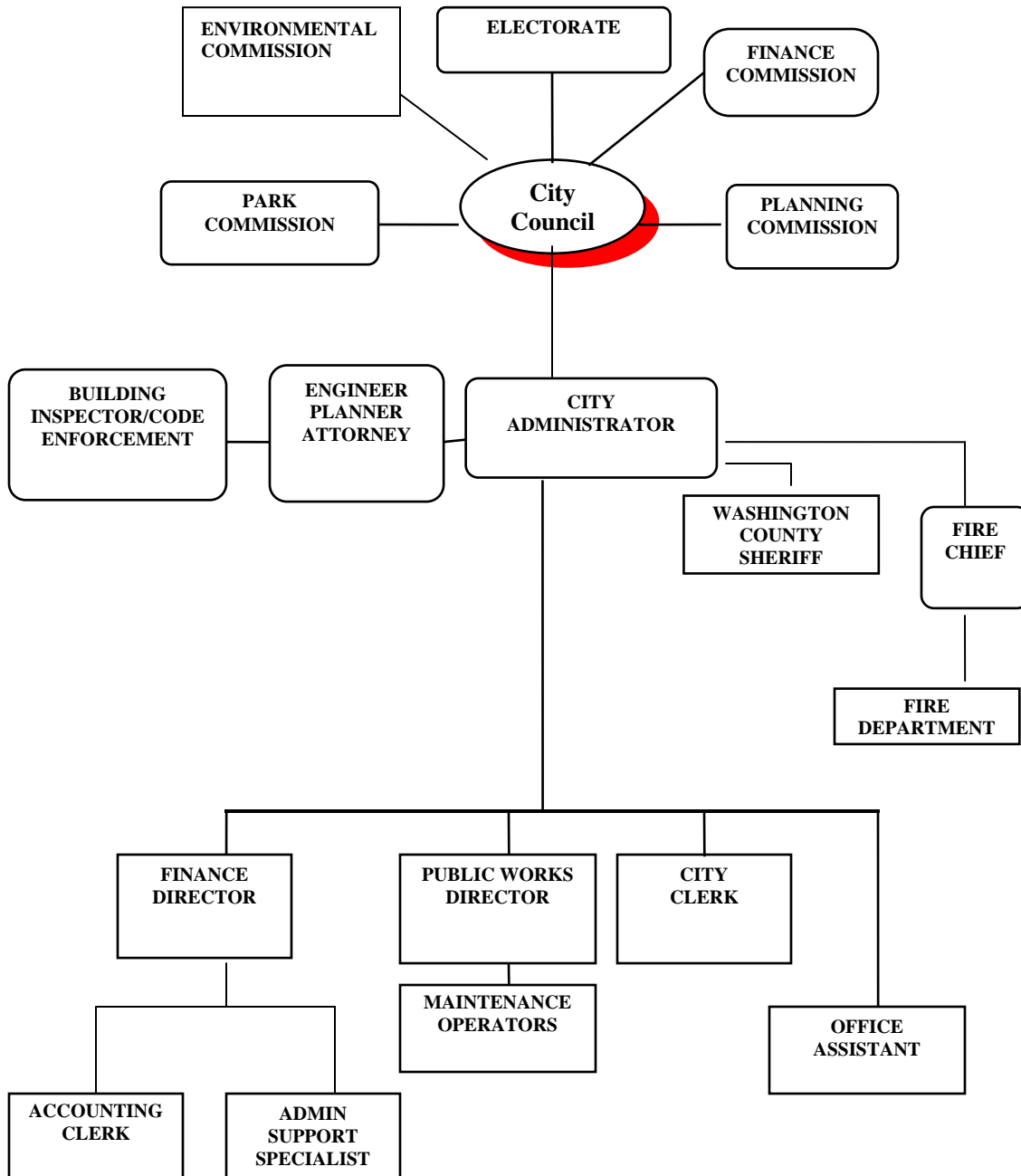
**CITY OF MAHTOMEDI, MINNESOTA**  
**PRINCIPAL OFFICIALS**  
December 31, 2016

	<u>Term Expires</u>
Elected:	
Mayor:	
Judson Marshall	December 31, 2019
Council Members:	
Richard Brainerd	December 31, 2019
Timothy Deans	December 31, 2019
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, 2016, 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, 2016, 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 2015 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 27, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***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, and PERA schedule of City contributions, 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 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.

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

*Other Information*

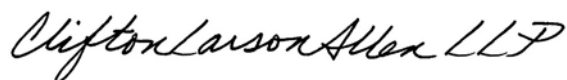
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mahtomedi's basic financial statements. The combining and individual fund statements and schedules, other supplementary financial information, the introductory section, and statistical 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.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2017, 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 25, 2017

## 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, 2016. 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 \$41,019,814 (net position). Of this amount, \$14,753,947 (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 \$1,687,579.

As of the close of the current fiscal year, the City of Mahtomedi's governmental funds reported combined ending fund balances of \$18,203,630. Of this total amount, \$9,363,339 is committed and assigned by City Council authorization, \$6,084,030 is restricted through externally enforceable limitations and \$107,719 is considered non-spendable resources. The unassigned fund balance is \$2,648,542.

At the end of the current fiscal year, the general fund balance was \$5,870,587. Of that amount, \$82,673 was non-spendable for inventory and prepaid items, \$1,699,995 was committed for street improvements and construction projects, \$518,514 was assigned and \$3,569,405 was unassigned.

The City's total long-term liabilities increased by \$8,424,288 during the current fiscal year, from \$18,002,676 as of December 31, 2015 to \$26,426,964 as of December 31, 2016. \$1,900,631 of the City's long term liabilities relate the City's proportionate share of the PERA pension plans' net pension liabilities.

### **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 22 through 24 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 six 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 2016A, 2016 Street Improvements, Utility Capital Projects, and Equipment and Building Replacement, 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 25 through 30 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 31 through 33 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 34 through 67 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 77 through 99 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 \$41,019,814 at the close of the most recent fiscal year.

The City's unrestricted net position (\$14,753,947 or 36.0%) 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	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 21,418,181	\$ 16,232,060	\$ 6,541,167	\$ 5,030,761	\$ 27,959,348	\$ 21,262,821
Capital assets	26,937,548	25,074,003	12,748,408	12,056,770	39,685,956	37,130,773
Total assets	<u>48,355,729</u>	<u>41,306,063</u>	<u>19,289,575</u>	<u>17,087,531</u>	<u>67,645,304</u>	<u>58,393,594</u>
Deferred outflows of resources	1,035,514	150,112	179,464	32,807	1,214,978	182,919
Long-term liabilities outstanding	15,847,423	10,657,909	7,044,460	4,800,651	22,891,883	15,458,560
Other liabilities	3,703,406	2,777,344	1,043,443	900,683	4,746,849	3,678,027
Total liabilities	<u>19,550,829</u>	<u>13,435,253</u>	<u>8,087,903</u>	<u>5,701,334</u>	<u>27,638,732</u>	<u>19,136,587</u>
Deferred inflows of resources	162,230	84,172	39,506	23,519	201,736	107,691
Net position:						
Net investment in capital assets	13,635,771	13,251,398	8,198,836	7,544,198	21,834,607	20,795,596
Restricted	4,431,260	4,372,192	-	-	4,431,260	4,372,192
Unrestricted	11,611,153	10,313,160	3,142,794	3,851,287	14,753,947	14,164,447
Total net position	<u>\$ 29,678,184</u>	<u>\$ 27,936,750</u>	<u>\$ 11,341,630</u>	<u>\$ 11,395,485</u>	<u>\$ 41,019,814</u>	<u>\$ 39,332,235</u>

An additional portion of the City’s net position, \$21,834,607 or 53.2% 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 \$4,431,260 or 10.8% 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 \$1,687,579; consisting of a \$1,741,434 increase related to governmental activities and a decrease of \$53,855 in business-type activities.

The government-type net position includes an increase in the City’s net investment in capital assets of \$384,373 or 2.9% due to the construction of Phase II of the Historic District, Hamline Lake Trail and Katherine Abbott improvements. There was an increase in “restricted net position” of \$59,068 or 1.4%. In addition, there was an increase in unrestricted net position of \$1,297,993 or 12.6%.

The business-type net position overall decrease is \$53,855 or 0.5% from prior year. The net investment in capital assets increased \$654,638 or 8.7% from the prior year due to completion of Iris, 60<sup>th</sup> Street and Kenwood lift stations. In addition, the unrestricted net position decreased by \$708,493 or 18.4% to \$3,142,794.

## Management's Discussion and Analysis

### Governmental Activities

Governmental activities increased the City's net position by \$1,741,434 due to revenues exceeding expenses. Key elements and changes of revenue and expense line items are as follows:

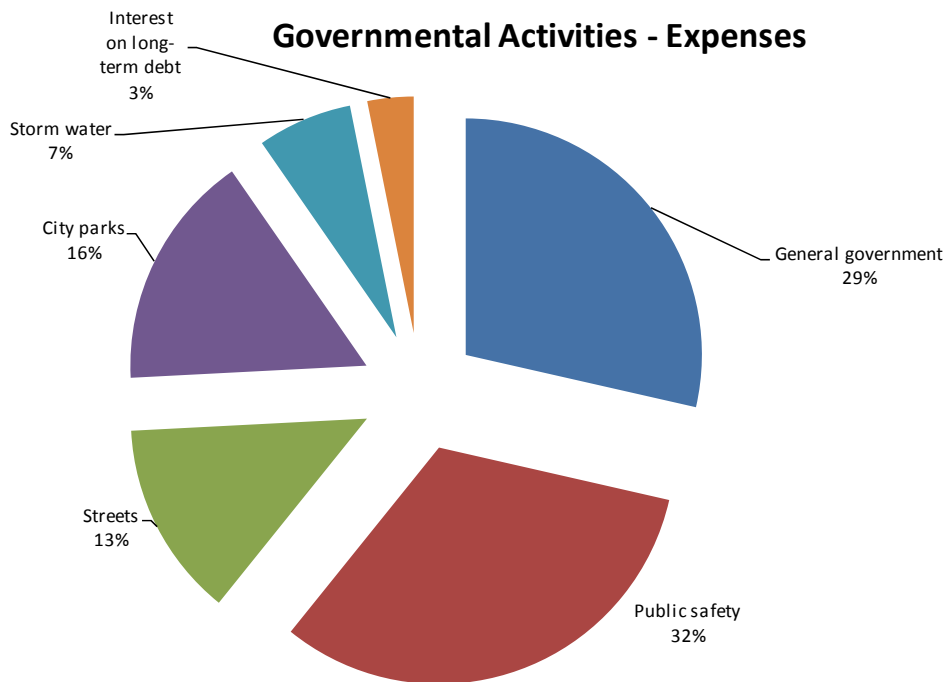
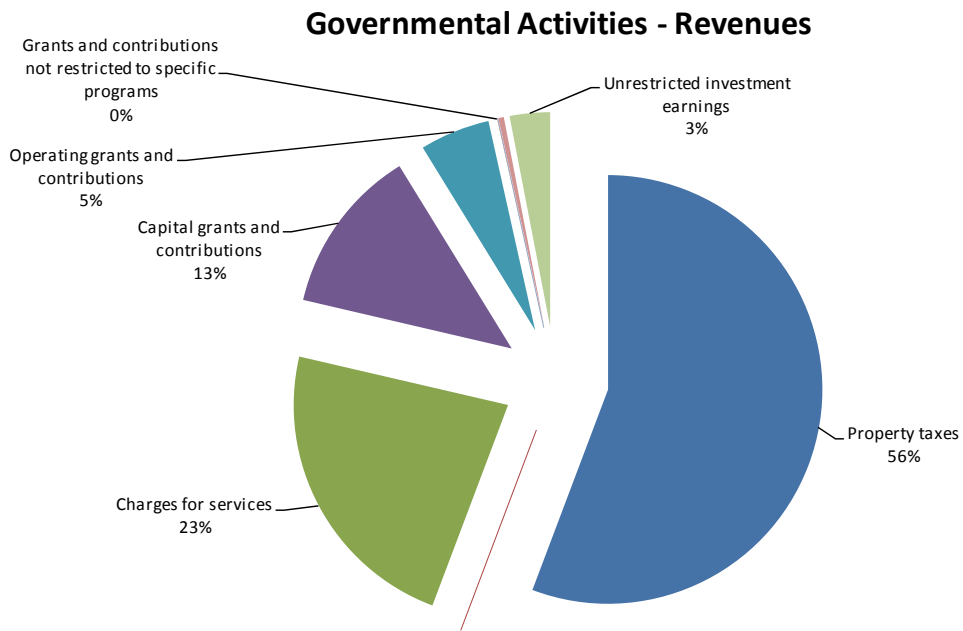
#### CITY OF MAHTOMEDI'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 1,590,944	\$ 1,493,799	\$ 2,067,910	\$ 1,882,173	\$ 3,658,854	\$ 3,375,972
Operating grants and contributions	367,406	216,254	-	-	367,406	216,254
Capital grants and contributions	873,645	858,209	-	-	873,645	858,209
General revenues:						
Property taxes	3,872,429	3,862,088	-	-	3,872,429	3,862,088
Tax increment collections	-	91,142	-	-	-	91,142
Grants and contributions not restricted to specific programs	3,111	2,899	-	-	3,111	2,899
Unrestricted investment earnings	210,931	194,824	84,678	73,132	295,609	267,956
Other	28,756	19,073	8,127	1,083	36,883	20,156
Gain on disposal of capital assets	-	-	-	-	-	-
Total revenues	<u>6,947,222</u>	<u>6,738,288</u>	<u>2,160,715</u>	<u>1,956,388</u>	<u>9,107,937</u>	<u>8,694,676</u>
Expenses:						
General government	1,486,610	1,434,505	-	-	1,486,610	1,434,505
Public safety	1,678,205	1,311,294	-	-	1,678,205	1,311,294
Streets	696,966	1,150,615	-	-	696,966	1,150,615
City parks	841,687	421,863	-	-	841,687	421,863
Storm water	337,757	319,920	-	-	337,757	319,920
Interest on long-term debt	164,563	344,829	-	-	164,563	344,829
Water utility	-	-	1,095,870	987,843	1,095,870	987,843
Sewer utility	-	-	1,118,700	1,044,189	1,118,700	1,044,189
Total expenses	<u>5,205,788</u>	<u>4,983,026</u>	<u>2,214,570</u>	<u>2,032,032</u>	<u>7,420,358</u>	<u>7,015,058</u>
Change in net position	1,741,434	1,755,262	(53,855)	(75,644)	1,687,579	1,679,618
Net position - January 1	<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>
Net position - December 31	<u>\$ 29,678,184</u>	<u>\$ 27,936,750</u>	<u>\$ 11,341,630</u>	<u>\$ 11,395,485</u>	<u>\$ 41,019,814</u>	<u>\$ 39,332,235</u>

- Increase in Charges for services of \$97,145 or 6.5% due to increased franchise fees and Insurance dividends
- Decrease in Tax increment collections of \$91,142 or 100% due to decertification of district #6
- Increase in Operating grants and contributions of \$151,152 or 69.9% due to grant for Hamline Lake Trail
- Increase in Capital grants and contributions of \$15,436 or 1.8% due to contributed land received by the City in 2016
- Expenses were consistent with the prior year with an increase of only 222,761 or 4.5%

# Management's Discussion and Analysis

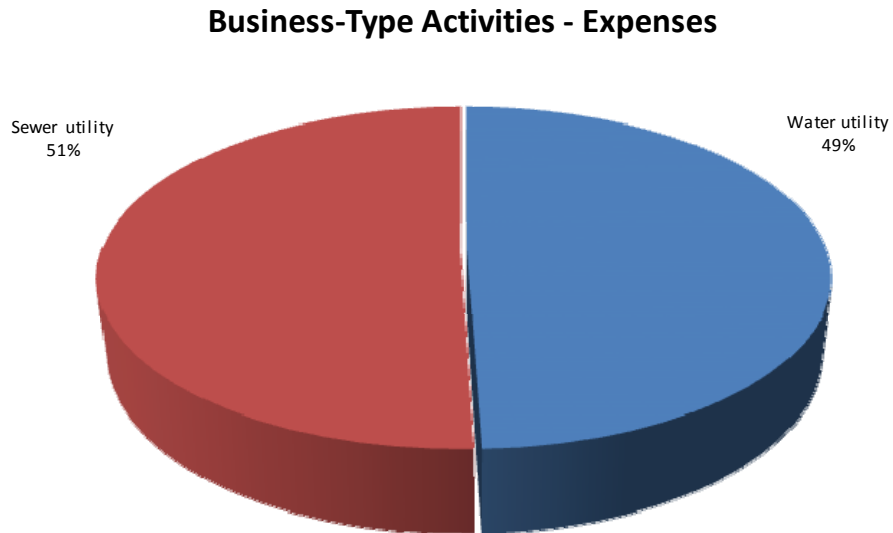
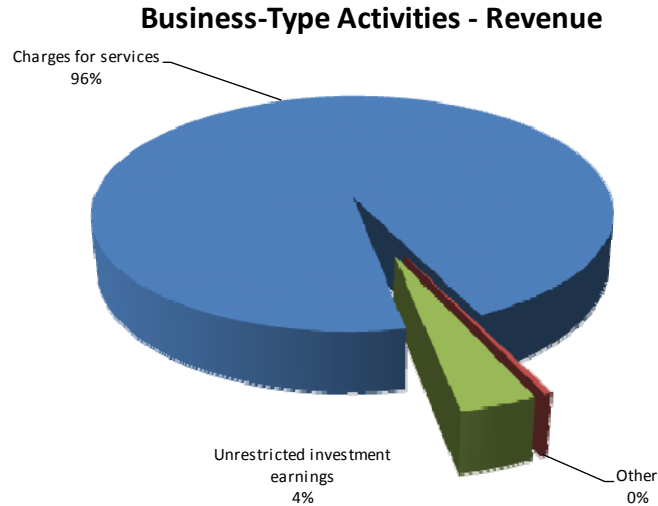
Below are specific graphs that provide comparisons of the governmental activities revenues and expenditures:



# Management's Discussion and Analysis

## Business-Type Activities

Business-type activities decreased net position by \$53,855. Below are graphs showing the business-type activities revenue and expense comparisons:



- Charges for services increased \$185,737 or 9.9% due to increased rates
- Increase in water expenses of \$108,027 or 10.9% due to increased interest, personal services and repairs
- Increase in sewer expenses of \$74,511 or 7.1% due to increased personal services and Metropolitan Council sewer charges

## 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 \$18,203,630. Approximately 14.5% of this total amount, \$2,648,542 constitutes unassigned fund balance and \$9,363,339 or 51.4% is either committed or assigned for capital improvements and debt service. The remainder of the fund balance, \$6,191,749 is non-spendable or restricted to provide for debt service, capital improvement, inventories and prepaid items.

The general fund balance increased by \$513,966 in 2016 due to revenues exceeding expenditures. Revenues decreased \$59,472 primarily due to decreases in intergovernmental revenues. Expenditures increased \$71,358 due to increases in general government and streets expenditures which were partially offset by a decrease in public safety expenditures.

The Closed Bond Fund increased by \$17,893 in 2016 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 2016A was a new fund in 2016. It ended 2016 with a fund balance of \$3,677,085 due to the proceeds from refunding bonds and special assessment revenues exceeding 2016 debt service expenditures.

The 2016 Street Improvements fund balance decreased \$621,492 in 2016. This decrease is due to street construction expenditures for Phase II of the Historic District improvements.

The Utility Capital Projects fund balance increased by \$46,208 in 2016. This increase is a result of investment income and water/sewer availability charges.

The Equipment and Building Replacement fund balance increased by \$314,967 in 2016 due to a budgeted increase.

The nonmajor storm water special revenue fund decreased by \$165,060 for 2016, primarily due to an increase in expenditures for Historic District improvements.

The nonmajor debt service funds decreased by \$18,582 in 2016. 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 increased by \$1,338,003 in 2016. The increase is due to revenues, transfer in, and the sale of fixed assets exceeding and transfers out.

## Management's Discussion and Analysis

**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 \$7,812,366, (\$5,710,106 net investment in capital assets and \$2,102,260 unrestricted) and Sewer Utility of \$3,529,264 (\$2,388,215 net investment in capital assets and \$1,141,049 unrestricted). The Water Utility fund had a decrease in net position in 2016 of \$65,899. \$18,551 of this decrease was related changes in the City's proportionate share of PERA's net pension liability and the related deferred inflows and outflows of resources recorded in accordance with GASB Statement No. 68. The remainder of the decrease in Water Utility net position was primarily due to an increase of interest on bonds. The Sewer Utility fund had an increase in net position of \$12,034. This increase in Sewer Utility net position was primarily due to an increase in 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:

- Charges for services revenues are \$78,899 more than budgeted due to more franchise fees revenues being collected than originally expected.
- Other revenue is \$61,003 more than budgeted due to receiving an unbudgeted insurance dividend in 2016 and collecting more rental revenues than expected.
- Public Safety expenditures are \$129,672 less than budgeted due to less than expected call volume for Fire and Ambulance services.
- Street department expenditures are \$210,249 less than budgeted due to personal services and materials and supplies coming under budget and unspent contingency in capital outlay.

### **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, 2016 amounts to \$39,685,956 (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 was completed on the Iris, 60<sup>th</sup> Street and Kenwood lift stations with construction costs of \$967,817.
- Construction was completed for the Historic District Phase I improvements with construction costs of \$3,880,091.
- Construction was completed for the Woodland Drive and NW Area improvements with construction costs of \$1,011,413.



## Management's Discussion and Analysis

- Construction was completed on the 2015 Street Improvements (Pheasant Run Area) with construction costs of \$1,056,476.
- Construction began for the Historic District Phase II improvements with construction in progress as of the close of the year at \$3,297,330. This project will be completed in 2017.

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

City of Mahtomedi's Capital Assets (net of depreciation)						
	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
Land	\$ 2,627,546	\$ 2,397,546	\$ 2,875	\$ 2,875	\$ 2,630,421	\$ 2,400,421
Buildings	4,954,581	5,008,971	2,748,912	1,848,964	7,703,493	6,857,935
Other improvements	580,935	654,015	-	-	580,935	654,015
Streets	10,076,243	6,291,315	-	-	10,076,243	6,291,315
Storm sewers	2,529,724	2,031,372	-	-	2,529,724	2,031,372
Machinery and equipment	2,103,788	2,299,478	378,445	390,900	2,482,233	2,690,378
Distribution and collection systems	-	-	9,618,176	8,848,231	9,618,176	8,848,231
Construction in progress	4,064,731	6,391,306	-	965,800	4,064,731	7,357,106
<b>Total</b>	<b>\$ 26,937,548</b>	<b>\$ 25,074,003</b>	<b>\$ 12,748,408</b>	<b>\$ 12,056,770</b>	<b>\$ 39,685,956</b>	<b>\$ 37,130,773</b>

Additional information on the City of Mahtomedi's capital assets can be found in Note 4 on pages 48 and 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 \$23,905,000, an increase of \$7,155,000 from 2015. Of this amount, \$3,260,000 comprises debt backed by the full faith and credit of the government and \$13,357,083 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 \$7,287,917 represents bonds secured by specified revenue sources (i.e., revenue bonds).

In addition, there is long-term liability for compensated absences in the amount of \$193,640 and a long-term liability for the City's proportionate share of PERA's net pension liability in the amount of \$1,900,631.

# Management’s Discussion and Analysis

## City of Mahtomedi’s Outstanding Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Totals	
	2016	2015	2016	2015	2016	2015
General obligation improvement bonds	\$ 16,617,083	\$ 11,628,020	\$ -	\$ -	\$ 16,617,083	\$ 11,628,020
Revenue Bonds	-	-	7,287,917	5,121,979	7,287,917	5,121,979
Unamortized bond premium	267,339	56,750	160,354	65,845	427,693	122,595
Net Pension Liability	1,512,424	729,039	388,207	235,320	1,900,631	964,359
Compensated absences	154,888	131,491	38,752	34,232	193,640	165,723
Total	\$ 18,551,734	\$ 12,545,300	\$ 7,875,230	\$ 5,457,376	\$ 26,426,964	\$ 18,002,676

The City’s total long-term liabilities increased by \$8,424,288 or 46.8% due to the issuance of the crossover refunding portion of the 2016A bonds and increases in PERA’s net pension liability which then increased the City’s share of the net pension liability.

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 \$28,037,985. The amount of the City's outstanding debt that is counted within the statutory limitation is \$3,380,000, leaving a legal debt margin of \$24,657,985.

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 3.3%, which is an increase from a rate of 2.8% a year ago. This compares favorably to the state’s average unemployment rate of 4.1% and the national average rate of 4.5%.
- The City has experienced slightly higher than anticipated new residential housing activity, with six residential houses started in 2016.

All of these factors were considered in preparing the City’s budget for the 2017 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.

## **BASIC FINANCIAL STATEMENTS**

**CITY OF MAHTOMEDI, MINNESOTA**

STATEMENT OF NET POSITION

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

**Statement 1**

	Primary Government			
	Governmental Activities	Business-Type Activities	Totals	
			2016	2015
<b>Assets:</b>				
Cash and investments	\$ 14,996,618	\$ 4,877,403	\$ 19,874,021	\$ 17,790,040
Investments with escrow agent	3,591,077	1,084,488	4,675,565	-
Accounts receivable - net	228,999	520,492	749,491	743,663
Accrued interest receivable	38,536	-	38,536	46,545
Loan receivable	135,200	-	135,200	133,900
Due from other governmental units	2,510	423	2,933	10,496
Due from state	-	600	600	-
Property taxes receivable	53,805	-	53,805	147,704
Special assessments receivable	1,680,781	4,575	1,685,356	1,481,497
Inventory	77,584	42,235	119,819	127,177
Prepaid items	30,135	10,951	41,086	38,985
Net Pension Asset	582,936	-	582,936	742,814
Capital assets (net of accumulated depreciation):				
Nondepreciable	6,692,277	2,875	6,695,152	9,757,527
Depreciable	20,245,271	12,745,533	32,990,804	27,373,246
Total assets	<u>48,355,729</u>	<u>19,289,575</u>	<u>67,645,304</u>	<u>58,393,594</u>
<b>Deferred Outflows of Resources:</b>				
Deferred outflows - refunding of debt	-	12,502	12,502	5,536
Deferred outflows - pensions	1,035,514	166,962	1,202,476	182,919
Total deferred outflows	<u>\$ 1,035,514</u>	<u>\$ 179,464</u>	<u>\$ 1,214,978</u>	<u>\$ 188,455</u>
<b>Liabilities:</b>				
Accounts payable	\$ 358,875	\$ 80,322	\$ 439,197	\$ 316,820
Salaries payable	4,455	2,352	6,807	49,249
Due to other governmental units	253,169	36,791	289,960	346,599
Contracts payable	120,564	-	120,564	177,066
Accrued interest payable	208,555	93,208	301,763	197,285
Deposits payable	53,477	-	53,477	52,428
Compensated absences payable:				
Due within one year	94,804	19,646	114,450	94,757
Due in more than one year	60,084	19,106	79,190	70,966
Net Pension Liability:				
Due in more than one year	1,512,424	388,207	1,900,631	964,359
Bonds payable:				
Due within one year	1,097,083	422,917	1,520,000	1,485,000
Due in more than one year	15,787,339	7,025,354	22,812,693	15,387,594
Total liabilities	<u>19,550,829</u>	<u>8,087,903</u>	<u>27,638,732</u>	<u>19,142,123</u>
<b>Deferred Inflows of Resources:</b>				
Deferred inflows - pensions	162,230	39,506	201,736	107,691
<b>Net position:</b>				
Net investment in capital assets	13,635,771	8,198,836	21,834,607	20,795,596
Restricted for:				
Capital Asset Replacement	33,437	-	33,437	32,907
Park Improvements	230,656	-	230,656	392,099
Debt service	3,388,644	-	3,388,644	3,174,835
Fire Relief Pension	778,523	-	778,523	772,351
Unrestricted	11,611,153	3,142,794	14,753,947	14,164,447
Total net position	<u>\$ 29,678,184</u>	<u>\$ 11,341,630</u>	<u>\$ 41,019,814</u>	<u>\$ 39,332,235</u>

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

**CITY OF MAHTOMEDI, MINNESOTA**

**STATEMENT OF ACTIVITIES**

Year Ended December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

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<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>
Primary government:		
Governmental activities:		
General government	\$ 1,486,610	\$ 455,590
Public safety	1,678,205	755,150
Streets	696,966	-
City parks	841,687	47,606
Storm water	337,757	332,598
Interest on long-term debt	164,563	-
Total governmental activities	<u>5,205,788</u>	<u>1,590,944</u>
Business-type activities:		
Water utility	1,095,870	960,885
Sewer utility	1,118,700	1,107,025
Total business-type activities	<u>2,214,570</u>	<u>2,067,910</u>
Total primary government	<u>\$ 7,420,358</u>	<u>\$ 3,658,854</u>

Program Revenues		Net (Expense) Revenue and Changes in Net Position					
		Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Totals	
				Governmental Activities	Business-Type Activities	2016	2015
\$ -	\$ -	\$ (1,031,020)	\$ -	\$ (1,031,020)	\$ (1,050,998)		
124,613	591,295	(207,147)	-	(207,147)	109,449		
92,793	282,350	(321,823)	-	(321,823)	(717,613)		
150,000	-	(644,081)	-	(644,081)	(393,207)		
-	-	(5,159)	-	(5,159)	(17,566)		
-	-	(164,563)	-	(164,563)	(344,829)		
<u>367,406</u>	<u>873,645</u>	<u>(2,373,793)</u>	<u>-</u>	<u>(2,373,793)</u>	<u>(2,414,764)</u>		
-	-	-	(134,985)	(134,985)	(129,519)		
-	-	-	(11,675)	(11,675)	(20,340)		
-	-	-	(146,660)	(146,660)	(149,859)		
<u>\$ 367,406</u>	<u>\$ 873,645</u>	<u>(2,373,793)</u>	<u>(146,660)</u>	<u>(2,520,453)</u>	<u>(2,564,623)</u>		
General revenues:							
General property taxes		3,872,429	-	3,872,429	3,862,088		
Tax increment taxes		-	-	-	91,142		
Grants and contributions not restricted to specific programs		3,111	-	3,111	2,899		
Unrestricted investment earnings		210,931	84,678	295,609	267,956		
Other		<u>28,756</u>	<u>8,127</u>	<u>36,883</u>	<u>20,156</u>		
Total general revenues		<u>4,115,227</u>	<u>92,805</u>	<u>4,208,032</u>	<u>4,244,241</u>		
Change in net position		1,741,434	(53,855)	1,687,579	1,679,618		
Net Position - January 1		<u>27,936,750</u>	<u>11,395,485</u>	<u>39,332,235</u>	<u>37,652,617</u>		
Net position - December 31		<u>\$ 29,678,184</u>	<u>\$ 11,341,630</u>	<u>\$ 41,019,814</u>	<u>\$ 39,332,235</u>		

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

**CITY OF MAHTOMEDI, MINNESOTA**

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

Assets	General Fund	Closed Bond Fund	Improvement Bonds of 2016A	2016 Street Improvements
Cash and investments	\$ 5,303,160	\$ 1,127,856	\$ 86,007	\$ -
Investments with escrow agent	-	-	3,591,077	-
Accounts receivable - net:				
Ambulance receivable	97,148	-	-	-
Recycling receivable	21,801	-	-	-
Other receivables	19,950	-	-	-
Accrued interest receivable	38,536	-	-	-
Due from other funds	646,318	-	-	-
Due from other governmental units	2,510	-	-	-
Special assessments receivable - net	2,497	19,412	442,543	-
Property tax receivable - net	51,130	-	-	-
Inventories	53,506	-	-	-
Prepaid items	29,167	-	-	-
CDBG Loan Receivable	135,200	-	-	-
Total assets	<u>\$ 6,400,923</u>	<u>\$ 1,147,268</u>	<u>\$ 4,119,627</u>	<u>\$ -</u>
Liabilities, Deferred Inflows of Resources and Fund Balance				
Liabilities:				
Accounts payable	\$ 57,015	\$ -	\$ -	\$ 126,610
Contracts payable	-	-	-	120,564
Salaries payable	4,112	-	-	-
Due to other funds	-	-	-	374,318
Due to other governmental units	252,941	-	-	-
Deposits payable	53,477	-	-	-
Total liabilities	<u>367,545</u>	<u>-</u>	<u>-</u>	<u>621,492</u>
Deferred Inflows of Resources:				
Unavailable Resources	<u>162,791</u>	<u>19,412</u>	<u>442,542</u>	<u>-</u>
Fund balance:				
Non-spendable	82,673	-	-	-
Restricted	-	-	3,677,085	-
Committed	1,699,995	-	-	-
Assigned	518,514	1,127,856	-	-
Unassigned	3,569,405	-	-	(621,492)
Total fund balance	<u>5,870,587</u>	<u>1,127,856</u>	<u>3,677,085</u>	<u>(621,492)</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 6,400,923</u>	<u>\$ 1,147,268</u>	<u>\$ 4,119,627</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	
				2016	2015
\$ 1,151,902	\$ 3,331,478	\$ 3,996,215	\$ -	\$ 14,996,618	\$ 13,345,706
-	-	-	-	3,591,077	-
-	-	-	-	97,148	93,250
-	-	-	-	21,801	22,305
-	-	90,100	-	110,050	102,185
-	-	-	-	38,536	46,545
-	-	-	(646,318)	-	-
-	-	-	-	2,510	10,496
-	-	1,216,329	-	1,680,781	1,475,326
-	-	2,675	-	53,805	147,704
-	-	24,078	-	77,584	82,885
-	-	968	-	30,135	28,944
-	-	-	-	135,200	133,900
<u>\$ 1,151,902</u>	<u>\$ 3,331,478</u>	<u>\$ 5,330,365</u>	<u>\$ (646,318)</u>	<u>\$ 20,835,245</u>	<u>\$ 15,489,246</u>
\$ -	\$ 5,800	\$ 169,450	\$ -	\$ 358,875	\$ 234,429
-	-	-	-	120,564	137,835
-	-	343	-	4,455	37,497
-	-	272,000	(646,318)	-	-
-	-	228	-	253,169	291,396
-	-	-	-	53,477	52,428
<u>-</u>	<u>5,800</u>	<u>442,021</u>	<u>(646,318)</u>	<u>790,540</u>	<u>753,585</u>
<u>-</u>	<u>-</u>	<u>1,216,330</u>	<u>-</u>	<u>1,841,075</u>	<u>1,635,019</u>
-	-	25,046	-	107,719	111,829
-	-	2,406,945	-	6,084,030	2,586,440
-	-	1,062,828	-	2,762,823	3,512,813
1,151,902	3,325,678	476,566	-	6,600,516	6,773,084
-	-	(299,371)	-	2,648,542	116,476
<u>1,151,902</u>	<u>3,325,678</u>	<u>3,672,014</u>	<u>-</u>	<u>18,203,630</u>	<u>13,100,642</u>
<u>\$ 1,151,902</u>	<u>\$ 3,331,478</u>	<u>\$ 5,330,365</u>	<u>\$ (646,318)</u>	<u>\$ 20,835,245</u>	<u>\$ 15,489,246</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, 2016

(With Summarized Financial Information as of December 31, 2015)

	<u>2016</u>	<u>2015</u>
Total Fund Balances for Governmental Funds	\$ 18,203,630	\$ 13,100,642
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	\$ 2,627,546	
Construction in Progress	4,064,731	
Buildings, Net of Accumulated Depreciation	4,954,581	
Other Improvements, Net of Accumulated Depreciation	580,935	
Streets, Net of Accumulated Depreciation	10,076,243	
Storm Sewers, Net of Accumulated Depreciation	2,529,724	
Machinery and Equipment, Net of Accumulated Depreciation	<u>2,103,788</u>	25,074,003
	26,937,548	
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.	1,841,075	1,635,019
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.	(208,555)	(136,368)
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	582,936	
Net Pension Liability	(1,512,424)	
Deferred Outflows of Resources - Pensions	1,035,514	
Deferred Inflows of Resources - Pensions	<u>(162,230)</u>	79,715
	(56,204)	
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	(16,617,083)	
Unamortized Premiums	(267,339)	
Compensated Absence Payable	<u>(154,888)</u>	(11,816,261)
	(17,039,310)	
Total Net Position of Governmental Activities	<u>\$ 29,678,184</u>	<u>\$ 27,936,750</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, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	General Fund	Closed Bond Fund	Improvement Bonds of 2016A	2016 Street Improvements
<b>Revenues:</b>				
General property taxes	\$ 3,871,609	\$ -	\$ -	\$ -
Tax increment	-	-	-	-
Special assessments	-	7	86,160	-
Licenses and permits	187,604	-	-	-
Intergovernmental	220,517	-	-	-
Charges for services	840,342	-	-	-
Fines and forfeits	27,297	-	-	-
Investment income	46,839	17,886	341	14,481
Water availability charges	-	-	-	-
Sewer availability charges	-	-	-	-
Park dedication fees	-	-	-	-
Gambling proceeds	-	-	-	-
Miscellaneous	152,580	-	-	-
Total revenues	<u>5,346,788</u>	<u>17,893</u>	<u>86,501</u>	<u>14,481</u>
<b>Expenditures:</b>				
<b>Current:</b>				
General government	1,130,461	-	-	-
Public safety	1,408,120	-	-	-
Streets	538,237	-	-	-
City parks	296,555	-	-	-
Storm water	-	-	-	-
<b>Capital outlay:</b>				
Public safety	-	-	-	-
Streets	4,950	-	-	3,034,207
City parks	13,000	-	-	-
Developer incentives	-	-	-	-
<b>Debt service:</b>				
Principal	-	-	-	-
Interest	-	-	-	-
Bond Issuance Costs	-	-	52,611	-
Paying agent fees/fiscal charges	-	-	-	-
Total expenditures	<u>3,391,323</u>	<u>-</u>	<u>52,611</u>	<u>3,034,207</u>
Revenues over (under) expenditures	<u>1,955,465</u>	<u>17,893</u>	<u>33,890</u>	<u>(3,019,726)</u>
<b>Other financing sources (uses):</b>				
Proceeds from the sale of capital assets	-	-	-	-
Payment of Refunded Bonds	-	-	-	-
Bonds issued	-	-	3,510,000	2,560,000
Bond premium (discount)	-	-	133,195	101,358
Transfers in	-	-	-	-
Transfers out	(1,441,499)	-	-	(263,124)
Total other financing sources (uses)	<u>(1,441,499)</u>	<u>-</u>	<u>3,643,195</u>	<u>2,398,234</u>
Net change in fund balance	513,966	17,893	3,677,085	(621,492)
Fund balance - January 1	<u>5,356,621</u>	<u>1,109,963</u>	<u>-</u>	<u>-</u>
Fund balance (deficit) - December 31	<u>\$ 5,870,587</u>	<u>\$ 1,127,856</u>	<u>\$ 3,677,085</u>	<u>\$ (621,492)</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	
				2016	2015
\$ -	\$ -	\$ -	\$ -	\$ 3,871,609	\$ 3,859,529
-	-	-	-	-	91,142
-	-	299,892	-	386,059	436,416
-	-	-	-	187,604	209,683
-	-	202,350	-	422,867	692,290
-	-	332,598	-	1,172,940	1,105,311
-	-	-	-	27,297	32,202
17,963	50,246	63,175	-	210,931	194,824
11,099	-	-	-	11,099	15,974
17,146	-	-	-	17,146	16,008
-	-	18,000	-	18,000	-
-	-	12,713	-	12,713	13,193
-	-	20,321	-	172,901	128,801
<u>46,208</u>	<u>50,246</u>	<u>949,049</u>	<u>-</u>	<u>6,511,166</u>	<u>6,795,373</u>
-	46,022	216	-	1,176,699	1,350,063
-	-	-	-	1,408,120	1,505,695
-	-	232,856	-	771,093	690,429
-	-	438,366	-	734,921	312,633
-	-	194,335	-	194,335	208,233
-	44,772	-	-	44,772	240,112
-	-	-	-	3,039,157	1,841,461
-	-	-	-	13,000	12,530
-	-	-	-	-	45,571
-	-	1,080,938	-	1,080,938	820,000
-	-	315,296	-	315,296	374,057
-	-	-	-	52,611	-
-	-	11,633	-	11,633	12,900
<u>-</u>	<u>90,794</u>	<u>2,273,640</u>	<u>-</u>	<u>8,842,575</u>	<u>7,413,684</u>
<u>46,208</u>	<u>(40,548)</u>	<u>(1,324,591)</u>	<u>-</u>	<u>(2,331,409)</u>	<u>(618,311)</u>
-	3,807	1,126,037	-	1,129,844	296,256
-	-	-	-	-	(1,380,000)
-	-	-	-	6,070,000	-
-	-	-	-	234,553	-
-	351,708	2,504,352	(2,856,060)	-	-
-	-	(1,151,437)	2,856,060	-	-
<u>-</u>	<u>355,515</u>	<u>2,478,952</u>	<u>-</u>	<u>7,434,397</u>	<u>(1,083,744)</u>
46,208	314,967	1,154,361	-	5,102,988	(1,702,055)
<u>1,105,694</u>	<u>3,010,711</u>	<u>2,517,653</u>	<u>-</u>	<u>13,100,642</u>	<u>14,802,697</u>
<u>\$ 1,151,902</u>	<u>\$ 3,325,678</u>	<u>\$ 3,672,014</u>	<u>\$ -</u>	<u>\$ 18,203,630</u>	<u>\$ 13,100,642</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, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 6**

	<u>2016</u>	<u>2015</u>
Net changes in fund balances - total governmental funds (Statement 5)	\$ 5,102,988	\$ (1,702,055)
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	\$ 2,867,610	
Depreciation Expense	<u>(1,000,258)</u>	1,243,617
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.		(3,807)
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, 2015	1,635,019	
Unavailable Resources - December 31, 2016	<u>1,841,075</u>	206,056
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	1,080,938	
Issuance of bond	(6,070,000)	
Change in accrued interest payable	(72,187)	
Premium - issuance of bond	(234,553)	
Amortization of premiums	<u>23,963</u>	2,249,122
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).		(23,397)
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.		(135,919)
Change in net position of governmental activities (Statement 2)	<u>\$ 1,741,434</u>	<u>\$ 1,755,262</u>

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

**CITY OF MAHTOMEDI, MINNESOTA**

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

**Statement 7**

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2016	2015
Asset and Deferred Outflows of Resources:				
Current assets:				
Cash and cash equivalents	\$ 3,810,094	\$ 1,067,309	\$ 4,877,403	\$ 4,444,334
Investments with escrow agent	823,598	260,890	1,084,488	-
Accounts receivable - trade	196,504	270,274	466,778	463,143
Accounts receivable - certified bills	22,950	30,764	53,714	62,704
Accounts receivable - other	-	-	-	76
Special assessments receivable:				
Delinquent	2,093	2,482	4,575	3,944
Due from state	300	300	600	-
Due from county	181	242	423	2,227
Inventories	19,445	22,790	42,235	44,292
Prepaid items	4,887	6,064	10,951	10,041
Total current assets	<u>4,880,052</u>	<u>1,661,115</u>	<u>6,541,167</u>	<u>5,030,761</u>
Noncurrent assets:				
Capital assets:				
Land	2,875	-	2,875	2,875
Buildings and structures	1,155,769	1,960,597	3,116,366	2,148,549
Distribution and collection system	10,628,279	5,148,850	15,777,129	14,651,092
Machinery and equipment	700,458	304,093	1,004,551	1,032,959
Construction in progress	-	-	-	965,800
Total capital assets	<u>12,487,381</u>	<u>7,413,540</u>	<u>19,900,921</u>	<u>18,801,275</u>
Less: Allowance for depreciation	<u>(4,137,099)</u>	<u>(3,015,414)</u>	<u>(7,152,513)</u>	<u>(6,744,505)</u>
Net capital assets	<u>8,350,282</u>	<u>4,398,126</u>	<u>12,748,408</u>	<u>12,056,770</u>
Deferred Outflows of Resources:				
Deferred outflows - refunding of debt	10,438	2,064	12,502	5,536
Deferred outflows - pensions	88,010	78,952	166,962	32,807
Total deferred outflow	<u>98,448</u>	<u>81,016</u>	<u>179,464</u>	<u>38,343</u>
Total assets and deferred outflows of resources	<u>\$ 13,328,782</u>	<u>\$ 6,140,257</u>	<u>\$ 19,469,039</u>	<u>\$ 17,125,874</u>
Liabilities, Deferred Inflows of Resources, and Net Position:				
Current liabilities:				
Accounts payable	\$ 39,070	\$ 41,252	\$ 80,322	\$ 82,391
Salaries payable	1,240	1,112	2,352	11,752
Due to other governmental units	33,297	3,494	36,791	55,203
Contracts payable	-	-	-	39,231
Accrued interest payable	63,728	29,480	93,208	60,917
Compensated absences payable	13,274	6,372	19,646	17,343
Bonds payable - current	274,946	147,971	422,917	404,062
Total current liabilities	<u>425,555</u>	<u>229,681</u>	<u>655,236</u>	<u>670,899</u>
Noncurrent liabilities:				
Compensated absences payable - long-term	6,968	12,138	19,106	16,889
Net Pension Liability - long-term	204,635	183,572	388,207	235,320
Unamortized premium	96,608	63,747	160,355	-
Bonds payable - long-term	4,761,825	2,103,174	6,864,999	4,783,762
Total noncurrent liabilities	<u>5,070,036</u>	<u>2,362,631</u>	<u>7,432,667</u>	<u>5,035,971</u>
Total liabilities	<u>5,495,591</u>	<u>2,592,312</u>	<u>8,087,903</u>	<u>5,706,870</u>
Deferred Inflows of Resources:				
Deferred inflows - pensions	20,825	18,681	39,506	23,519
Net position:				
Net investment in capital assets	5,791,944	2,406,892	8,198,836	7,544,198
Unrestricted	2,020,422	1,122,372	3,142,794	3,851,287
Total net position	<u>7,812,366</u>	<u>3,529,264</u>	<u>11,341,630</u>	<u>11,395,485</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 13,328,782</u>	<u>\$ 6,140,257</u>	<u>\$ 19,469,039</u>	<u>\$ 17,125,874</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, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	Business-Type Activities - Enterprise Funds			
	Water Utility	Sewer Utility	Totals	
			2016	2015
Operating revenue:				
Billings to customers	\$ 922,660	\$ 1,077,407	\$ 2,000,067	\$ 1,827,010
Penalties	19,623	24,862	44,485	49,443
Other	18,602	4,756	23,358	5,720
Total operating revenue	<u>960,885</u>	<u>1,107,025</u>	<u>2,067,910</u>	<u>1,882,173</u>
Operating expenses:				
Salaries and wages	247,964	221,429	469,393	404,963
Administrative charge - General Fund	20,000	20,000	40,000	40,000
General supplies	91,559	45,919	137,478	156,149
Fuel and motor oil	4,021	4,021	8,042	8,332
Professional services	36,131	42,243	78,374	37,518
Contractual services	79,711	77,533	157,244	162,597
Insurance	10,509	20,211	30,720	30,309
Utilities	79,365	20,906	100,271	93,899
Buildings: charges - General Fund	25,000	25,000	50,000	50,000
Contractual services - MCES	-	392,792	392,792	355,949
Depreciation	295,944	172,117	468,061	462,688
Other	64,105	11,265	75,370	82,067
Total operating expenses	<u>954,309</u>	<u>1,053,436</u>	<u>2,007,745</u>	<u>1,884,471</u>
Operating income (loss)	6,576	53,589	60,165	(2,298)
Nonoperating revenues (expenses):				
Special assessments - interest and adjustments	210	256	466	1,083
Investment income	68,886	15,792	84,678	73,132
Miscellaneous revenue	-	7,661	7,661	-
Debt service - interest on bonds	(141,561)	(65,264)	(206,825)	(147,561)
Total nonoperating expenses	<u>(72,465)</u>	<u>(41,555)</u>	<u>(114,020)</u>	<u>(73,346)</u>
Change in net position	(65,889)	12,034	(53,855)	(75,644)
Net position - January 1	<u>7,878,255</u>	<u>3,517,230</u>	<u>11,395,485</u>	<u>11,471,129</u>
Net position - December 31	<u>\$ 7,812,366</u>	<u>\$ 3,529,264</u>	<u>\$ 11,341,630</u>	<u>\$ 11,395,485</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, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 9**

	Business-Type Activities - Enterprise Funds			
	Water	Sewer	Totals	
	Utility	Utility	2016	2015
Cash flows from operating activities:				
Cash received from customers	\$ 979,379	\$ 1,094,835	\$ 2,074,214	\$ 1,885,820
Cash paid to suppliers for goods and services	(399,346)	(690,579)	(1,089,925)	(952,510)
Cash payments to employees for services	(231,981)	(207,573)	(439,554)	(395,340)
Miscellaneous expenses	-	7,661	7,661	-
Net cash flows from operating activities	<u>348,052</u>	<u>204,344</u>	<u>552,396</u>	<u>537,970</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,047,676)	(151,254)	(1,198,930)	(306,472)
Proceeds from capital debt	2,037,160	532,840	2,570,000	-
Principal payments - bonds	(259,857)	(144,205)	(404,062)	(1,070,001)
Debt issuance costs	(31,354)	(8,324)	(39,678)	-
Interest and fiscal charges	(13,319)	(33,994)	(47,313)	(173,137)
Net cash flows from capital and related financing activities	<u>684,954</u>	<u>195,063</u>	<u>880,017</u>	<u>(1,549,610)</u>
Cash flows from investing activities:				
Investment income	69,096	16,048	85,144	74,215
Purchase of investments	(823,598)	(260,890)	(1,084,488)	-
Net cash flows from investing activities	<u>(754,502)</u>	<u>(244,842)</u>	<u>(999,344)</u>	<u>74,215</u>
Net increase (decrease) in cash and cash equivalents	278,504	154,565	433,069	(937,425)
Cash and cash equivalents - January 1	<u>3,531,590</u>	<u>912,744</u>	<u>4,444,334</u>	<u>5,381,759</u>
Cash and cash equivalents - December 31	<u>\$ 3,810,094</u>	<u>\$ 1,067,309</u>	<u>\$ 4,877,403</u>	<u>\$ 4,444,334</u>
Reconciliation of operating income to net cash flows from operating activities				
Operating income (loss)	\$ 6,576	\$ 53,589	\$ 60,165	\$ (2,298)
Adjustments to reconcile operating income to net cash flows from operating activities:				
Miscellaneous revenues	-	7,661	7,661	-
Depreciation expense	295,944	172,117	468,061	462,688
Changes in assets, deferred outflows, liabilities, and deferred inflows:				
(Increase) decrease in accounts receivable	18,794	(12,190)	6,604	3,647
(Increase) decrease in due from state	(300)	(300)	(600)	-
(Increase) decrease in prepaid items	(486)	(424)	(910)	13
(Increase) decrease in inventory, at cost	2,074	(17)	2,057	2,774
(Increase) decrease deferred outflows	(70,752)	(63,403)	(134,155)	(23,190)
Increase (decrease) in accounts payable	25,218	(27,287)	(2,069)	14,019
Increase in accrued salaries payable	(4,947)	(4,453)	(9,400)	2,004
Increase in due to other governmental units	(15,751)	(2,661)	(18,412)	47,504
(Increase) decrease in compensated absences payable	2,379	2,141	4,520	805
(Increase) decrease in net pension liability	80,850	72,037	152,887	6,485
(Increase) decrease in deferred inflows	8,453	7,534	15,987	23,519
Total adjustments	<u>341,476</u>	<u>150,755</u>	<u>492,231</u>	<u>540,268</u>
Net cash flows from operating activities	<u>\$ 348,052</u>	<u>\$ 204,344</u>	<u>\$ 552,396</u>	<u>\$ 537,970</u>

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



**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.

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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 2016A* debt service fund accounts for the debt issued to refund the 2007A, 2008A, and 2008B bond issuances associated with the Water Tower #1 & Well #6 Rehabilitation, Public Works Facility and Old Wildwood Street and Utility improvements.

The *2016 Street Improvements Fund* is a capital project fund used to account for future improvements to the City's streets including Phase II of the City's Historic District 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 their fair value as determined by quoted market prices, except for money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less which are recorded at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, banker's acceptances, and U.S. Treasury and agency obligations. Investments in external investment pools that meet the criteria of GASB Statement No. 79 are valued at amortized cost. If an external investment pool does not meet the criteria established by this Statement, that pool should apply the provisions in paragraph 16 of Statement No. 31.

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.

Investments with escrow are amounts kept in an escrow relating to the general obligation refunding bond issued in 2016, used to refund the outstanding maturities of General Obligation Water Revenue Bonds, Series 2007A, General Obligation Capital Improvement Bonds, Series 2008A and General Obligation Bonds Series 2008B.

**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, 2016 is \$211,223.

**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:

Assets	
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. In addition the City report deferred outflows related to loss on refunding of debt which are 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, 2015, 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.

## **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;

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- (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.

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- 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, 2016, the City had the following investments and maturities:

Investment Type	Rating	Value	Investment Maturities (in Years)			
			Less Than 1	1-5	6-10	Over 10 Years
Negotiable Certificates of Deposit	N/A	\$ 11,874,337	\$ 1,029,102	\$ 9,649,147	\$ 1,196,088	\$ -
Mutual Funds	AAA	171,613	171,613	-	-	-
Federal Home Loan Mortgage Corp. (1)	AA	739,150	-	248,450	490,700	-
Federal National Mortgage Assn. (1)	AA	1,241,725	-	1,241,725	-	-
US Treasury Bills	N/A	5,375,551	775,492	4,600,059	-	-
External Investment Pool - 4M Fund	N/A	3,078,373	3,078,373	-	-	-
Money Market	N/A	2,068,637	2,068,637	-	-	-
Total		<u>\$ 24,549,386</u>	<u>\$ 7,123,217</u>	<u>\$ 15,739,381</u>	<u>\$ 1,686,788</u>	<u>\$ -</u>
Total investments						\$ 24,549,386
Petty cash						200
Total cash and investments						<u>\$ 24,549,586</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 5.06% for the Federal National Mortgage Association.

**D. FAIR VALUE MEASUREMENTS**

The City uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. The City follows an accounting standard that defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value, and requires expanded disclosures about fair value measurements.

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In accordance with this standard, the City has categorized its investments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Financial assets and liabilities recorded on the combined statements of financial position are categorized based on the inputs to the valuation techniques as follows:

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

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

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

Assets measured a fair value on a recurring basis:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ -	\$ 171,613	\$ -	\$ 171,613
Federal Home Loan Mortgage Corp.	-	739,150	-	739,150
Federal National Mortgage Assn.	-	1,241,725	-	1,241,725
US Treasury Bills	699,986	4,675,565	-	5,375,551
Negotiable Certificates of Deposit	-	11,368,777	-	11,368,777
Total investments measured at fairvalue	<u>\$ 699,986</u>	<u>\$ 18,196,830</u>	<u>\$ -</u>	<u>\$ 18,896,816</u>
Reconciliation to statement of net postion				
Investments measured at fairvalue				\$ 18,896,816
Investments measured at amortized cost				5,652,570
Petty cash				200
Total cash and investments				<u>\$ 24,549,586</u>

**E. INVESTMENTS WITH ESCROW AGENT**

The City had investments with escrow relating to the general obligation refunding bond issued in 2016, used to refund the outstanding maturities of 2007A, 2008A, and 2008B bond issuances. As of December 31, 2016, the balance was \$4,675,565.

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**Note 3 RECEIVABLES**

Significant receivables balances not expected to be collected within one year of December 31, 2016 are as follows:

	Major Governmental Funds			Nonmajor Governmental Funds	Water Utility	Sewer Utility	Total
	General	Closed Bond Fund	Improvement Bonds of 2016A				
Special assessments receivable	\$ 2,497	\$ 19,412	\$ 442,543	\$ 1,216,329	\$ 2,093	\$ 2,482	\$ 1,685,356
Delinquent property taxes	51,130	-	-	2,675	-	-	53,805
CDBG Loan Receivable	135,200	-	-	-	-	-	135,200
Total	<u>\$ 188,827</u>	<u>\$ 19,412</u>	<u>\$ 442,543</u>	<u>\$ 1,219,004</u>	<u>\$ 2,093</u>	<u>\$ 2,482</u>	<u>\$ 1,874,361</u>

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:

	Unavailable	Unearned
Delinquent property taxes receivable (General Fund)	\$ 25,094	\$ -
Special assessments not yet due (General Fund)	2,497	-
Special assessments not yet due (Closed Bond Fund)	19,412	-
Special assessments not yet due (Improvement Bonds of 2016A)	442,542	-
Special assessments not yet due (Nonmajor Funds)	1,216,330	-
CDBG Loan (General Fund)	135,200	-
Total deferred inflows of resources/unearned revenue for governmental funds	<u>\$ 1,841,075</u>	<u>\$ -</u>

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**Note 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

<b>Primary Government</b>	<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	\$ 230,000	\$ -	\$ 2,627,546
Construction in progress	6,391,306	3,621,405	5,947,980	4,064,731
Total capital assets, not being depreciated	<u>8,788,852</u>	<u>3,851,405</u>	<u>5,947,980</u>	<u>6,692,277</u>
Capital assets, being depreciated:				
Buildings	6,444,535	80,372	-	6,524,907
Other improvements	2,300,282	-	-	2,300,282
Machinery and equipment	4,387,307	58,063	87,343	4,358,027
Storm water	2,671,110	903,459	-	3,574,569
Streets	8,132,133	3,918,484	-	12,050,617
Total capital assets, being depreciated	<u>23,935,367</u>	<u>4,960,378</u>	<u>87,343</u>	<u>28,808,402</u>
Less accumulated depreciation for:				
Buildings	1,435,564	134,762	-	1,570,326
Other improvements	1,646,267	73,080	-	1,719,347
Machinery and equipment	2,087,829	253,753	87,343	2,254,239
Storm water	639,738	405,107	-	1,044,845
Streets	1,840,818	133,556	-	1,974,374
Total accumulated depreciation	<u>7,650,216</u>	<u>1,000,258</u>	<u>87,343</u>	<u>8,563,131</u>
Total capital assets being depreciated - net	<u>16,285,151</u>	<u>3,960,120</u>	<u>-</u>	<u>20,245,271</u>
Governmental activities capital assets - net	<u>\$ 25,074,003</u>	<u>\$ 7,811,525</u>	<u>\$ 5,947,980</u>	<u>\$ 26,937,548</u>

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<b>Primary Government</b>	<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	965,800	2,017	967,817	-
Total capital assets, not being depreciated	<u>968,675</u>	<u>2,017</u>	<u>967,817</u>	<u>2,875</u>
Capital assets, being depreciated:				
Buildings	2,148,549	967,817	-	3,116,366
Distribution and collection system	14,651,092	1,126,037	-	15,777,129
Machinery and equipment	1,032,959	45,063	73,471	1,004,551
Total capital assets, being depreciated	<u>17,832,600</u>	<u>2,138,917</u>	<u>73,471</u>	<u>19,898,046</u>
Less accumulated depreciation for:				
Buildings	299,585	67,869	-	367,454
Distribution and collection system	5,802,861	356,092	-	6,158,953
Machinery and equipment	642,059	44,100	60,053	626,106
Total accumulated depreciation	<u>6,744,505</u>	<u>468,061</u>	<u>60,053</u>	<u>7,152,513</u>
Total capital assets being depreciated - net	<u>11,088,095</u>	<u>1,670,856</u>	<u>13,418</u>	<u>12,745,533</u>
Business-type activities capital assets - net	<u>\$ 12,056,770</u>	<u>\$ 1,672,873</u>	<u>\$ 981,235</u>	<u>\$ 12,748,408</u>

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

Governmental activities:	
General government	\$ 22,565
Public safety	193,100
Streets	546,029
City parks	98,959
Storm water	139,605
Total depreciation expense - governmental activities	<u>\$ 1,000,258</u>
Business-type activities:	
Water	\$ 295,944
Sewer	172,117
Total depreciation expense - business-type activities	<u>\$ 468,061</u>

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

**CITY OF MAHTOMEDI, MINNESOTA**  
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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 City also issues general obligation revenue bonds for the acquisition and construction of major capital facilities. The city pledges income derived from certain enterprise fund activities to pay the debt service for the general obligation revenue bonds. These bonds are to be paid from first from the user fee income of the enterprise funds, but they are also backed by the full faith and credit of the city and its taxing authority. The current rates and charges of the enterprise funds fully covered the principal and interest payments of these bonds in 2016 and are expected to fully cover future requirements through the maturity dates noted in the table below.

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, 2016, the long-term debt of the financial reporting City consisted of the following:

	<u>Date</u>	<u>Final Maturity Date</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Payable 12/31/16</u>
<b>Governmental activities</b>					
General Obligation Bonds:					
Capital Improvement Bonds of 2008A	9/1/2008	2/1/2029	4.45	\$ 4,370,000	\$ 3,260,000
Improvement Bonds of 2008B	9/1/2008	2/1/2024	4.15	1,595,000	860,000
Improvement Bonds of 2011A	9/28/2011	2/1/2022	2.56	1,135,000	715,000
Improvement Bonds of 2013A	7/17/2013	2/1/2025	1.7	3,123,021	2,747,083
Improvement Bonds of 2014A	6/26/2014	2/1/2025	2.19	3,265,000	2,965,000
Improvement Bonds of 2016A	4/26/2016	2/1/2027	1.57	6,070,000	6,070,000
Unamortized Bond Premium (Discount)				-	267,339
Total General Obligation Bonds, Net				26,828,021	16,884,422
Compensated absences payable				-	154,888
Total City indebtedness - governmental activities				<u>\$ 26,828,021</u>	<u>\$ 17,039,310</u>
<b>Business-type activities</b>					
G.O. Revenue Bonds of 2007A	12/1/2007	2/1/2028	4.14	\$ 1,180,000	\$ 820,000
G.O. Revenue Bonds of 2008B-Water	9/1/2008	2/1/2024	4.15	740,000	450,000
G.O. Revenue Bonds of 2011A	9/28/2011	2/1/2027	2.56	2,390,000	1,850,000
G.O. Revenue Bonds of 2013A	7/17/2013	2/1/2025	1.7	766,979	662,917
G.O. Revenue Bonds of 2014A	6/26/2014	2/1/2030	2.19	990,000	935,000
G.O. Revenue Bonds of 2016A	4/26/2016	2/1/2032	1.57	2,570,000	2,570,000
Unamortized Bond Premium (Discount)				-	160,354
Total Revenue Bonds, Net				9,991,979	7,448,271
Compensated absences payable				-	38,752
Total City indebtedness - business-type activities				<u>\$ 9,991,979</u>	<u>\$ 7,487,023</u>



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Annual debt service requirements to maturity for long-term debt are as follows:

Year Ending December 31,	Governmental Activities					
	G.O. Improvement Bonds		G.O. Capital Impr Bonds		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 902,083	\$ 307,102	\$ 195,000	\$ 137,394	\$ 1,097,083	\$ 444,496
2018	1,795,938	256,255	3,065,000	129,000	4,860,938	385,255
2019	1,402,083	204,891	-	-	1,402,083	204,891
2020	1,429,375	178,225	-	-	1,429,375	178,225
2021	1,444,375	149,840	-	-	1,444,375	149,840
2022	1,418,229	120,633	-	-	1,418,229	120,633
2023	1,115,000	94,680	-	-	1,115,000	94,680
2024	1,125,000	71,039	-	-	1,125,000	71,039
2025	1,050,000	46,110	-	-	1,050,000	46,110
2026	545,000	28,050	-	-	545,000	28,050
2027	560,000	17,000	-	-	560,000	17,000
2028	280,000	8,600	-	-	280,000	8,600
2029	290,000	2,900	-	-	290,000	2,900
2030	-	-	-	-	-	-
2031	-	-	-	-	-	-
Total	<u>\$ 13,357,083</u>	<u>\$ 1,485,325</u>	<u>\$ 3,260,000</u>	<u>\$ 266,394</u>	<u>\$ 16,617,083</u>	<u>\$ 1,751,719</u>

Year Ending December 31,	Business-Type Activities Improvement Bonds	
	Principal	Interest
	2017	\$ 422,917
2018	1,569,063	175,675
2019	532,917	120,268
2020	540,625	109,093
2021	555,625	97,018
2022	561,771	84,419
2023	460,000	72,550
2024	470,000	61,330
2025	430,000	50,018
2026	435,000	38,793
2027	445,000	27,221
2028	260,000	18,325
2029	185,000	13,125
2030	190,000	8,325
2031	115,000	4,313
2032	115,000	1,438
Total	<u>\$ 7,287,918</u>	<u>\$ 1,081,811</u>

**B. CHANGE IN LONG-TERM LIABILITIES**

Long-term liability activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
G.O. improvement	\$ 8,178,021	\$ 6,070,000	\$ (890,938)	\$ 13,357,083	\$ 902,083
G.O. capital improvement bonds	3,450,000	-	(190,000)	3,260,000	195,000
Unamortized Bond Premium (Discount)	56,749	234,553	(23,963)	267,339	-
Compensated absences	131,491	310,037	(286,640)	154,888	94,804
Total government activity long-term liabilities	<u>\$ 11,816,262</u>	<u>\$ 6,614,590</u>	<u>\$ (1,391,541)</u>	<u>\$ 17,039,310</u>	<u>\$ 1,191,887</u>
Business-type activities:					
Bonds payable:					
G.O. water and sewer revenue bonds	\$ 5,121,979	\$ 2,570,000	\$ (404,062)	\$ 7,287,917	\$ 422,917
Unamortized Bond Premium (Discount)	65,847	94,507	-	160,354	-
Compensated absences	34,232	87,697	(83,177)	38,752	19,646
Total business-type activity long-term liabilities	<u>\$ 5,222,058</u>	<u>\$ 2,752,204</u>	<u>\$ (487,239)</u>	<u>\$ 7,487,023</u>	<u>\$ 442,563</u>

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

All long-term bonded indebtedness outstanding at December 31, 2016 is backed by the full faith and credit of the City.

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.

**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 Plan (General Employees Plan (accounted for in the General Employees Fund))

All full-time and certain part-time employees of the City are covered by the General Employees Plan General Employees Plan 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 Plan (Police and Fire Plan (accounted for in the Police and Fire Fund))

The Police and Fire Plan, originally established for police officers and firefighters not covered by a local relief association, now covers all police officers and firefighters hired since 1980. Effective July 1, 1999, the Police and Fire Plan also covers police officers and firefighters belonging to 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. General Employees Plan 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.

2. Police and Fire Plan Benefits

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

## **CONTRIBUTIONS**

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

### **1. General Employees Plan 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 2016. The City was required to contribute 11.78% of pay for Basic Plan members and 7.50% for Coordinated Plan members in calendar year 2016. The City contributions to the General Employees Plan for the year ended December 31, 2016, were \$78,342. The City contributions were equal to the required contributions as set by state statute.

### **2. Police and Fire Plan Contributions**

Plan members were required to contribute 10.8% of their annual covered salary in calendar year 2016. The City was required to contribute 16.20% of pay for Police and Fire Plan members in calendar year 2016. The City contributions to the Police and Fire Plan for the year ended December 31, 2016, were \$27,311. The City contributions were equal to the required contributions as set by state statute.

## **PENSION COSTS**

### **1. General Employees Plan Pension Costs**

At December 31, 2016, the City reported a liability of \$1,258,523 for its proportionate share of the General Employees Plan's net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA's participating employers. At June 30, 2016, the City's proportion share was .0155 % which was an increase of .0004% from its proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$171,982 for its proportionate share of the General Employees Plan's pension expense.

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At December 31, 2016, the City reported its proportionate share of the General Employees Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 102,238
Changes in Actuarial Assumptions	246,420	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	238,874	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	14,860	25,836
City Contributions Subsequent to the Measurement Date	41,116	-
Total	<u>\$ 541,270</u>	<u>\$ 128,074</u>

A total of \$41,116 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, 2017. 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
2017	\$ 100,067
2018	100,067
2019	126,485
2020	45,461
2021	-
Thereafter	-

**2. Police and Fire Plan Pension Costs**

At December 31, 2016, the City reported a liability of \$642,108 for its proportionate share of the Police and Fire Plan’s net pension liability. The net pension liability was measured as of June 30, 2016, 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, 2015, through June 30, 2016, relative to the total employer contributions received from all of PERA’s participating employers. At June 30, 2016, the City’s proportion was .0160% which was the same as the City’s proportion measured as of June 30, 2015.

For the year ended December 31, 2016, the City recognized pension expense of \$111,206 for its proportionate share of the Police and Fire Plan’s pension expense. The City also recognized \$1,440 for the year ended December 31, 2016, as pension expense (and grant revenue) for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Plan. Legislation passed in 2013 required the State of Minnesota to begin contributing \$9 million to the Police and Fire Plan each year, starting in fiscal year 2014.

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At December 31, 2016, the City reported its proportionate share of the Police and Fire Plan’s deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Economic Experience	\$ -	\$ 73,662
Changes in Actuarial Assumptions	353,380	-
Net Difference Between Projected and Actual Investment Earnings	97,992	-
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	-	-
City Contributions Subsequent to the Measurement Date	14,247	-
Total	<u>\$ 465,619</u>	<u>\$ 73,662</u>

A total of \$14,247 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, 2017.

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
2017	\$ 81,242
2018	81,242
2019	81,242
2020	73,323
2021	60,661

**ACTUARIAL ASSUMPTIONS**

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members, retirees, survivors and disabilitants were based on RP 2014 tables for the General Employees Plan and RP-2000 tables for the Police and Fire Plan for males or females, as appropriate, with slight adjustments. Cost of living benefit increases for retirees are assumed to be one percent per year for all future years for the General Employees Plan and Police and Fire Plan.

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Actuarial assumptions used in the June 30, 2016 valuation were based on the results of actuarial experience studies. The most recent four-year experience study in the General Employees Plan was completed in 2015. The experience study for Police and Fire Plan was for the period July 1, 2004 through June 30, 2009. Experience studies have not been prepared for the Correctional Plan, but assumptions are reviewed annually.

The following changes in actuarial assumptions occurred in 2016:

**General Employees Fund**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2035 and 2.5% per year thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate was changed from 7.9% to 7.5%.
- Other assumptions were changed pursuant to the experience study dated June 30, 2015. The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

**Police and Fire Fund**

- The assumed post-retirement benefit increase rate was changed from 1.0% per year through 2037 and 2.5% thereafter to 1.0% per year for all future years.
- The assumed investment return was changed from 7.9% to 7.5%. The single discount rate changed from 7.9% to 5.6%.
- The assumed future salary increases, payroll growth, and inflation were decreased by 0.25% to 3.25% for payroll growth and 2.50% for inflation.

The long-term expected rate of return on pension plan investments is 7.5%. The State Board of Investment, which manages the investments of PERA, prepares an analysis of the reasonableness of the long-term expected rate of return on a regular basis using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce an expected long-term rate of return by weighting the expected future rates of return by the target asset allocation percentages. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

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

**DISCOUNT RATE**

The discount rate used to measure the total pension liability in 2016 was 7.50%, a reduction from the 7.9% used in 2015. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at rates set in Minnesota Statutes. Based on these assumptions, the fiduciary net position of the General Employees Fund was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

In the Police and Fire Fund, the fiduciary net position was projected to be available to make all projected future benefit payments of current plan members through June 30, 2056 and June 30, 2058 respectively. Beginning in fiscal years ended June 30, 2057 for the Police and Fire, when projected benefit payments exceed the funds' projected fiduciary net position, benefit payments were discounted at the municipal bond rate of 2.85% based on an index of 20-year general obligation bonds with an average AA credit rating at the measurement date. An equivalent single discount rate of 5.60% for the Police and Fire Fund was determined that produced approximately the same present value of projected benefits when applied to all years of projected benefits as the present value of projected benefits using 7.50% applied to all years of projected benefits through the point of asset depletion and 2.85% after.

**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	Current Discount Rate	1% Increase in Discount Rate
<u>General Employees Fund Discount Rate</u>	6.50%	7.50%	8.50%
City's Proportionate Share of the GERF Net Pension Liability	\$ 1,787,476	\$ 1,258,523	\$ 822,810
<u>Police and Fire Fund Discount Rate</u>	4.60%	5.60%	6.60%
City's Proportionate Share of the PEPFF Net Pension Liability	\$ 898,866	\$ 642,108	\$ 432,317

**PENSION PLAN FIDUCIARY NET POSITION**

Detailed information about each pension plan's fiduciary net position is available in a separately-issued PERA financial report that includes financial statements and required supplementary information. That report may be obtained on the Internet at [www.mnpera.org](http://www.mnpera.org).

**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 2016 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, 2015, membership includes 20 active participants, 1 inactive member, and 13 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 §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 \$73,627 in fire state aid paid by the City to the Relief Association for the year ended December 31, 2015. 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, 2015 was \$-0-.

**PENSION COSTS**

At December 31, 2016, the City reported an asset of \$582,936 for the Association’s net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

**CITY OF MAHTOMEDI, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
December 31, 2016

As a result of its requirement to contribute to the Relief Association, the City recognized a reduction in public safety expense in the amount of \$6,172 for the year ended December 31, 2016. At December 31, 2016, 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	28,281	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	167,306	-
City Contributions Subsequent to the Measurement Date	-	-
Total	<u>\$ 195,587</u>	<u>\$ -</u>

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
2017	\$ 46,912
2018	46,912
2019	46,912
2020	39,528
2021	3,239
Thereafter	12,084

**ACTUARIAL ASSUMPTIONS**

The actuarial total pension liability was determined as of December 31, 2015, using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	12/31/15
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
	Closed
Actuarial Assumptions:	
Discount Rate	5.25%
Investment Rate of Return	5.25%
20-Year Municipal Bond Yield	3.57%
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.

**CITY OF MAHTOMEDI, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
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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, 2016 are summarized in the following table:

Asset Class	Allocation at December 31, 2015	Long-Term Expected Real Rate of Return	Long-Term Expected Nominal Rate of Return
Domestic Equity	46.15%	5.52%	8.27%
International Equity	3.69%	5.78%	8.53%
Fixed Income	26.32%	2.12%	4.87%
Real Estate and Alternatives	1.85%	4.12%	6.87%
Cash Equivalents	21.99%	0.82%	3.57%
Total Portfolio	100.00%	3.58% *	6.68%
Assumed Investment Expense			-1.43%
			5.25%

\* Portfolio total expected return is weighted average of arithmetic asset class returns, with adjustment to reflect geometric averages. It is not equal to the weighted average of the asset class geometric returns shown above.

**DISCOUNT RATE**

The discount rate used to measure the total pension liability was 5.25%. 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 (ASSET) SENSITIVITY**

The following presents the City of Mahtomedi's proportionate share of the net pension liability (asset) of the Association, calculated using the discount rate of 5.25%, as well as what the Association's net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (4.25%) or one percentage point higher (6.25%) than the current rate:

	1% Decrease	Selected Discount Rate	1% Increase
Net Pension Liability (Asset)	\$ (542,932)	\$ (582,936)	\$ (620,231)
Discount Rate	4.25%	5.25%	6.25%

**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. Information about changes in the Association's net pension liability (asset) is as follows:

	<u>2015</u>
<b>Total Pension Asset</b>	
Service Cost	\$ 48,188
Interest	67,135
Differences Between Expected and Actual Experience	31,520
Changes of Assumptions	-
Changes of Benefit Terms	-
Benefit Payments, Including Member Contribution Refunds	-
Other Changes	-
<b>Net Change in Total Pension Liability</b>	<u>146,843</u>
<b>Total Pension Liability - Beginning</b>	<u>1,025,970</u>
<b>Total Pension Liability - Ending (a)</b>	<u>1,172,813</u>
<b>Plan Fiduciary Net Position</b>	
Municipal Contributions	-
State Contributions	73,627
Net Investment Income	(70,615)
Benefit Payments	-
Administrative Expenses	(16,047)
Other Changes	-
<b>Net Change in Fiduciary Net Position</b>	<u>(13,035)</u>
<b>Fiduciary Net Position - Beginning</b>	<u>1,768,784</u>
<b>Fiduciary Net Position - Ending (b)</b>	<u>1,755,749</u>
<b>Association's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (582,936)</u>

**Note 7 INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS**

Individual interfund receivable and payable balances at December 31, 2016 are as follows:

<u>Fund</u>	<u>Due from Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 646,318	\$ -
2016 Street Improvements	-	374,318
Nonmajor Funds		
Interim Construction	-	272,000
Total	<u>\$ 646,318</u>	<u>\$ 646,318</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:

	<u>Transfer In</u>		
	<u>Major Fund</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
Transfer out:	<u>Equipment and Building Replacement</u>	<u>Fund</u>	<u>Total</u>
General Fund	\$ 351,708	\$ 1,089,791	\$ 1,441,499
Street Improvements 2016	-	263,124	263,124
Nonmajor governmental funds	-	1,151,437	1,151,437
Total transfers	<u>\$ 351,708</u>	<u>\$ 2,504,352</u>	<u>\$ 2,856,060</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 2016 transfers are considered routine and consistent with previous practices.

**Note 8 COMMITMENTS AND CONTINGENCIES**

**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.

**CITY OF MAHTOMEDI, MINNESOTA**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016

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.

**LITIGATION**

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

**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, 2016.

**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, 2016.

Future scheduled tax levies for all bonds outstanding at December 31, 2016 totaled \$10,454,987.



**CITY OF MAHTOMEDI, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2016

**Note 10 FUND BALANCES**

At December 31, 2016, the City had various fund balances through legal restriction and City Council authorization. Major fund balance appropriations at December 31, 2016 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	\$ 3,569,403	\$ -	\$ -	\$ -	\$ -	\$ 3,569,403
Inventories	53,506	53,506	-	-	-	-
Prepaid items	29,167	29,167	-	-	-	-
Fire department equipment and housing	12,296	-	-	-	12,296	-
Park improvements	27,694	-	-	-	27,694	-
Cable equipment	323,636	-	-	-	323,636	-
Compensated absences	154,888	-	-	-	154,888	-
Incomplete construction projects	646,318	-	-	646,318	-	-
Street improvements	1,053,677	-	-	1,053,677	-	-
Total General Fund	5,870,585	82,673	-	1,699,995	518,514	3,569,403
Closed Bond Fund:						
Debt Service	1,127,856	-	-	-	1,127,856	-
Improvement Bonds of 2016A:						
Debt Service	3,677,086	-	3,677,086	-	-	-
Equipment and Building Replacement:						
Capital asset replacement	3,325,678	-	-	-	3,325,678	-
2016 Street Improvement:						
Capital asset replacement	(621,492)	-	-	-	-	(621,492)
Utility Capital Projects:						
Water improvements	287,114	-	-	-	287,114	-
Sewer improvements	864,788	-	-	-	864,788	-
Total Utility Capital Projects	1,151,902	-	-	-	1,151,902	-
Nonmajor Governmental Funds:						
Inventories	24,078	24,078	-	-	-	-
Prepaid Items	968	968	-	-	-	-
Debt Service	2,142,852	-	2,142,852	-	-	-
Capital Asset Replacement	510,002	-	33,436	-	476,566	-
Park Improvements	230,656	-	230,656	-	-	-
Stormwater Improvements	1,062,828	-	-	1,062,828	-	-
Deficit Fund Balance	(299,369)	-	-	-	-	(299,369)
Total Nonmajor Funds	3,672,015	25,046	2,406,944	1,062,828	476,566	(299,369)
Total Fund Balances	\$ 18,203,630	\$ 107,719	\$ 6,084,030	\$ 2,762,823	\$ 6,600,516	\$ 2,648,542

**Note 11 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY**

**A. Deficit Fund Balances**

The City has deficit fund balances at December 31, 2016 as follows:

	Fund Balance Deficit
2016 Street Improvements	\$ (621,492)
Nonmajor Funds:	
Interim Construction Fund	(239,469)
2017 Street Improvements	(58,687)
2018 Street Improvements	(1,215)

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

**CITY OF MAHTOMEDI, MINNESOTA**  
**NOTES TO FINANCIAL STATEMENTS**  
 December 31, 2016

**Note 12 COMMITTED CONTRACTS**

At December 31, 2016, the City had the following commitments for uncompleted construction contracts:

2016 Street Improvements	\$ 120,564
Park & Trail Improvements	11,982
Total	<u>\$ 132,546</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.

As of December 31, 2016, there was one Rental Housing Revenue Bond and one Educational Facilities Revenue Note outstanding, with an aggregate principal amount payable of \$6,821,606.

In 2008, the Briarcliff Apartment Project Rental Housing Revenue bonds were called and Series 2008 were issued. As of February 6, 2017, this was refinanced and is no longer a conduit of the City.

**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 cell phone tower Verizon put up in Southwest park.

Terms of this lease are as follows:

<u>Location</u>	<u>2016 Lease Amount</u>	<u>Annual Lease Adjustment Factor</u>	<u>Expiration Date</u>	<u>Renewal Options</u>
Old garage site*	\$ 42,620	Greater of CPI or 4%	8/31/2019	5-Year Terms
North water tower site	14,460	Per schedule	12/31/2017	5-Year Terms
North water tower site	14,473	Per schedule	12/31/2019	5-Year Terms
SW Park Site	20,400	3% increase	12/31/2019	5-Year Terms
Future T Mobile lease receipts:				
2017	\$ 30,393			
2018	31,913			
	<u>\$ 62,306</u>			

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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**CITY OF MAHTOMEDI, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
Year Ended December 31, 2016

**Statement 10**  
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	Budgeted Amounts Original and Final	2016 Actual Amounts	Variance with Final Budget
Revenue:			
General property taxes:			
Current and delinquent	\$ 3,857,266	\$ 3,870,939	\$ 13,673
Penalties and interest	-	670	670
Total general property taxes	<u>3,857,266</u>	<u>3,871,609</u>	<u>14,343</u>
Licenses and permits	<u>187,040</u>	<u>187,604</u>	<u>564</u>
Intergovernmental:			
State aids:			
Firefighter's relief aid	68,886	75,564	6,678
Other	64,650	80,002	15,352
Total state aids	<u>133,536</u>	<u>155,566</u>	<u>22,030</u>
Local:			
Recycling grant	15,678	15,902	224
Police aid	49,920	49,049	(871)
Other	-	-	-
Total local	<u>65,598</u>	<u>64,951</u>	<u>(647)</u>
Total intergovernmental	<u>199,134</u>	<u>220,517</u>	<u>21,383</u>
Charges for services:			
Fire contracts	142,903	142,904	1
Ambulance	307,000	315,630	8,630
Administrative fee - Enterprise Funds	44,500	44,500	-
Building charge - Enterprise Funds	50,000	50,000	-
Recycling	82,340	80,932	(1,408)
Certified recycling	-	2,669	2,669
Franchise fees	114,500	179,472	64,972
Other	20,200	24,235	4,035
Total charges for services	<u>761,443</u>	<u>840,342</u>	<u>78,899</u>
Fines and forfeits	<u>25,000</u>	<u>27,297</u>	<u>2,297</u>
Other revenue:			
Investment income (loss)	40,000	46,839	6,839
Other	98,416	152,580	54,164
Total other revenue	<u>138,416</u>	<u>199,419</u>	<u>61,003</u>
Total revenue	<u>5,168,299</u>	<u>5,346,788</u>	<u>178,489</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
Year Ended December 31, 2016

**Statement 10**  
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Expenditures:	Budgeted Amounts Original and Final	2016 Actual Amounts	Variance with Final Budget
General government:			
Mayor and council:			
Current:			
Personal services	\$ 20,682	\$ 20,511	\$ 171
Contractual services	29,069	22,889	6,180
Other	21,654	20,444	1,210
Total mayor and council	<u>71,405</u>	<u>63,844</u>	<u>7,561</u>
Administration:			
Current:			
Personal services	500,177	495,168	5,009
Materials and supplies	16,000	14,544	1,456
Contractual services	21,440	20,741	699
Other	10,850	6,498	4,352
Total current	<u>548,467</u>	<u>536,951</u>	<u>11,516</u>
Capital outlay	-	-	-
Total administration	<u>548,467</u>	<u>536,951</u>	<u>11,516</u>
Communications:			
Current:			
Contractual services	47,260	46,887	373
Total current	<u>47,260</u>	<u>46,887</u>	<u>373</u>
Professional services:			
Current:			
Contractual services	316,207	353,706	(37,499)
Total professional services	<u>316,207</u>	<u>353,706</u>	<u>(37,499)</u>
Elections:			
Current:			
Personal services	7,160	7,643	(483)
Materials and supplies	800	193	607
Contractual services	1,000	1,200	(200)
Other	1,200	437	763
Total elections	<u>10,160</u>	<u>9,473</u>	<u>687</u>
City buildings:			
Current:			
Personal services	26,777	23,929	2,848
Materials and supplies	8,500	6,625	1,875
Contractual services	78,287	74,398	3,889
Other	19,150	14,648	4,502
Total City buildings	<u>132,714</u>	<u>119,600</u>	<u>13,114</u>
Total general government	<u>1,126,213</u>	<u>1,130,461</u>	<u>(4,248)</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
Year Ended December 31, 2016

**Statement 10**  
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	<u>Budgeted Amounts Original and Final</u>	<u>2016 Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures: (continued)			
Public safety:			
Police protection:			
Current:			
Contractual services	\$ 488,912	\$ 490,395	\$ (1,483)
Fire protection:			
Current:			
Personal services	300,324	260,068	40,256
Materials and supplies	75,565	54,426	21,139
Contractual services	84,099	76,475	7,624
Other	41,950	27,516	14,434
Total current	<u>501,938</u>	<u>418,485</u>	<u>83,453</u>
Capital outlay	-	-	-
Total fire protection	<u>501,938</u>	<u>418,485</u>	<u>83,453</u>
Ambulance service:			
Current:			
Personal services	200,567	172,875	27,692
Materials and supplies	31,700	30,351	1,349
Contractual services	25,947	19,301	6,646
Other	26,500	17,337	9,163
Total current	<u>284,714</u>	<u>239,864</u>	<u>44,850</u>
Capital outlay	-	-	-
Total ambulance service	<u>284,714</u>	<u>239,864</u>	<u>44,850</u>
Juvenile services:			
Current:			
Contractual services	<u>13,206</u>	<u>13,206</u>	<u>-</u>
Code enforcement:			
Current:			
Contractual services	<u>132,880</u>	<u>135,727</u>	<u>(2,847)</u>
Animal control:			
Current:			
Contractual services	<u>7,500</u>	<u>2,514</u>	<u>4,986</u>
Recycling:			
Current:			
Contractual services	<u>98,042</u>	<u>97,329</u>	<u>713</u>
Human Services:			
Current:			
Contractual services	<u>10,600</u>	<u>10,600</u>	<u>-</u>
Total public safety	<u>1,537,792</u>	<u>1,408,120</u>	<u>129,672</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
Year Ended December 31, 2016

**Statement 10**  
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	<u>Budgeted Amounts Original and Final</u>	<u>2016 Actual Amounts</u>	<u>Variance with Final Budget</u>
Expenditures: (continued)			
Streets:			
Street maintenance:			
Current:			
Personal services	\$ 241,186	\$ 222,476	\$ 18,710
Materials and supplies	79,750	59,166	20,584
Contractual services	190,500	196,160	(5,660)
Other	<u>6,500</u>	<u>4,892</u>	<u>1,608</u>
Total current	517,936	482,694	35,242
Capital outlay	<u>175,000</u>	<u>4,950</u>	<u>170,050</u>
Total street maintenance	<u>692,936</u>	<u>487,644</u>	<u>205,292</u>
Street lighting:			
Current:			
Contractual services	<u>60,500</u>	<u>55,543</u>	<u>4,957</u>
Total streets	<u>753,436</u>	<u>543,187</u>	<u>210,249</u>
City parks:			
Current:			
Personal services	139,234	129,414	9,820
Materials and supplies	26,000	24,019	1,981
Contractual services	100,775	111,121	(10,346)
Other	<u>28,350</u>	<u>32,001</u>	<u>(3,651)</u>
Total current	294,359	296,555	(2,196)
Capital outlay	<u>15,000</u>	<u>13,000</u>	<u>2,000</u>
Total City parks	<u>309,359</u>	<u>309,555</u>	<u>(196)</u>
Total expenditures	<u>3,726,800</u>	<u>3,391,323</u>	<u>335,477</u>
Revenue over expenditures	<u>1,441,499</u>	<u>1,955,465</u>	<u>513,966</u>
Other financing sources (uses):			
Transfers out	<u>(1,441,499)</u>	<u>(1,441,499)</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,441,499)</u>	<u>(1,441,499)</u>	<u>-</u>
Net increase in fund balance	<u>\$ -</u>	513,966	<u>\$ 513,966</u>
Fund balance - January 1		<u>5,356,621</u>	
Fund balance - December 31		<u>\$ 5,870,587</u>	



**CITY OF MAHTOMEDI, MINNESOTA**  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTE TO RSI  
December 31, 2016

**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, 2016

	<u>2015</u>	<u>2014</u>
<b>Total Pension Asset</b>		
Service Cost	\$ 48,188	\$ 46,898
Interest	67,135	61,110
Differences Between Expected and Actual Experience	31,520	-
Changes of Assumptions	-	-
Changes of Benefit Terms	-	-
Benefit Payments, Including Member Contribution Refunds	-	(25,800)
Other Changes	-	-
<b>Net Change in Total Pension Liability</b>	<u>146,843</u>	<u>82,208</u>
<b>Total Pension Liability - Beginning</b>	<u>1,025,970</u>	<u>943,762</u>
<b>Total Pension Liability - Ending (a)</b>	1,172,813	1,025,970
<b>Plan Fiduciary Net Position</b>		
Municipal Contributions	-	-
State Contributions	73,627	68,886
Net Investment Income	(70,615)	68,413
Benefit Payments	-	(33,616)
Administrative Expenses	(16,047)	(5,217)
Other Changes	-	-
<b>Net Change in Fiduciary Net Position</b>	<u>(13,035)</u>	<u>98,466</u>
<b>Fiduciary Net Position - Beginning</b>	<u>1,768,784</u>	<u>1,670,318</u>
<b>Fiduciary Net Position - Ending (b)</b>	<u>1,755,749</u>	<u>1,768,784</u>
<b>Association's Net Pension Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (582,936)</u>	<u>\$ (742,814)</u>
<b>Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	149.70%	172.40%
<b>Covered-Employee Payroll</b>	N/A	N/A
<b>Net Pension Liability/(Asset) as a Percentage of Covered-Employee Payroll</b>	N/A	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, 2016**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ -	\$ -	\$ -
Contributions in Relation to the Statutorily Required Contribution	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<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, 2016**

**General Employees Plan Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last Three Fiscal Years\***

	<u>Measurement Date 6/30/2016</u>	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
City's Proportion of the Net Pension Liability	0.0155%	0.0151%	0.0162%
City's Proportionate Share of the Net Pension Liability	\$ 1,258,523	\$ 782,560	\$ 760,995
City's Covered-Employee Payroll	966,936	887,323	854,274
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	130.16%	88.19%	89.08%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	68.91%	78.20%	78.70%

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

**Police and Fire Plan Schedule of the City's Proportionate Share of the Net Pension Liability**  
**Last Three Fiscal Years\***

	<u>Measurement Date 6/30/2016</u>	<u>Measurement Date 6/30/2015</u>	<u>Measurement Date 6/30/2014</u>
City's Proportion of the Net Pension Liability	0.0160%	0.0160%	0.0160%
City's Proportionate Share of the Net Pension Liability	\$ 642,108	\$ 181,799	\$ 172,807
City's Covered-Employee Payroll	158,471	149,328	142,249
City's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	405.19%	121.74%	121.48%
Plan Fiduciary Net Position as a Percentage of the total Pension Liability	63.88%	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, 2016**

**General Employees Plan Schedule of City Contributions**  
**Last Three Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 78,342	\$ 68,646	\$ 63,447
Contributions in Relation to the Statutorily Required Contribution	<u>(78,342)</u>	<u>(68,646)</u>	<u>(63,447)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 1,044,560	\$ 915,280	\$ 875,131
Contributions as a Percentage of Covered Employee Payroll	7.50%	7.50%	7.25%

**Police and Fire Plan Schedule of City Contributions**  
**Last Three Years**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Statutorily Required Contribution	\$ 27,311	\$ 24,866	\$ 22,445
Contributions in Relation to the Statutorily Required Contribution	<u>(27,311)</u>	<u>(24,866)</u>	<u>(22,445)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered-Employee Payroll	\$ 168,586	\$ 153,494	\$ 146,699
Contributions as a Percentage of Covered Employee Payroll	16.20%	16.20%	15.30%

Information prior to 2014 is not available at this time.

**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

**NONMAJOR GOVERNMENTAL FUNDS**

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**CITY OF MAHTOMEDI, MINNESOTA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**

**Statement 11**

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2016	2015
<b>Assets</b>					
Cash and investments	\$ 979,314	\$ 2,140,330	\$ 876,571	\$ 3,996,215	\$ 4,239,256
Accounts receivable - net	88,919	-	1,181	90,100	83,529
Special assessments receivable - net	6,404	968,835	241,090	1,216,329	1,036,123
Due from Other Government	-	-	-	-	383
Property taxes receivable:					
Due from County	43	2,521	111	2,675	1,198
Inventories	24,078	-	-	24,078	24,061
Prepaid items	968	-	-	968	869
<b>Total assets</b>	<b>\$ 1,099,726</b>	<b>\$ 3,111,686</b>	<b>\$ 1,118,953</b>	<b>\$ 5,330,365</b>	<b>\$ 5,385,419</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 4,877	\$ -	\$ 164,573	\$ 169,450	\$ 25,492
Salaries payable	343	-	-	343	1,710
Due to other funds	-	-	272,000	272,000	274,695
Due to other governmental units	228	-	-	228	49,512
<b>Total liabilities</b>	<b>5,448</b>	<b>-</b>	<b>436,573</b>	<b>442,021</b>	<b>351,409</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Resources	6,404	968,834	241,092	1,216,330	1,036,124
<b>Fund Balance:</b>					
Non-spendable	25,046	-	-	25,046	24,930
Restricted	-	2,142,852	264,093	2,406,945	1,912,879
Committed	1,062,828	-	-	1,062,828	1,228,004
Assigned	-	-	476,566	476,566	1,130,854
Unassigned	-	-	(299,371)	(299,371)	(298,781)
<b>Total fund balance</b>	<b>1,087,874</b>	<b>2,142,852</b>	<b>441,288</b>	<b>3,672,014</b>	<b>3,997,886</b>
<b>Total liabilities, deferred inflow of resources and fund balance</b>	<b>\$ 1,099,726</b>	<b>\$ 3,111,686</b>	<b>\$ 1,118,953</b>	<b>\$ 5,330,365</b>	<b>\$ 5,385,419</b>

**CITY OF MAHTOMEDI, MINNESOTA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended December 31, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 12**

	Special Revenue	Debt Service	Capital Project	Totals	
				Nonmajor Governmental Funds	
				2016	2015
Revenue:					
Tax increments	\$ -	\$ -	\$ -	\$ -	\$ 91,142
Special assessments	-	229,665	70,227	299,892	382,066
Intergovernmental	-	-	202,350	202,350	-
Charges for services	332,598	-	-	332,598	302,354
Investment income	19,678	18,295	25,202	63,175	63,271
Park dedication fees	-	-	18,000	18,000	-
Gambling proceeds	-	-	12,713	12,713	13,193
Other	321	-	20,000	20,321	13,333
Total revenue	<u>352,597</u>	<u>247,960</u>	<u>348,492</u>	<u>949,049</u>	<u>865,359</u>
Expenditures:					
Current:					
General government	-	-	216	216	315,100
Streets	-	-	232,856	232,856	204,091
City parks	-	-	438,366	438,366	31,060
Stormwater	194,335	-	-	194,335	208,233
Developer incentives	-	-	-	-	45,571
Debt service:					
Principal	-	1,080,938	-	1,080,938	600,000
Interest	-	315,296	-	315,296	329,834
Paying agent fees/fiscal charges	-	11,633	-	11,633	11,923
Total expenditures	<u>194,335</u>	<u>1,407,867</u>	<u>671,438</u>	<u>2,273,640</u>	<u>1,745,812</u>
Revenues over (under) expenditures	<u>158,262</u>	<u>(1,159,907)</u>	<u>(322,946)</u>	<u>(1,324,591)</u>	<u>(880,453)</u>
Other financing sources (uses):					
Transfers in	-	1,141,325	1,363,027	2,504,352	1,111,343
Transfers out	(323,322)	-	(828,115)	(1,151,437)	(754,643)
Sale of Fixed Assets	-	-	1,126,037	1,126,037	293,861
Total other financing sources (uses)	<u>(323,322)</u>	<u>1,141,325</u>	<u>1,660,949</u>	<u>2,478,952</u>	<u>650,561</u>
Net change in fund balance	(165,060)	(18,582)	1,338,003	1,154,361	(229,892)
Fund balance - January 1	<u>\$ 1,252,934</u>	<u>\$ 2,161,434</u>	<u>\$ (896,715)</u>	<u>\$ 2,517,653</u>	<u>\$ 4,227,778</u>
Fund balance - December 31	<u>\$ 1,087,874</u>	<u>\$ 2,142,852</u>	<u>\$ 441,288</u>	<u>\$ 3,672,014</u>	<u>\$ 3,997,886</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
 SUBCOMBINING BALANCE SHEET  
 NONMAJOR STORM WATER SPECIAL REVENUE FUND  
 December 31, 2016  
 (With Summarized Financial Information as of December 31, 2015)

**Statement 13**

Assets	Storm Water	
	2016	2015
Cash and investments	\$ 979,314	\$ 1,146,938
Accounts receivable	88,919	83,049
Special assessments receivable - net:		
Delinquent	619	566
Certified	5,786	6,408
Less: Estimated uncollectible	(1)	(1)
Due from County	43	246
Inventories	24,078	24,061
Prepaid items	968	869
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,099,726</u>	<u>\$ 1,262,136</u>
Liabilities, Deferred Inflows of Resources and Fund Balance		
Liabilities:		
Accounts payable	\$ 4,877	\$ 261
Salaries payable	343	1,710
Due to other governmental units	228	257
Total liabilities	<u>5,448</u>	<u>2,228</u>
Deferred Inflows of Resources, and Fund Balance:		
Unavailable Resources	<u>6,404</u>	<u>6,974</u>
Fund Balance:		
Non-spendable	25,046	24,930
Committed	1,062,828	1,228,004
Total fund balance	<u>1,087,874</u>	<u>1,252,934</u>
	<u>          </u>	<u>          </u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 1,099,726</u>	<u>\$ 1,262,136</u>

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

Year Ended December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	Storm Water	
	2016	2015
Revenue:		
Charges for services:		
Storm water fees:		
Billings to customers	\$ 320,727	\$ 290,039
Penalties	5,467	5,666
Certified storm water	6,404	6,649
Investment income	19,678	20,404
Other	321	-
Total revenue	<u>352,597</u>	<u>322,758</u>
Expenditures:		
Current:		
Storm water	<u>194,335</u>	<u>208,233</u>
Revenue over expenditures	<u>158,262</u>	<u>114,525</u>
Other financing uses:		
Transfers out	<u>(323,322)</u>	<u>(301,768)</u>
Net change in fund balance	(165,060)	(187,243)
Fund balance - January 1	<u>1,252,934</u>	<u>1,440,177</u>
Fund balance - December 31	<u>\$ 1,087,874</u>	<u>\$ 1,252,934</u>

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**CITY OF MAHTOMEDI, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR DEBT SERVICE FUNDS**  
December 31, 2016  
(With Summarized Financial Information as of December 31, 2015)

Assets	Capital Improvement 2008A	Improvement Bonds of 2008B	Improvement Bonds 2011A
Cash and investments	\$ 318,402	\$ 459,330	\$ 208,221
Special assessments receivable:			
Delinquent	-	1,641	-
Deferred	-	153,334	95,787
Less: Estimated uncollectible	-	(15)	(10)
Due from County	-	-	195
<b>Total assets</b>	<b>\$ 318,402</b>	<b>\$ 614,290</b>	<b>\$ 304,193</b>
Liabilities, Deferred Inflows of Resources and Fund Balance			
Deferred Inflows of Resources:			
Unavailable Resources	\$ -	\$ 154,960	\$ 95,777
Fund Balance:			
Restricted	318,402	459,330	208,416
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b>\$ 318,402</b>	<b>\$ 614,290</b>	<b>\$ 304,193</b>

Statement 15

Improvement Bonds 2013A	Improvement Bonds 2014A	Totals Nonmajor Debt Service Funds	
		2016	2015
\$ 644,860	\$ 509,517	\$ 2,140,330	\$ 1,487,036
1,351	239	3,231	395
357,423	359,229	965,773	731,939
(108)	(36)	(169)	(73)
<u>1,594</u>	<u>732</u>	<u>2,521</u>	<u>837</u>
<u>\$ 1,005,120</u>	<u>\$ 869,681</u>	<u>\$ 3,111,686</u>	<u>\$ 2,220,134</u>
\$ 358,665	\$ 359,432	\$ 968,834	\$ 732,261
<u>646,455</u>	<u>510,249</u>	<u>2,142,852</u>	<u>1,487,873</u>
<u>\$ 1,005,120</u>	<u>\$ 869,681</u>	<u>\$ 3,111,686</u>	<u>\$ 2,220,134</u>

**CITY OF MAHTOMEDI, MINNESOTA**

**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR DEBT SERVICE FUNDS**

Year Ended December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	Capital Improvement 2008A	Improvement Bonds of 2008B	Improvement Bonds 2011A
Revenue:			
Special assessments:			
Current and delinquent	\$ -	\$ 39,684	\$ 26,344
Investment income	1,221	6,533	1,723
Total revenue	<u>1,221</u>	<u>46,217</u>	<u>28,067</u>
Expenditures:			
Debt service:			
Principal	190,000	105,000	110,000
Interest	145,575	38,214	19,675
Paying agent fees/fiscal charges	844	925	3,272
Total expenditures	<u>336,419</u>	<u>144,139</u>	<u>132,947</u>
Revenue under expenditures	(335,198)	(97,922)	(104,880)
Other financing sources (uses):			
Transfers In	353,364	54,612	105,737
Transfers Out	-	-	-
Net change in fund balance	18,166	(43,310)	857
Fund balance - January 1	<u>300,236</u>	<u>502,640</u>	<u>207,559</u>
Fund balance - December 31	<u>\$ 318,402</u>	<u>\$ 459,330</u>	<u>\$ 208,416</u>



Statement 16

Improvement Bonds 2013A	Improvement Bonds 2014A	Totals Nonmajor Debt Service Funds	
		2016	2015
\$ 75,986	\$ 87,651	\$ 229,665	\$ 227,915
5,456	3,362	18,295	14,692
<u>81,442</u>	<u>91,013</u>	<u>247,960</u>	<u>242,607</u>
375,938	300,000	1,080,938	600,000
43,837	67,995	315,296	329,834
5,372	1,220	11,633	11,923
<u>425,147</u>	<u>369,215</u>	<u>1,407,867</u>	<u>941,757</u>
(343,705)	(278,202)	(1,159,907)	(699,150)
316,599	311,013	1,141,325	861,909
-	-	-	(187,088)
(27,106)	32,811	(18,582)	(24,329)
<u>673,561</u>	<u>477,438</u>	<u>2,161,434</u>	<u>1,512,202</u>
<u>\$ 646,455</u>	<u>\$ 510,249</u>	<u>\$ 2,142,852</u>	<u>\$ 1,487,873</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**SUBCOMBINING BALANCE SHEET**  
**NONMAJOR CAPITAL PROJECT FUNDS**

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

Assets	<u>Park</u>	<u>Future Water Improvements</u>	<u>County Turnback</u>	<u>Street Improvements</u>	<u>Interim Construction</u>
Cash and investments	\$ 366,679	\$ 20,213	\$ 33,437	\$ 456,242	\$ -
Special Assessments Receivables	-	-	-	206,577	34,513
Due from County	-	-	-	111	-
Due from Other Government	-	-	-	-	-
Accounts Receivable	<u>1,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total assets</b>	<b><u>\$ 367,860</u></b>	<b><u>\$ 20,213</u></b>	<b><u>\$ 33,437</u></b>	<b><u>\$ 662,930</u></b>	<b><u>\$ 34,513</u></b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balance</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 137,204	\$ -	\$ -	\$ -	\$ 9,179
Due to Other Governments	-	-	-	-	-
Due to Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>230,288</u>
<b>Total liabilities</b>	<b><u>137,204</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>239,467</u></b>
<b>Deferred Inflows of Resources:</b>					
Unavailable Resources	-	-	-	206,577	34,515
<b>Fund Balance:</b>					
Restricted	230,656	-	33,437	-	-
Assigned	-	20,213	-	456,353	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(239,469)</u>
<b>Total fund balance</b>	<b><u>230,656</u></b>	<b><u>20,213</u></b>	<b><u>33,437</u></b>	<b><u>456,353</u></b>	<b><u>(239,469)</u></b>
<b>Total liabilities, deferred inflows of resources, and fund balance</b>	<b><u>\$ 367,860</u></b>	<b><u>\$ 20,213</u></b>	<b><u>\$ 33,437</u></b>	<b><u>\$ 662,930</u></b>	<b><u>\$ 34,513</u></b>

Statement 17

2014 Street Improvements	2015 Street Improvements	2017 Street Improvements	2018 Street Improvements	Totals Nonmajor Capital Project Funds	
				2016	2015
\$ -	\$ -	\$ -	\$ -	\$ 876,571	\$ 1,605,282
-	-	-	-	241,090	296,889
-	-	-	-	111	115
-	-	-	-	-	383
-	-	-	-	1,181	480
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,953</u>	<u>\$ 1,903,149</u>
\$ -	\$ -	\$ 18,190	\$ -	\$ 164,573	\$ 25,231
-	-	-	-	-	49,255
-	-	40,497	1,215	272,000	274,695
-	-	58,687	1,215	436,573	349,181
-	-	-	-	241,092	296,889
-	-	-	-	264,093	425,006
-	-	-	-	476,566	1,130,854
-	-	(58,687)	(1,215)	(299,371)	(298,781)
-	-	(58,687)	(1,215)	441,288	1,257,079
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,118,953</u>	<u>\$ 1,903,149</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**SUBCOMBINING STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
Year Ended December 31, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

	Park	Future Water Improvements	County Turnback	Street Improvements
Revenue:				
Special assessments	\$ -	\$ -	\$ -	\$ 49,738
Tax increments	-	-	-	-
Intergovernmental	150,000	-	-	-
Gambling proceeds	12,713	-	-	-
Park dedication fees	18,000	-	-	-
Miscellaneous revenues	20,000	-	-	-
Investment income	6,210	320	530	18,142
Total revenue	<u>206,923</u>	<u>320</u>	<u>530</u>	<u>67,880</u>
Expenditures:				
Current:				
General government	-	-	-	216
Streets	-	-	-	-
Parks	438,366	-	-	-
Developer incentives	-	-	-	-
Total expenditures	<u>438,366</u>	<u>-</u>	<u>-</u>	<u>216</u>
Revenue over (under) expenditures	(231,443)	320	530	67,664
Other financing sources (uses):				
Transfer in	70,000	-	-	-
Transfer out	-	-	-	(722,272)
Sale of Fixed Assets	-	-	-	-
Net change in fund balance	(161,443)	320	530	(654,608)
Fund balance - January 1	<u>392,099</u>	<u>19,893</u>	<u>32,907</u>	<u>1,110,961</u>
Fund balance - December 31	<u>\$ 230,656</u>	<u>\$ 20,213</u>	<u>\$ 33,437</u>	<u>\$ 456,353</u>

Interim Construction	2014 Street Improvements	2015 Street Improvements	2017 Street Improvements	2018 Street Improvements	Totals Nonmajor Capital Project Funds	
					2016	2015
\$ 20,489	\$ -	\$ -	\$ -	\$ -	\$ 70,227	\$ 154,151
-	-	-	-	-	-	91,142
-	-	52,350	-	-	202,350	-
-	-	-	-	-	12,713	13,193
-	-	-	-	-	18,000	-
-	-	-	-	-	20,000	13,333
-	-	-	-	-	25,202	28,175
<u>20,489</u>	<u>-</u>	<u>52,350</u>	<u>-</u>	<u>-</u>	<u>348,492</u>	<u>299,994</u>
-	-	-	-	-	216	315,100
118,458	47,141	7,355	58,687	1,215	232,856	204,091
-	-	-	-	-	438,366	31,060
-	-	-	-	-	-	45,571
<u>118,458</u>	<u>47,141</u>	<u>7,355</u>	<u>58,687</u>	<u>1,215</u>	<u>671,438</u>	<u>595,822</u>
(97,969)	(47,141)	44,995	(58,687)	(1,215)	(322,946)	(295,828)
263,124	197,017	832,886	-	-	1,363,027	249,434
(105,843)	-	-	-	-	(828,115)	(265,787)
<u>-</u>	<u>1,114,313</u>	<u>11,724</u>	<u>-</u>	<u>-</u>	<u>1,126,037</u>	<u>293,861</u>
59,312	1,264,189	889,605	(58,687)	(1,215)	1,338,003	(18,320)
<u>(298,781)</u>	<u>(1,264,189)</u>	<u>(889,605)</u>	<u>-</u>	<u>-</u>	<u>(896,715)</u>	<u>1,275,399</u>
<u>\$ (239,469)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (58,687)</u>	<u>\$ (1,215)</u>	<u>\$ 441,288</u>	<u>\$ 1,257,079</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, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 19**

	2016			2015 Actual
	Budgeted Amounts	Actual	Variance With Final Budget	
Revenue:				
Charges for services:				
Storm water fees:				
Billings to customers	\$ 320,000	\$ 320,727	\$ 727	\$ 290,039
Penalties	4,500	5,467	967	5,666
Certified storm water	-	6,404	6,404	6,649
Investment income (loss)	10,000	19,678	9,678	20,404
Other	-	321	321	-
Total revenue	<u>334,500</u>	<u>352,597</u>	<u>18,097</u>	<u>322,758</u>
Expenditures:				
Current:				
Storm water:				
Personal services	68,627	62,197	6,430	57,449
Materials and supplies	13,550	5,789	7,761	4,995
Contractual services	36,900	46,858	(9,958)	115,478
Administrative charge - General Fund	4,500	4,500	-	4,500
Other	32,006	29,928	2,078	25,811
Total current	<u>155,583</u>	<u>149,272</u>	<u>6,311</u>	<u>208,233</u>
Capital outlay	-	45,063	(45,063)	-
Total expenditures	<u>155,583</u>	<u>194,335</u>	<u>(38,752)</u>	<u>208,233</u>
Revenue over (under) expenditures	178,917	158,262	(20,655)	114,525
Other financing sources (uses):				
Transfer to Capital Projects Fund	-	(201,788)	(201,788)	(189,434)
Transfer to Debt Service Fund	<u>(121,534)</u>	<u>(121,534)</u>	<u>-</u>	<u>(112,334)</u>
Net change in fund balance	<u>\$ 57,383</u>	<u>(165,060)</u>	<u>\$ (222,443)</u>	<u>(187,243)</u>
Fund balance - January 1		<u>1,252,934</u>		<u>1,440,177</u>
Fund balance - December 31		<u>\$ 1,087,874</u>		<u>\$ 1,252,934</u>

**CITY OF MAHTOMEDI, MINNESOTA**

BALANCE SHEET  
CLOSED BOND FUND

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

**Statement 20**

---

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 1,127,856	\$ 1,109,963
Special assessments receivable - net	19,412	18,837
Property taxes receivable	<u>-</u>	<u>7</u>
Total assets	<u>\$ 1,147,268</u>	<u>\$ 1,128,807</u>
Deferred Inflows of Resources and Fund Balance		
Deferred Inflows of Resources:		
Unavailable Resources	\$ 19,412	\$ 18,844
Fund Balance:		
Assigned	<u>1,127,856</u>	<u>1,109,963</u>
Total deferred inflows of resources, and fund balance	<u>\$ 1,147,268</u>	<u>\$ 1,128,807</u>

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

**Statement 21**

Year Ended December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Revenues:		
Special assessments	\$ 7	\$ 3
Investment income (loss)	<u>17,886</u>	<u>16,085</u>
Total revenues	<u>17,893</u>	<u>16,088</u>
Revenue over expenditures	17,893	16,088
Other financing sources (uses):		
Transfers out	<u>-</u>	<u>(2,894)</u>
Net change in fund balance	17,893	13,194
Fund balance - January 1	<u>1,109,963</u>	<u>1,096,769</u>
Fund balance - December 31	<u>\$ 1,127,856</u>	<u>\$ 1,109,963</u>



**CITY OF MAHTOMEDI, MINNESOTA**

**BALANCE SHEET**

Improvement Bonds of 2016A

December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 22**

---

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 86,007	\$ -
Investments with escrow agent	3,591,077	-
Special assessments receivable - net	<u>442,543</u>	<u>-</u>
Total assets	<u>\$ 4,119,627</u>	<u>\$ -</u>
Deferred Inflows of Resources and Fund Balance		
Deferred Inflows of Resources:		
Unavailable Resources	\$ 442,542	\$ -
Fund Balance:		
Restricted	<u>3,677,085</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balance	<u>\$ 4,119,627</u>	<u>\$ -</u>

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

**Statement 23**

Improvement Bonds of 2016A

Year Ended December 31, 2016

(With Summarized Financial Information for Year Ended December 31, 2015)

	<u>2016</u>	<u>2015</u>
Revenues:		
Special assessments	\$ 86,160	\$ -
Investment income (loss)	341	-
Total revenues	<u>86,501</u>	<u>-</u>
Expenditures:		
Debt Service		
Bond Issuance Costs	52,611	-
Total expenditures	<u>52,611</u>	<u>-</u>
Revenue over expenditures	33,890	-
Other financing sources:		
Bonds issued	3,510,000	-
Bond premium	133,195	-
Total other financing sources	<u>3,643,195</u>	<u>-</u>
Net change in fund balance	3,677,085	-
Fund balance - January 1	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$ 3,677,085</u>	<u>\$ -</u>

**CITY OF MAHTOMEDI, MINNESOTA****BALANCE SHEET**

2016 Street Improvements

December 31, 2016

(With Summarized Financial Information as of December 31, 2015)

**Statement 24**

---

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ -	\$ -
Due from other governmental units	-	-
	<hr/>	<hr/>
Total assets	<u>\$ -</u>	<u>\$ -</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 126,610	\$ -
Contracts payable	120,564	-
Due to other funds	374,318	-
Total liabilities	<hr/> 621,492	<hr/> -
Fund Balance:		
Unassigned	<hr/> (621,492)	<hr/> -
	<hr/>	<hr/>
Total liabilities and fund balance	<u>\$ -</u>	<u>\$ -</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**2016 STREET IMPROVEMENTS**  
Year Ended December 31, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 25**

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment income (loss)	\$ 14,481	\$ -
Total revenues	<u>14,481</u>	<u>-</u>
Expenditures:		
Capital outlay:		
Streets	<u>3,034,207</u>	<u>-</u>
Revenue under expenditures	(3,019,726)	-
Other financing sources (uses):		
Bonds issued	2,560,000	-
Bond premium	101,358	-
Transfers out	<u>(263,124)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,398,234</u>	<u>-</u>
Net change in fund balance	(621,492)	-
Fund balance - January 1	<u>-</u>	<u>-</u>
Fund balance - December 31	<u>\$ (621,492)</u>	<u>\$ -</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**BALANCE SHEET**  
**UTILITY CAPITAL PROJECTS**  
 December 31, 2016  
 (With Summarized Financial Information as of December 31, 2015)

**Statement 26**

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	<u>\$ 1,151,902</u>	<u>\$ 1,105,694</u>
Total assets	<u><u>\$ 1,151,902</u></u>	<u><u>\$ 1,105,694</u></u>
Liabilities and Fund Balance		
Fund Balance:		
Assigned	<u>\$ 1,151,902</u>	<u>\$ 1,105,694</u>
Total liabilities and fund balance	<u><u>\$ 1,151,902</u></u>	<u><u>\$ 1,105,694</u></u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**UTILITY CAPITAL PROJECTS**  
Year Ended December 31, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 27**

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment income	\$ 17,963	\$ 15,774
Water availability charges	11,099	15,974
Sewer availability charges	<u>17,146</u>	<u>16,008</u>
Total revenues	<u>46,208</u>	<u>47,756</u>
Net change in fund balance	46,208	47,756
Fund balance - January 1	<u>1,105,694</u>	<u>1,057,938</u>
Fund balance - December 31	<u><u>\$ 1,151,902</u></u>	<u><u>\$ 1,105,694</u></u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**BALANCE SHEET**  
**EQUIPMENT AND BUILDING REPLACEMENT**  
December 31, 2016  
(With Summarized Financial Information as of December 31, 2015)

**Statement 28**

	<u>2016</u>	<u>2015</u>
Assets		
Cash and investments	\$ 3,331,478	\$ 3,010,711
Total assets	<u>\$ 3,331,478</u>	<u>\$ 3,010,711</u>
Liabilities and Fund Balance		
Liabilities:		
Accounts payable	\$ 5,800	\$ -
Fund Balance:		
Assigned	<u>3,325,678</u>	<u>3,010,711</u>
Total liabilities and fund balance	<u>\$ 3,331,478</u>	<u>\$ 3,010,711</u>

**CITY OF MAHTOMEDI, MINNESOTA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES**  
**EQUIPMENT AND BUILDING REPLACEMENT**  
Year Ended December 31, 2016  
(With Summarized Financial Information for Year Ended December 31, 2015)

**Statement 29**

	<u>2016</u>	<u>2015</u>
Revenues:		
Investment income	\$ 50,246	\$ 42,845
Expenditures:		
Current:		
General government	46,022	-
Capital outlay:		
Public safety	44,772	230,216
Streets	-	17,248
City parks	-	12,530
Total expenditures	<u>90,794</u>	<u>259,994</u>
Revenue under expenditures	(40,548)	(217,149)
Other financing sources:		
Proceeds from the sale of capital assets	3,807	2,395
Transfers in	<u>351,708</u>	<u>346,510</u>
Total other financing sources	<u>355,515</u>	<u>348,905</u>
Net change in fund balance	314,967	131,756
Fund balance - January 1	<u>3,010,711</u>	<u>2,878,955</u>
Fund balance - December 31	<u>\$ 3,325,678</u>	<u>\$ 3,010,711</u>



**OTHER SUPPLEMENTARY FINANCIAL INFORMATION**

**CITY OF MAHTOMEDI, MINNESOTA**  
**SCHEDULE OF DEBT SERVICE PAYMENTS TO MATURITY**  
**G.O. IMPROVEMENT BONDS AND EQUIPMENT CERTIFICATES**  
December 31, 2016  
(With Summarized Financial Information as of December 31, 2015)

	Capital Improvement Bonds of 2008A	Improvement Bonds of 2008B	Improvement Bonds of 2011A
Bonds payable	\$ 3,260,000	\$ 860,000	\$ 715,000
Future interest payable	204,019	50,325	61,888
Totals	<u>\$ 3,464,019</u>	<u>\$ 910,325</u>	<u>\$ 776,888</u>
Payments to maturity:			
2017	\$ 332,394	\$ 139,224	\$ 132,425
2018	3,131,625	771,101	130,125
2019	-	-	127,538
2020	-	-	129,300
2021	-	-	130,625
2022	-	-	126,875
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
Totals	<u>\$ 3,464,019</u>	<u>\$ 910,325</u>	<u>\$ 776,888</u>

**Exhibit 1**

Improvement Bonds of 2013A	Improvement Bonds of 2014A	Improvement Bonds of 2016A	Totals
\$ 2,747,083	\$ 2,965,000	\$ 6,070,000	\$ 16,617,083
<u>184,956</u>	<u>320,918</u>	<u>853,336</u>	<u>1,675,442</u>
<u><u>\$ 2,932,039</u></u>	<u><u>\$ 3,285,918</u></u>	<u><u>\$ 6,923,336</u></u>	<u><u>\$ 18,292,525</u></u>
\$ 417,155	\$ 366,945	\$ 153,436	\$ 1,541,579
417,220	365,795	354,050	5,169,916
419,041	364,545	695,850	1,606,974
421,055	368,145	689,100	1,607,600
414,745	361,645	687,200	1,594,215
366,792	360,095	685,100	1,538,862
158,707	368,173	682,800	1,209,680
160,464	365,175	670,400	1,196,039
156,860	365,400	573,850	1,096,110
-	-	573,050	573,050
-	-	577,000	577,000
-	-	288,600	288,600
<u>-</u>	<u>-</u>	<u>292,900</u>	<u>292,900</u>
<u><u>\$ 2,932,039</u></u>	<u><u>\$ 3,285,918</u></u>	<u><u>\$ 6,923,336</u></u>	<u><u>\$ 18,292,525</u></u>

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

**Exhibit 2**

	<u>Tax Capacity Values</u> <u>2015/2016</u>		<u>Tax Capacity Values</u> <u>2014/2015</u>	
Taxable valuations:				
Real estate	\$ 10,610,703		\$ 10,615,146	
Personal property	111,657		<u>106,403</u>	
Total	10,722,360		10,721,549	
Fiscal disparities:				
Distribution	748,137		721,436	
Contribution	(430,098)		(372,075)	
Less: Captured tax increment value	<u>-</u>		<u>(88,633)</u>	
Totals	<u>\$ 11,040,399</u>		<u>\$ 10,982,277</u>	
	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>	<u>Certified Levy</u>	<u>Tax Capacity Rate</u>
Taxes levied:				
Revenue	\$ 4,125,103 *	37.560	\$ 3,857,266 **	34.657
Bond and interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 4,125,103</u>	<u>37.560</u>	<u>\$ 3,857,266</u>	<u>34.657</u>

\* Includes \$1,205,491 for bond and interest.

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

**CITY OF MAHTOMEDI, MINNESOTA**  
**SCHEDULE OF DEFERRED TAX LEVIES**  
**IMPROVEMENT BONDS**  
December 31, 2016

**Exhibit 3**

Year of Levy/Collection	Improvement Bonds of 2008A	Improvement Bonds of 2008B	Improvement Bonds of 2011A	Improvement Bonds of 2013A	Improvement Bonds of 2014A	Improvement Bonds of 2016A	Total
2016/2017	\$ 349,913	\$ 48,649	\$ 103,322	\$ 405,032	\$ 309,857	\$ 241,986	\$ 1,458,759
2017/2018	-	-	100,907	406,607	308,597	590,796	1,406,907
2018/2019	-	-	103,138	407,198	312,482	590,586	1,413,404
2019/2020	-	-	104,608	401,717	305,657	590,166	1,402,148
2020/2021	-	-	100,671	353,102	304,082	589,536	1,347,391
2021/2022	-	-	-	168,218	312,902	588,696	1,069,816
2022/2023	-	-	-	170,318	310,545	587,646	1,068,509
2023/2024	-	-	-	166,656	311,858	549,636	1,028,150
2024/2025	-	-	-	-	-	548,901	548,901
2025/2026	-	-	-	-	-	553,206	553,206
2026/2027	-	-	-	-	-	305,970	305,970
2027/2028	-	-	-	-	-	310,590	310,590
<b>Total</b>	<b>\$ 349,913</b>	<b>\$ 48,649</b>	<b>\$ 512,646</b>	<b>\$ 2,478,848</b>	<b>\$ 2,475,980</b>	<b>\$ 6,047,715</b>	<b>\$ 11,913,751</b>

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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
<b>Financial Trends</b>	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	104
<b>Revenue Capacity</b>	
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.	110
<b>Debt Capacity</b>	
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.	114
<b>Demographic and Economic Information</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	122
<b>Operating Information</b>	
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.	124

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

Table 1

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 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	\$ 13,635,771
Restricted	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	4,431,260
Unrestricted	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	11,611,153
Total governmental activities net position	<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>	<u>\$ 29,678,184</u>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 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	\$ 8,198,836
Unrestricted	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	3,142,794
Total business-type activities net position	<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>	<u>\$ 11,341,630</u>
<b>Primary government:</b>										
Net investment in capital assets	\$ 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	\$ 21,834,607
Restricted	3,933,265	3,521,825	3,849,611	3,933,265	5,048,275	5,107,577	3,085,078	3,488,010	3,599,841	4,431,260
Unrestricted	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	14,753,947
Total primary government net position	<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>\$ 31,523,588</u>	<u>\$ 35,533,331</u>	<u>\$ 37,816,611</u>	<u>\$ 39,332,235</u>	<u>\$ 41,019,814</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 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	\$ 1,486,610
Public safety	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	1,678,205
Streets	478,805	530,002	540,661	992,630	729,027	890,565	1,047,924	1,010,474	1,150,615	696,966
City parks	378,381	390,128	360,900	404,727	415,028	726,204	559,759	445,011	421,863	841,863
Storm water	115,387	118,333	162,051	204,736	223,439	217,097	397,649	263,345	319,920	337,757
Interest on long-term debt	194,202	170,672	446,804	416,504	364,677	351,287	417,830	398,420	344,829	164,563
Total governmental activities expenses	<u>3,422,151</u>	<u>3,583,142</u>	<u>3,880,716</u>	<u>4,541,724</u>	<u>4,204,507</u>	<u>4,637,321</u>	<u>4,654,578</u>	<u>4,607,200</u>	<u>4,983,026</u>	<u>5,205,788</u>
<b>Business-type activities:</b>										
Water Utility	706,210	733,013	736,018	771,548	942,875	1,072,548	1,059,751	1,054,550	987,843	1,095,870
Sewer Utility	733,501	744,845	846,196	858,669	892,014	968,566	1,055,154	1,021,219	1,044,189	1,118,700
Total business-type activities expenses	<u>1,439,711</u>	<u>1,477,858</u>	<u>1,582,214</u>	<u>1,630,217</u>	<u>1,834,889</u>	<u>2,041,114</u>	<u>2,114,905</u>	<u>2,075,769</u>	<u>2,032,032</u>	<u>2,214,570</u>
Total primary government expenses	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	7,420,358
<b>Program revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	449,760	420,735	320,094	384,880	341,926	403,392	340,858	342,394	383,507	455,590
Public safety	727,229	614,988	588,551	691,971	747,845	758,568	739,679	720,401	779,282	755,150
Streets	-	846	-	-	77,551	-	-	-	-	-
City parks	41,935	60,163	67,822	4,335	27,845	31,946	30,664	33,213	28,656	47,606
Storm water	194,827	206,815	223,085	247,411	261,119	266,737	282,081	288,132	302,354	332,598
Operating grants and contributions	144,427	119,800	170,196	153,739	31,087	169,789	192,694	193,237	216,254	367,406
Capital grants and contributions	356,379	1,385,879	432,973	426,649	272,468	287,672	26,263	787,766	858,209	873,645
Total governmental activities program revenues	<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>	<u>2,831,995</u>
<b>Business-type activities:</b>										
Charges for services:										
Water Utility	748,979	754,045	818,518	808,184	860,993	1,059,065	1,011,374	910,954	858,324	960,885
Sewer Utility	714,447	709,539	736,573	728,623	782,166	864,473	900,943	968,546	1,023,849	1,107,025
Operating grants and contributions	1,717	1,802	-	-	-	-	-	-	-	-
Capital grants and contributions	1,032	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	<u>1,466,175</u>	<u>1,465,386</u>	<u>1,555,091</u>	<u>1,536,807</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>	<u>2,067,910</u>
Total primary government program revenues	<u>\$ 3,380,732</u>	<u>\$ 4,274,612</u>	<u>\$ 3,357,812</u>	<u>\$ 3,445,792</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>	<u>\$ 4,899,905</u>

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Net (expense) revenue:</b>										
Government activities	\$ (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)	\$ (2,373,793)
Business-type activities	26,464	(12,472)	(27,123)	(93,410)	(191,730)	(117,576)	(202,588)	(196,269)	(149,859)	(146,660)
Total primary government net (expenses) revenue	(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)	(2,520,453)
<b>General revenues and other changes in net position</b>										
Governmental activities:										
Taxes:										
Property taxes	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	3,872,429
Tax increment collections	113,010	115,463	118,874	126,145	145,250	157,687	83,653	91,515	91,142	-
Unrestricted grants and contributions	72,725	40,369	3,065	2,931	2,899	2,899	2,899	2,899	2,899	3,111
Investment earnings	656,218	560,553	264,660	264,367	177,012	172,348	(139,729)	357,007	194,824	210,931
Other	39,939	3,354	5,918	22,816	40,720	197,575	541,275	801,128	19,073	28,756
Gain on disposal of capital assets	20,870	867	250	-	904	25,694	27,879	-	-	-
Transfers	(11,866)	(1,591,227)	(425,000)	(504,714)	(103,056)	(133,552)	-	-	-	-
Total governmental activities	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	4,115,227
Business-type activities:										
Investment earnings	116,162	119,386	90,221	92,506	56,322	64,624	(45,248)	120,092	73,132	84,678
Other	194	755	-	-	40,800	228,508	4,473	1,867	1,083	8,127
Gain on disposal of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers	11,866	1,591,227	425,000	504,714	103,056	133,552	-	-	-	-
Total business-type activities	128,222	1,711,368	515,221	597,220	200,178	426,684	(40,775)	121,959	74,215	92,805
Total primary government	\$ 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	\$ 4,208,032
<b>Change in net position:</b>										
Government activities	\$ 2,080,516	\$ 1,211,718	\$ 988,858	\$ 467,909	\$ 1,134,603	\$ 1,111,797	\$ 717,431	\$ 2,357,590	\$ 1,755,262	\$ 1,741,434
Business-type activities	154,686	1,698,896	488,098	503,810	8,448	309,108	(243,363)	(74,310)	(75,644)	(53,855)
Total primary government	\$ 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	\$ 1,687,579

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	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund:										
Reserved	\$ 15,787	\$ 16,465	\$ 90,604	\$ 85,015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	2,988,653	3,614,499	3,831,507	4,075,963	-	-	-	-	-	-
Non-spendable	-	-	-	-	88,006	82,020	77,153	81,298	86,899	82,673
Committed	-	-	-	-	922,141	1,510,457	992,908	1,404,728	2,284,809	1,699,995
Assigned	-	-	-	-	406,284	484,943	528,508	368,501	415,862	518,514
Unassigned	-	-	-	-	3,034,807	2,871,197	2,990,822	2,856,164	2,569,051	3,569,405
Total general fund	<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>	<u>\$ 5,870,587</u>
All other governmental funds:										
Reserved	\$ 2,957,731	\$ 3,286,758	\$ 3,460,875	\$ 3,384,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	960,661	1,275,421	1,628,226	1,647,360	-	-	-	-	-	-
Debt service funds	-	-	-	-	-	-	-	-	-	-
Capital project funds	5,841,533	4,137,225	4,308,287	4,368,235	-	-	-	-	-	-
Undesignated, reported in:										
Capital project funds	(1,239,939)	(53,676)	(1,935,233)	(969,956)	-	-	-	-	-	-
Non-spendable	-	-	-	-	27,114	27,170	24,847	22,915	24,930	25,046
Restricted	-	-	-	-	2,582,231	2,395,244	3,780,888	3,897,356	2,586,440	6,084,030
Committed	-	-	-	-	1,223,367	1,350,289	1,287,936	1,417,262	1,228,004	1,062,828
Assigned	-	-	-	-	5,584,646	5,784,805	5,850,394	6,290,568	6,357,222	6,082,002
Unassigned	-	-	-	-	(766,594)	(1,140,520)	(617,087)	(1,536,095)	(2,452,575)	(920,863)
Total all other governmental funds	<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>	<u>\$ 12,333,043</u>

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Revenues:</b>										
Taxes	\$ 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	\$ 3,871,609
Tax increments	113,010	115,463	118,874	126,145	145,250	157,687	83,653	91,515	91,142	-
Special assessments	216,271	494,826	474,944	430,318	364,959	295,138	319,746	408,589	436,416	386,059
Licenses and permits	295,301	189,825	128,439	209,418	195,574	227,049	199,312	182,513	209,683	187,604
Intergovernmental	338,339	229,956	424,597	406,899	179,753	283,150	220,318	982,902	692,290	422,867
Charges for services	806,751	808,117	866,897	917,479	922,743	1,006,215	1,031,776	1,028,323	1,105,311	1,172,940
Fines and penalties	43,352	34,314	42,859	36,003	36,190	26,531	24,299	32,810	32,202	27,297
Investment income	656,218	560,553	264,660	264,367	177,012	172,348	(139,729)	357,007	194,824	210,931
Water availability charges	79,870	68,357	20,435	61,994	19,397	38,794	13,692	17,115	15,974	11,099
Sewer availability charges	94,714	81,374	23,816	23,816	22,678	45,356	18,676	22,678	16,008	17,146
Park dedication fees	16,530	52,900	3,000	6,000	10,649	14,190	3,000	3,000	-	18,000
Gambling proceeds	20,116	36,412	44,289	16,639	-	3,000	11,785	14,418	13,193	12,713
Other revenues	84,282	110,061	92,791	113,645	144,496	210,510	106,532	126,083	128,801	172,901
<b>Total revenues</b>	<b>5,449,026</b>	<b>5,608,865</b>	<b>5,552,903</b>	<b>5,779,433</b>	<b>5,610,282</b>	<b>5,904,518</b>	<b>5,159,504</b>	<b>6,627,921</b>	<b>6,795,373</b>	<b>6,511,166</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	888,161	996,393	982,367	974,868	1,251,262	1,499,580	1,309,442	1,307,082	1,350,063	1,176,699
Public safety	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	1,408,120
Streets	385,286	344,743	309,264	792,200	507,377	508,849	532,165	561,751	690,429	771,093
City parks	254,666	265,394	234,617	272,100	282,368	593,968	427,443	298,514	312,633	734,921
Storm sewer	104,973	110,652	80,373	123,211	123,969	118,564	296,264	162,471	208,233	194,335
<b>Capital outlay:</b>										
General government	67,560	-	19,988	310,033	823,161	154,321	999,865	-	-	-
Public safety	893,898	78,724	171,355	30,349	49,776	57,290	366,844	496,994	240,112	44,772
Streets	104,373	92,539	98,454	94,884	42,578	420,094	247,690	4,706,316	1,841,461	3,039,157
City parks	46,008	62,654	91,564	269,394	-	3,721	-	31,800	12,530	13,000
Storm sewer	31,804	61,052	-	-	-	-	-	-	-	-
Construction/acquisition costs	947,897	5,313,830	1,966,165	-	-	-	-	-	-	-
Developer incentives	101,706	103,917	100,647	100,077	107,526	41,827	41,827	45,757	45,571	-
District decertified-repayment of tax increments	-	-	-	-	-	-	-	-	-	-
<b>Debt service:</b>										
Principal retirement	275,000	450,000	445,000	765,000	1,425,000	610,000	725,000	755,000	820,000	1,080,938
Interest	251,399	208,443	424,911	419,894	386,345	352,417	332,715	354,234	374,057	315,296
Bond Issuance Costs	-	-	-	-	-	-	67,025	-	-	52,611
Paying agent fees	2,201	2,790	3,618	5,784	16,438	14,712	10,302	8,430	12,900	11,633
<b>Total expenditures</b>	<b>5,445,153</b>	<b>9,193,619</b>	<b>6,023,992</b>	<b>5,396,911</b>	<b>6,276,315</b>	<b>5,666,609</b>	<b>6,764,073</b>	<b>10,095,825</b>	<b>7,413,684</b>	<b>8,842,575</b>
<b>Revenues over (under) expenditures</b>	<b>3,873</b>	<b>(3,584,754)</b>	<b>(471,089)</b>	<b>382,522</b>	<b>(666,033)</b>	<b>237,909</b>	<b>(1,604,569)</b>	<b>(3,467,904)</b>	<b>(618,311)</b>	<b>(2,331,409)</b>
<b>Other financing sources (uses):</b>										
Sale of capital assets	20,870	22,897	3,663	-	904	25,694	27,879	14,401	296,256	1,129,844
Insurance recovery	-	-	-	-	-	-	-	-	-	-
Payment on Refunded Bonds	-	-	-	-	-	-	-	-	(1,380,000)	-
Bonds issued	775,000	5,965,000	-	-	1,135,000	-	3,123,021	3,265,000	-	6,070,000
Bond premiums (discounts)	-	(59,650)	-	-	40,679	-	4,433	74,831	-	234,553
Transfers in	-	-	-	824,664	-	-	-	-	-	-
Transfers out	-	(1,591,227)	(425,000)	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>795,870</b>	<b>4,337,020</b>	<b>(421,337)</b>	<b>824,664</b>	<b>1,176,583</b>	<b>25,694</b>	<b>3,155,333</b>	<b>3,354,232</b>	<b>(1,083,744)</b>	<b>7,434,397</b>
<b>Net change in fund balance</b>	<b>\$ 799,743</b>	<b>\$ 752,266</b>	<b>\$ (892,426)</b>	<b>\$ 1,207,186</b>	<b>\$ 510,550</b>	<b>\$ 263,603</b>	<b>\$ 1,550,764</b>	<b>\$ (113,672)</b>	<b>\$ (1,702,055)</b>	<b>\$ 5,102,988</b>
<b>Debt service as percentage of noncapital expenditures</b>	<b>22.6%</b>	<b>49.1%</b>	<b>11.4%</b>	<b>15.8%</b>	<b>18.4%</b>	<b>23.8%</b>	<b>21.7%</b>	<b>25.2%</b>	<b>22.6%</b>	<b>23.4%</b>
<b>Debt service as percentage of total expenditures</b>	<b>9.7%</b>	<b>7.2%</b>	<b>14.5%</b>	<b>22.1%</b>	<b>29.1%</b>	<b>17.2%</b>	<b>16.8%</b>	<b>11.1%</b>	<b>16.3%</b>	<b>16.5%</b>

Function/Program	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Governmental activities:</b>										
General government	\$ 487,142	\$ 435,181	\$ 327,935	\$ 384,880	\$ 358,797	\$ 404,755	\$ 340,858	\$ 342,394	\$ 383,507	\$ 455,590
Public safety	841,340	737,281	687,378	965,356	1,034,529	1,022,438	856,451	834,775	1,420,743	1,471,058
Streets	295,783	1,291,886	446,001	307,003	77,551	83,128	102,185	866,629	433,002	375,143
City parks	58,465	113,063	70,822	4,335	27,845	141,046	30,664	33,213	28,656	197,606
Storm water	231,827	231,815	270,585	247,411	261,119	266,737	282,081	288,132	302,354	332,598
Subtotal governmental activities	<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>	<u>2,831,995</u>
<b>Business-type activities:</b>										
Water	749,454	754,045	818,518	808,184	860,993	1,059,065	1,011,374	910,954	858,324	960,885
Sewer	716,721	711,341	736,573	729,623	782,166	864,473	900,943	968,546	1,023,849	1,107,025
Subtotal business-type activities	<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>	<u>2,067,910</u>
Total primary government	<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>	<u>\$ 4,899,905</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
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 %
2016	9,606,501	997,405	106,403	10,710,309	(372,100)	10,338,209	34.657%	1,020,744,900	1.01%

Source: 2007-2016 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	
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
2016	34.657	34.657	34.107	6.760	30.564	106.088

Source: 2007-2016: 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	2016			2007		
	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value	Taxable Capacity Value	Rank	Percentage of Total City Capacity Value
Xcel Energy	\$ 180,857	1	1.69%	\$ 105,439	3	0.99%
FedEx Ground Pkg. Sys. Inc.	179,122	2	1.67%	179,468	1	1.68%
PSA Housing/Assist Living Inc	155,671	3	1.45%	146,378	2	1.37%
P-4 Properties LLC	108,126	4	1.01%	89,552	4	0.84%
Murray Properties, LLC	56,210	5	0.52%	-		
592 Investments LLC	48,728	6	0.45%	-		
Wixie LLC	46,380	7	0.43%	33,242	7	0.31%
Tri Canadian Properties, LLC	43,626	8	0.41%	-		
Flex Holding LLC	37,600	9	0.35%	-		
NCSM Wedgewood I LLC	36,442	10	0.34%	-		
Lincoln Square Limited Partnership	-			28,392	9	0.27%
Briarcliff of Mahtomedi	-			38,914	5	0.36%
Individual	-			33,297	6	0.31%
Amoco Oil Co.	-			27,454	10	0.26%
Individual	-			32,052	8	0.30%
<b>Total</b>	<b>\$ 892,762</b>		<b>8.34 %</b>	<b>\$ 714,188</b>		<b>6.70 %</b>
<b>Total all property</b>	<b>\$ 10,710,309</b>			<b>\$ 10,664,829</b>		

Sources:  
 Washington County Top Taxpayers  
 City of Mahtomedi - Finance

**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
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 %
2016	3,857,266	3,832,966	99.37%	-	3,832,966	99.37%

Source: 2007-2016 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.

**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	
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	3,670,605	10,222,136	13,892,741	150.47 %
2015	3,485,865	8,198,905	11,684,770	119.69 %
2016	6,147,653	10,736,769	16,884,422	157.65 %

Source: 2007-2016 City of Mahtomedi Finance Department

**Table 10**

Business-Type Activities			Per Customer	Total Primary Government	Percentage of Personal Income	Per Capita
Sewer/ Water Bonds	Term Loan Payable	Total Business-Type Activities				
\$ 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
6,263,332	-	6,263,332	2,176	20,156,073	4.92 %	2,561
5,187,826	-	5,187,826	1,789	16,872,596	3.90 %	2,098
7,446,210	-	7,446,210	2,555	24,330,632	5.33 %	3,101

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

**Table 11**

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<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>
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	3,670,605	10,222,136	3,286,955	10,605,786	1.20%	1,347
2015	3,485,865	8,198,905	5,819,938	5,864,832	0.63%	729
2016	6,147,653	10,736,769	5,974,901	10,909,521	1.07%	1,391

Source: 2007-2016 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, 2016

**Table 12**

Governmental Unit	Debt Outstanding*	Estimated Percentage Applicable*	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Washington County	\$ 103,715,000	3.8%	\$ 3,941,170
ISD No. 832	50,740,000	46.8%	23,720,950
Metropolitan Council/Regional Transit	206,020,000	0.3%	700,468
Subtotal - overlapping debt			28,362,588
City direct debt			<u>16,884,422</u>
Total direct and overlapping debt			<u>\$ 45,247,010</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 2016

Market value	<u>\$ 994,897,800</u>
Debt Limit (3% of market value)	<u>\$ 29,846,934</u>
Debt applicable to limit:	
General obligation bonds	23,905,000
Less:	
Special assessment bonds	(10,487,083)
Revenue bonds	(7,287,917)
Cash and investments in General	
Obligation Debt Service Funds	<u>(318,402)</u>
Total net debt applicable to limit	<u>5,811,598</u>
Legal debt margin	<u>\$ 24,035,336</u>

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Debt limit	\$ 29,846,934	\$ 27,162,006	\$ 25,485,261	\$ 25,289,631
Total net debt applicable to limit	<u>5,811,598</u>	<u>3,149,763</u>	<u>3,353,347</u>	<u>3,546,895</u>
Legal debt margin	<u>\$ 24,035,336</u>	<u>\$ 24,012,243</u>	<u>\$ 22,131,914</u>	<u>\$ 21,742,736</u>
Amount of Debt Applicable to Debt Limit:				
Total net debt applicable to the limit is a percentage of debt limit	19.47%	11.60 %	13.16 %	14.03 %



**Table 13**

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 26,729,970	\$ 29,008,974	\$ 30,915,936	\$ 32,278,569	\$ 30,402,192	\$ 20,274,336
<u>3,675,456</u>	<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>\$ 23,054,514</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>
13.75 %	13.85 %	14.36 %	14.79 %	16.83 %	3.80 %

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

Fiscal Year	Water Revenue Bonds						Coverage	Utility Service Charges	Less Operating Expenses
	Utility Service Charges	Less Operating Expenses	Net Available Revenue	Debt Service					
				Principal	Interest				
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	
2016	948,976	639,811	309,165	259,857	87,138	0.89	1,102,518	865,151	

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 in the Sewer Utility Fund 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	
\$ -	\$ -	\$ -	-	\$ 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
237,367	144,205	54,680	1.19	365,570	890,938	169,721	0.34

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

**Table 15**

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<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Unemployment Rate (2)</u>
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 %
2016	7,845	456,288,735	58,163	3.3%

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	2016			2007		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
FedEx	600	1	28.75%	540	1	26.18%
Century College - East Campus	500	2	23.96%	350	2	16.97%
Mahtomedi School District #832	378	3	18.11%	225	3	10.91%
St. Andrews Church	91	4	4.36%	105	4	5.09%
St. Andrews Village	60	5	2.87%			
TLC Electronics	60	6	2.87%	70	5	3.39%
Coventry Senior Living	33	7	1.58%			
Jethro's Char-House & Pub	18	7	0.86%	25	8	1.21%
Federal Molding	16	8	0.77%			
St. Jude of the Lake	17	10	0.81%	45	9	2.18%
Park Tool				31	6	1.50%
Dairy Queen				27	7	1.31%
Mulcahy, Inc.				20	10	0.97%
<b>Total</b>	<b>1,773</b>		<b>84.95%</b>	<b>1,438</b>		<b>69.71%</b>

Source: 2007-2016: 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

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<u>Function/Program</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
General government:			
General Government	4.50	4.50	4.50
Public Safety	1.00	1.00	1.00
Buildings	1.00	1.00	1.00
Streets	2.00	2.00	2.00
City Parks	1.50	1.50	1.50
Storm Water	1.50	1.50	1.50
Water Utility	1.50	1.50	1.50
Sewer Utility	1.50	1.50	1.50
Total	<u>14.50</u>	<u>14.50</u>	<u>14.50</u>

Source: City Budget Office.

**Table 17**

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**Full-Time Equivalent Employees as of December 31,**

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
4.50	4.50	4.50	4.50	4.50	4.50	4.50
2.00	2.00	2.00	2.00	2.00	2.00	2.00
1.00	0.25	0.25	0.25	0.25	0.25	0.25
2.00	2.00	2.00	2.50	2.50	2.50	2.75
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	0.75
1.50	2.50	2.50	2.50	2.50	2.50	2.75
1.50	2.00	2.00	2.25	2.25	2.25	2.50
<u>15.50</u>	<u>15.50</u>	<u>15.50</u>	<u>16.00</u>	<u>16.00</u>	<u>16.00</u>	<u>17.00</u>

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

Function/Program	2007	2008	2009	2010
Police:				
Moving violations	140	192	198	206
Non-moving violations	389	317	369	465
DWI	54	54	45	18
Part 1 crimes **	102	144	138	101
Part 2 crimes **	589	569	501	469
Fire:				
Medical responses	518	547	521	633
Fires	258	198	213	210
Building inspection:				
Permits issued:				
Residential	70	4	2	12
Commercial	-	3	1	3
Additions/other	970	619	514	631
Other public works:				
Street resurfacing (miles)	2	1	-	1
Potholes filled (tons)	200	63	53	94
Water:				
New connections	80	22	21	21
Water main breaks	3	1	1	-
Average daily consumption	865,019	812,704	832,482	699,701
Peak daily consumption	2,236,000	2,275,000	2,163,000	1,635,000
Water customer count	2,544	2,567	2,588	2,600
Sewer customer count	2,474	2,501	2,533	2,545
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					
2011	2012	2013	2014	2015	2016
224	112	100	209	177	162
424	363	464	434	401	342
25	14	23	23	23	15
137	124	108	135	107	96
421	470	380	384	337	375
584	587	803	729	767	697
237	285	184	165	164	184
14	25	13	12	12	6
5	-	-	-	1	1
678	635	636	554	789	815
3	-	1	5	2	1
106	90	67	33	58	46
16	24	15	2	16	3
2	1	-	-	-	5
701,808	810,952	743,862	638,800	583,403	600,867
1,764,000	2,087,000	2,084,000	1,947,000	1,509,000	1,603,000
2,616	2,641	2,656	2,658	2,674	2,680
2,550	2,584	2,602	2,607	2,608	2,613
220	220	220	220	228	234

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

Function/Program	2007	2008	2009	2010
Fire stations	1	1	1	1
Other public works:				
Streets (miles)	52	52	52	52
Highways (miles)	1	1	1	1
Streetlights	320	320	320	328
Traffic signals	3	3	3	3
Parks and recreation:				
Acreage	169	169	169	169
Playgrounds	4	5	5	7
Baseball/softball diamonds	4	4	4	4
Soccer/football fields	2	2	2	2
Community centers	-	-	-	-
Water:				
Water mains (miles)	37	47	47	47
Fire hydrants	400	455	456	456
Storage capacity (thousands of gallons)	1,000,000	1,000,000	1,000,000	1,000,000
Wastewater:				
Sanitary sewers (miles)	39	35	33	33
Storm sewers (miles)	19	25	25	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						
2011	2012	2013	2014	2015	2016	
1	1	1	1	1	1	1
52	52	52	52	52	52	52
1	1	1	1	1	1	1
328	328	328	328	328	328	328
3	3	3	3	3	3	3
169	169	169	169	169	169	169
7	7	7	7	7	7	7
4	4	4	4	4	4	4
2	2	2	2	2	2	2
-	-	-	-	-	-	-
47	47	47	47	47	47	47
456	456	459	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
33	33	33	33	33	33	33
25	25	25	25	25	25	25
*	*	*	*	*	*	*