



CITY OF MINNETRISTA

REQUEST FOR CITY COUNCIL ACTION/DISCUSSION

Item – 2025 Financial Audit Presentation

Prepared By: Brian Grimm, Finance Director

Meeting Date: May 18, 2026

Item: Troy Gabler and Austin Wolf from our audit firm of Clifton Larson Allen (CLA) will be here to discuss and give a presentation on the 2025 audit. Attached are the Audit Report, and Special Purpose Reports for your review. A Powerpoint Presentation will be provided at the meeting on Monday evening.

A couple items that I wanted to highlight from our audit report was our fund balance in the general fund decreased by \$56,996 at the end of 2025 from 2024. The City budgeted to use \$38,989 in fund balance in 2025. When the final audited numbers came in, there was a negative variance of \$18,007 when comparing the budgeted numbers to actual results.

Of this variance, a few revenue categories came in a little higher than projected and a few came in a little lower than projected. Intergovernmental, Investment Income and Charges for Services categories all came in a little higher than budgeted. While Property taxes, Licenses and Permits and Lease Revenue all came in a little lower than budgeted. The total variance on the general fund revenues/other finance sources side was \$10,584 lower than budgeted when compared to actual numbers. Which is a less than a quarter of a percent (.15%) variance on budget to actual results.

Total general fund expenditures were \$7,423 over budget. General government had the largest negative variance – (\$66,809) as far as expenditures within the general fund. Otherwise, most functions and departments came in close when comparing actual to budget overall for expenditures in the general fund for 2025. The biggest savings in the general fund came in Public Works (\$94,351) with most of that attributed to less snow and ice removal from a milder/drier winter. Inflationary pressures, Salaries and benefits costs (including overtime costs) as well as additional maintenance costs were the biggest drivers of overages. The total variance is basically within a tenth of a percent for total general fund expenditures budget to actual comparison.

This brings the general fund balance at the end of 2025 to \$2,952,498. The City has budgeted for a small surplus with the 2026 general fund budget to hopefully push the 2026 general fund ending fund balance back over \$3 million.

The Auditors opinion on the overall financial statements is an unqualified opinion which is the best opinion a City can receive on its financial statements.

Mission Statement:

The City of Minnetrista will deliver quality services in a cost effective and innovative manner and provide opportunities for a high quality of life while protecting natural resources and maintaining a rural character.

The representatives from Clifton Larson Allen (CLA) will go over the PowerPoint presentation and they along with staff will be available to answer questions from Council after their presentation.

Recommended City Council Action: Motion to accept the 2025 Financial Audit Report as presented.

Does Recommended Action meet City Mission Statement? Yes No

Does Recommended Action meet City Goals/Priorities? x Yes No

Explain: Adapt to a changing economy – monitor budget to actual numbers

This agenda item is a normal annual item for the City Council to review for the required annual financial audit.

Mission Statement:

The City of Minnetrista will deliver quality services in a cost effective and innovative manner and provide opportunities for a high quality of life while protecting natural resources and maintaining a rural character.

City of Minnetrista Minnesota



Annual Comprehensive Financial Report

For the Fiscal Year Ended December 31, 2025

CITY OF MINNETRISTA, MINNESOTA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED DECEMBER 31, 2025

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

**BRIAN GRIMM
DIRECTOR OF FINANCE**

**CITY OF MINNETRISTA
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INTRODUCTORY SECTION



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

May 5, 2026

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

The annual comprehensive financial report (ACFR) of the City of Minnetrista, Minnesota (the City) for the fiscal year ended December 31, 2025 is hereby submitted. Management assumes full responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, based on a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Minnesota Statutes require that the City have an annual audit performed by a certified public accountant or the State Auditor. The City appointed the certified public accounting firm of CliftonLarsonAllen LLP to perform the audit for the year ended December 31, 2025. The independent auditor's report on the basic financial statements is unmodified and is included in the financial section of this report.

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

PROFILE OF THE CITY

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

(1)

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

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

The City issued building permits for 77 new single-family homes in 2025 with a total housing value of \$44,687,755.

The Minnetrista Public Safety Department operates with 16 licensed police officers, including: 1 Public Safety Director, 1 Deputy Chief, 2 Sergeants, and 12 officers. In addition, there are 1.90 full-time equivalent support staff, two Community Service Officers, one Reserve, and 13 Patrol Units. Dispatching is operated through the Hennepin County Sheriff's Department.

ECONOMIC CONDITIONS AND OUTLOOK

The City is located in the southwest portion of Hennepin County approximately 20 miles southwest of Minneapolis on Lake Minnetonka. The population of the City was 8,930 per the 2024 Metropolitan Council Estimate.

The City saw a slight decrease from the previous year in the valuation number of building permits for new homes in 2025. Continued controlled growth is expected for 2026 and beyond.

NOTEWORTHY BUDGET AND FINANCIAL INFORMATION

Evaluation of the City Fee Structure

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

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

Capital and Long Range Planning

The City continues to look at all financing options including identifying available reserves or levying for capital improvements. The City improved its financial management planning in 2008 and incorporated a financial management-planning tool with five-year CIP equipment components, street infrastructure plans, and other supplementary planning information. The City continues to use this modeling during 2026 and going forward.

Development Market Conditions During 2026

Growth has been steady in the past several years. Residential building permit revenue should be comparable in the upcoming year (2026). The City has a combination of additional residential homes coming in with the Woodland Cove Area but this will be built out sometime during 2026. There are a couple new potential developments in various stages in the planning/land use process that should continue to provide the City with controlled growth in the years to come.

FINANCIAL CONTROLS

Investment Policy

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

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

Fund Balance Policy

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

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

Budget Policy

The City annually adopts a budget for the following year. This budget is meant to be a guideline for expenditures and revenues for the year. The City adopts a budget for the General Fund, special revenue funds except for the Land Use fund, debt service funds, and capital project funds. The level of budgetary control is at the function level. The City has five special revenue funds: an Emergency Warning Siren Fund, a Park Development Fund, a Road Maintenance Fund, Land Use Fund and a Tree Replacement Fund. These funds are set aside to account for proceeds of specific revenue sources that are legally restricted or committed to expenditures for their specified purpose.

In addition to the annual budgets adopted above the City Administrator is authorized to approve items up to \$10,000 that were not originally budgeted for. Otherwise the level of budgetary control would be at the function level – General Government, Public Safety, Public Works, Parks and Recreation and Miscellaneous. Council sees quarterly reports each year to see how the City is performing on a budget to actual basis for the year.

AWARDS AND ACKNOWLEDGEMENTS

Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report (ACFR) for the fiscal year ended December 31, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. The report satisfied both generally accepted accounting principle and applicable legal requirements.

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

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

Sincerely,

A handwritten signature in cursive script that reads "Brian Grimm".

Brian Grimm
Finance Director

**CITY OF MINNETRISTA
OFFICIAL DIRECTORY
YEAR ENDED DECEMBER 31, 2025**

CITY COUNCIL AND OTHER OFFICIALS

Lisa Whalen
Brian Govern
Cathleen Reffkin
Peter Vickery
Claudia Lacy

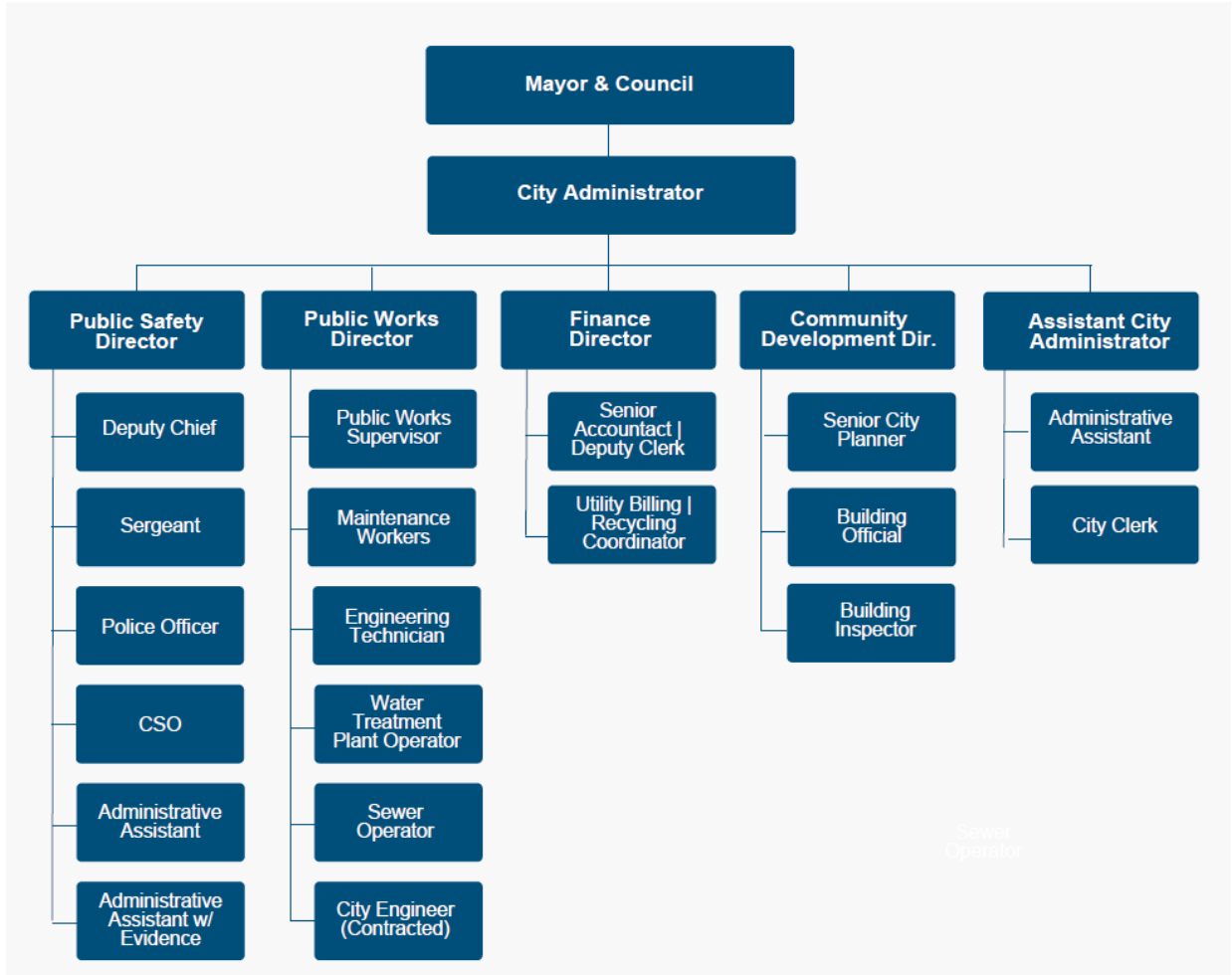
Mayor
Council Member
Council Member
Council Member
Council Member

CITY OFFICIALS

Jasper Kruggel
Brian Grimm
Craig Squires

City Administrator
Finance Director
Director of Public Safety

**CITY OF MINNETRISTA
ORGANIZATIONAL CHART
YEAR ENDED DECEMBER 31, 2025**



**CITY OF MINNETRISTA
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
DECEMBER 31, 2025**



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Minnetrista
Minnesota**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Minnetrista's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista, as of December 31, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Minnetrista and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Minnetrista's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of Minnetrista's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Minnetrista's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the City's total OPEB liability and related ratios, PERA schedule of the City's proportionate share of the net pension liability, and PERA schedule of City contributions presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Minnetrista's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2026, on our consideration of the City of Minnetrista's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Minnetrista's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Minnetrista's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 5, 2026

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

As management of the City of Minnetrista, Minnesota (the City), we have provided readers of the City's financial statements with this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

FINANCIAL HIGHLIGHTS

- The City's net position of its governmental activities increased by \$3,151,209 during the year to \$42,949,312 at year-end.
- The net position of the City's business-type activities increased by \$2,163,694 during the year to \$28,304,141 at year-end.
- The fund balance of the General Fund decreased by \$56,996 (or 1.9%) during the year to \$2,952,498 at year-end.
- At the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$10,113,082.
- The Water, Sewer, Storm Water, Recycling, and Cable TV Operating Funds reported a combined operating loss of \$278,881.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Fund Financial Statements – A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The funds of the City are divided into three categories - governmental funds, proprietary funds, and fiduciary funds. The City did not have any fiduciary funds in 2025.

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

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

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

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

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

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

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budget to actual data for the City's General Fund and major special revenue fund and the City's progress in funding its obligation to provide pension and other postemployment benefits to employees. Combining statements and schedules for nonmajor funds are presented immediately following the required supplementary information.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

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

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Current and Other Assets	\$ 16,071,190	\$ 16,940,524
Capital Assets	43,070,126	40,647,711
Total Assets	<u>59,141,316</u>	<u>57,588,235</u>
Deferred Outflows of Resources	2,100,913	2,590,828
Noncurrent Liabilities Outstanding	13,411,888	14,306,934
Other Liabilities	1,509,035	2,113,087
Total Liabilities	<u>14,920,923</u>	<u>16,420,021</u>
Deferred Inflows of Resources	3,371,994	3,960,939
Net Position:		
Net Investment in Capital Assets	32,535,090	30,170,080
Restricted	10,048,779	8,445,532
Unrestricted	365,443	1,182,491
Total Net Position	<u>\$ 42,949,312</u>	<u>\$ 39,798,103</u>
	<u>Business-Type Activities</u>	
	<u>2025</u>	<u>2024</u>
Current and Other Assets	\$ 3,815,961	\$ 7,218,073
Capital Assets	38,964,093	34,244,366
Total Assets	<u>42,780,054</u>	<u>41,462,439</u>
Deferred Outflows of Resources	71,085	53,668
Noncurrent Liabilities Outstanding	13,980,425	14,818,733
Other Liabilities	436,388	413,393
Total Liabilities	<u>14,416,813</u>	<u>15,232,126</u>
Deferred Inflows of Resources	130,185	143,534
Net Position:		
Net Investment in Capital Assets	25,393,686	22,401,783
Unrestricted	2,910,455	3,738,664
Total Net Position	<u>\$ 28,304,141</u>	<u>\$ 26,140,447</u>

The City's net investment in capital assets is 81% of the total net position, and reflects its investment in capital assets (e.g., land, buildings, infrastructure, machinery and equipment, and vehicles); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

An additional portion of the City's net position in the amount of \$10,048,779 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position in the amount of \$3,275,898 may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all categories of net position, both for the City as a whole as well as for its separate governmental and business-type activities.

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

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

	Governmental Activities			
	2025	2024	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 1,271,543	\$ 1,333,167	\$ (61,624)	(5)%
Operating Grants and Contributions	470,852	714,121	(243,269)	(34)
Capital Grants and Contributions	3,622,660	714,429	2,908,231	407
General Revenues:				
Property Taxes	7,110,434	6,436,749	673,685	10
Unrestricted Investment Income	454,460	527,108	(72,648)	(14)
Gain on Sale of Capital Assets	45,406	16,135	29,271	181
Total Revenues	<u>12,975,355</u>	<u>9,741,709</u>	<u>3,233,646</u>	33
EXPENSES				
General Government	1,505,033	1,573,656	(68,623)	(4)
Public Safety	4,619,405	4,275,537	343,868	8
Public Works	3,090,585	3,242,074	(151,489)	(5)
Parks and Recreation	318,877	410,617	(91,740)	(22)
Interest on Long-Term Debt	290,246	319,731	(29,485)	(9)
Total Expenses	<u>9,824,146</u>	<u>9,821,615</u>	<u>2,531</u>	-
CHANGE IN NET POSITION	3,151,209	(79,906)	3,231,115	(4044)
Net Position - Beginning of Year	<u>39,798,103</u>	<u>39,878,009</u>	<u>(79,906)</u>	-
NET POSITION - END OF YEAR	<u>\$ 42,949,312</u>	<u>\$ 39,798,103</u>	<u>\$ 3,151,209</u>	8

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Overall revenues of governmental activities increased by \$3,233,646, or 33%, between 2024 and 2025. The City relies to a great extent on property taxes to finance its governmental activities, and this amount increased from the prior year by \$673,685, or 10%. Operating grants and contributions decreased \$243,269, or 34%. Capital grants and contributions increased \$2,908,231, or 407%. Charges for services decreased by \$61,624, or 5%. The net total change of unrestricted investment income was a decrease of \$72,648, or 14%.

Expenses of governmental activities increased by \$2,531, or 0%, between 2024 and 2025. Most of this increase was due to an increase in public works expenses in the amount of \$343,868 due to more pavement and street reclamation and mill and overlay projects in the current year than in 2024. Parks and recreation expenses decreased due to less park projects in the current year than in 2024.

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

	Business-Type Activities			
	2025	2024	Annual Change	Percent Change
REVENUES				
Program Revenues:				
Charges for Services	\$ 4,153,102	\$ 3,948,027	\$ 205,075	5 %
Operating Grants and Contributions	20,569	20,251	318	2
Capital Grants and Contributions	2,501,304	-	2,501,304	-
General Revenues:				
Unrestricted Investment Income	191,216	203,508	(12,292)	(6)
Total Revenues	6,866,191	4,171,786	2,694,405	65
EXPENSES				
Water Operating	2,172,720	2,416,216	(243,496)	(10)
Sewer Operating	1,758,793	1,729,721	29,072	2
Storm Water	417,218	436,650	(19,432)	(4)
Recycling	281,095	266,078	15,017	6
Cable TV	72,671	96,624	(23,953)	(25)
Total Expenses	4,702,497	4,945,289	(242,792)	(5)
CHANGE IN NET POSITION	2,163,694	(773,503)	2,937,197	(380)
Net Position - Beginning of Year	26,140,447	26,913,950	(773,503)	(3)
NET POSITION - END OF YEAR	\$ 28,304,141	\$ 26,140,447	\$ 2,163,694	8

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

The business-type activities, primarily the City's utility operations, experienced an increase in revenues, primarily due to charges for services increasing by 5% in the current year. The increase in charges for services was due to the spring and summer months being much drier than in the last couple of years. The less precipitation had the effect of increasing water usage which in turn made the charges for services revenue go up by a decent amount.

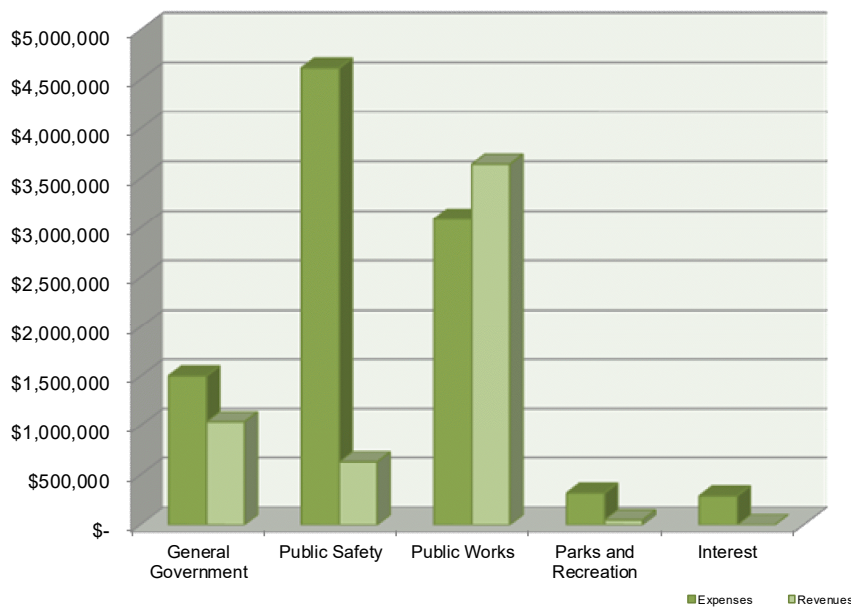
Capital grants and contributions increased \$2,501,304 due to the City's recognition new infrastructure being turned over to the City through development as contributed capital. Unrestricted investment earnings decreased \$12,292 in 2025 from 2024 due to interest rates slightly lowering over the period on the City's investments. As well as the fair value of the investments improving/staying stable based on current market conditions.

On the expense side, expenses increased in the Sewer and Recycling funds and decreased in the Water, Stormwater, and Cable TV funds. These decreases in expenses in the Water fund mostly related to a decrease in engineering services along with lower maintenance and utilities cost. The Sewer fund increase was mainly due to an increase in operating and maintenance supplies cost. The Recycling fund increase was mainly from the contract increasing on the waste management contract for recycling. The Stormwater fund decrease was mainly from having slightly lower costs related to storm water projects/maintenance. The decrease in the Cable TV fund related to less projects completed in 2025 compared to 2024. The City had made some technology improvements out of this fund in 2024 as well as that reduced the need for a contractor to video these meetings in 2025. Revenues were greater than expenses and resulted in a positive change in net position of \$2,163,694, which was around an 8.3% increase from prior years ending net position.

Governmental Activities

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

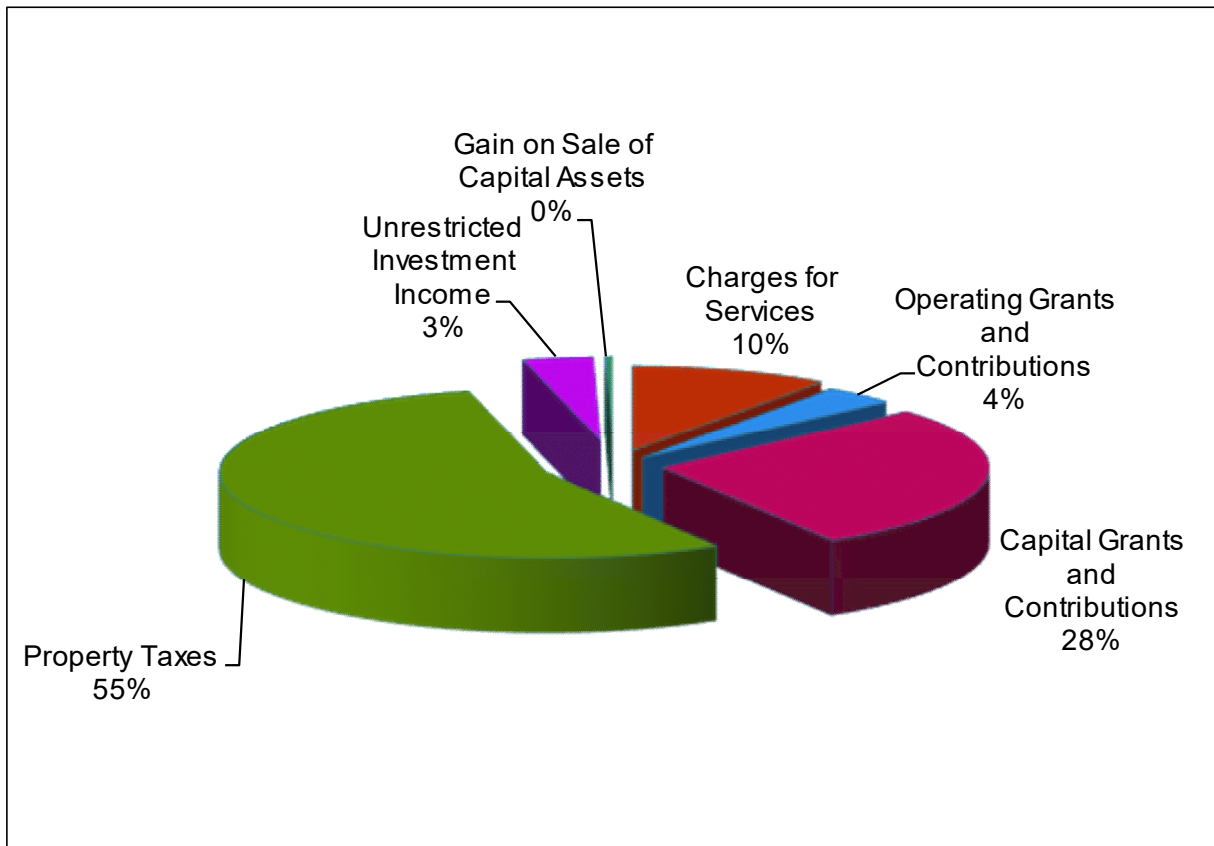
Program Expenses and Revenues – Governmental Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

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

Revenues by Source – Governmental Activities

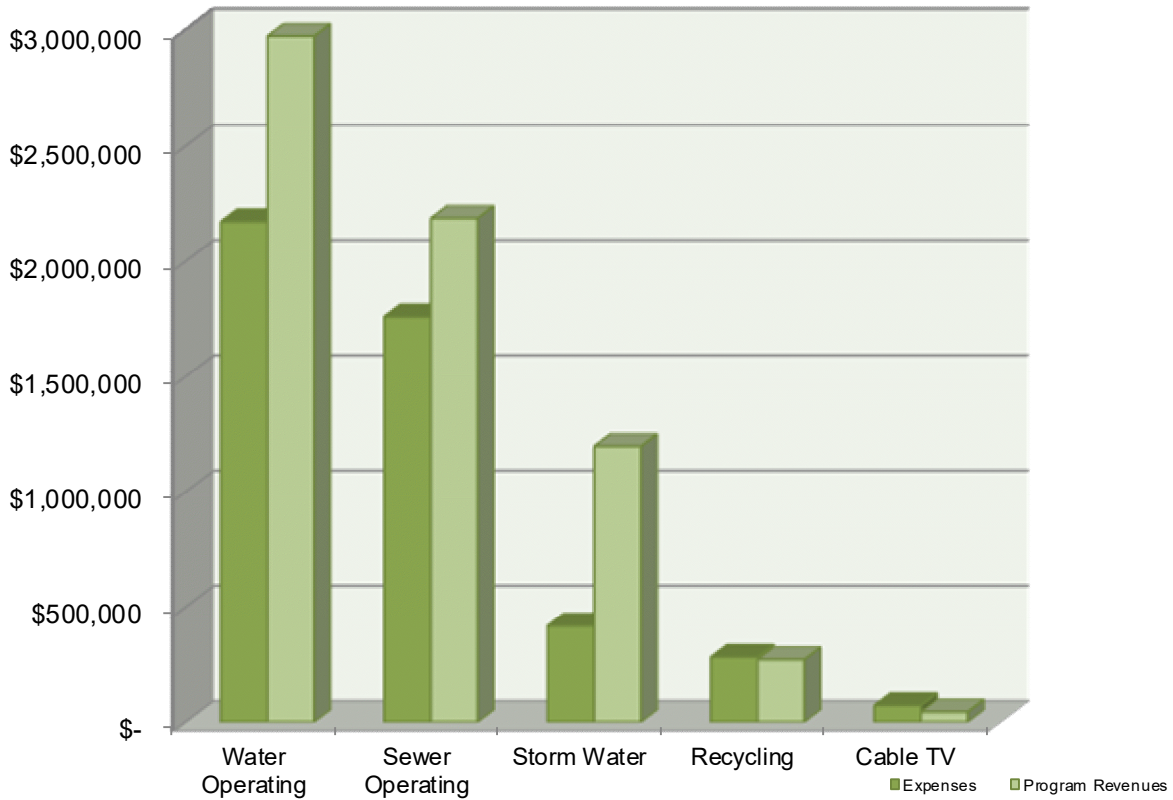


**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Business-Type Activities

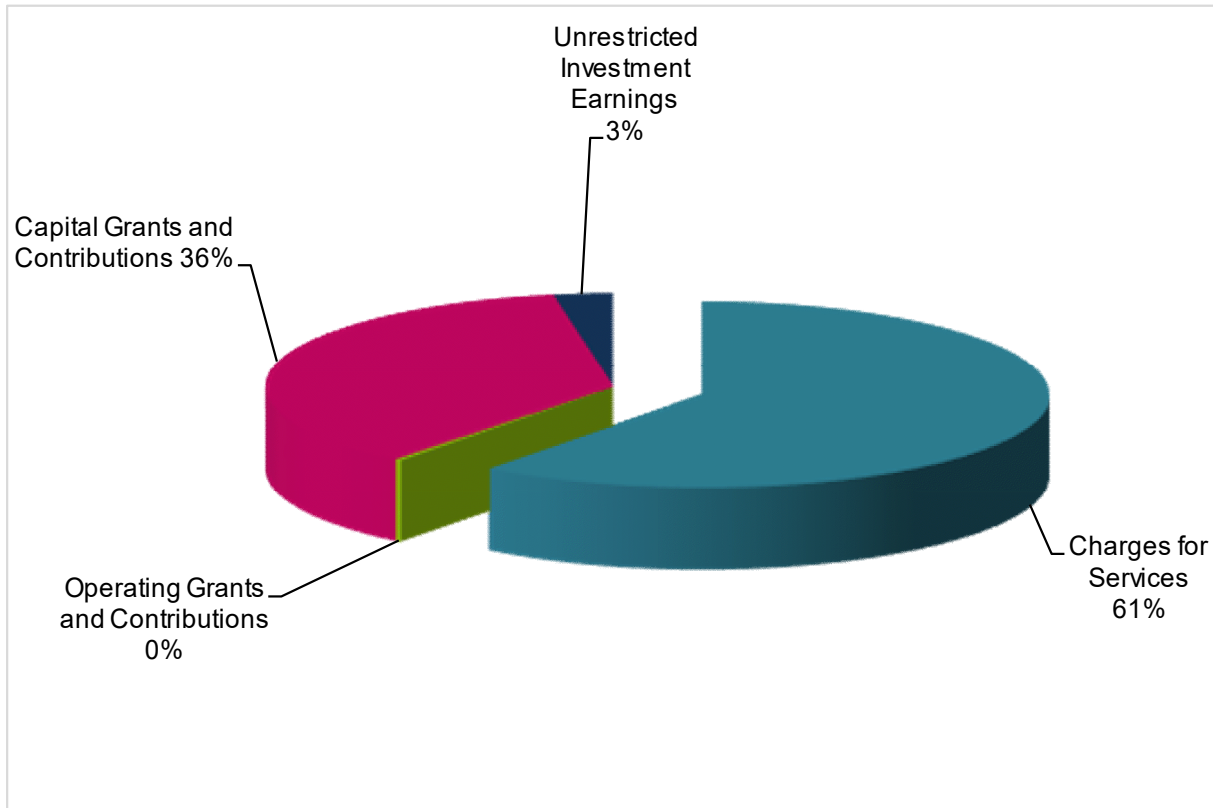
Business-Type Activities net position increased \$2,937,197 or 380% from the prior year due to what was mentioned above. One of the biggest expenses is depreciation (noncash expense) within the water, sewer, and storm water funds. Expenses in total across all utility funds decreased \$242,792, or 5%, as detailed above.

Program Expenses and Revenues – Business-Type Activities



**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Program Expenses and Revenues – Business-Type Activities (Continued)



General Fund

The General Fund is the main operating fund of the City. Its primary revenue source in 2025 was property taxes at 74% of the total revenue, followed by licenses and permits at 10%. The total fund balance decreased during the current fiscal year 2025, resulting from a deficiency of revenues under expenditures of \$76,386 along with proceeds from the sale of capital assets of \$19,390.

With the continued controlled growth in the city, the City's tax base continues to increase. The tax base also has become a little more diversified with additional commercial and apartment complex added to the tax base. This additional tax base has been able to help absorb the additional about \$350,000 levy increase for the general fund in 2025. Taxes support almost 75% of general fund activities and building permit revenue supports another about 10% of general fund activities. Revenues in the general fund have come in pretty close to budget to actual in all revenue areas

On the expenditure side, the biggest driver of increases has been for salaries and benefits. As the City continues to watch the market to make sure they remain competitive in these areas. Expenditures in the general fund have come in pretty close to budget to actual in all expenditure areas. With revenues and expenditures as mentioned above, staying consistent on actual to budget comparison, the fund balance has stayed relatively stable as well.

The unassigned fund balance of \$2,714,301 at the end of 2025 represents 39% of total General Fund expenditures for the year 2025. The total fund balance of \$2,952,498 is 42% of the 2025 General Fund expenditures.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Other Major Governmental Funds

The Road Maintenance Fund was created to account for the resources accumulated and capital and maintenance expenditures related to various road maintenance projects. The fund balance at the end of 2025 was \$1,997,316, which increased \$175,008 during the year due to smaller scale projects being completed during 2025 which was accounted for a planned increase in fund balance for future projects.

The Street Improvement Fund was created to account for the resources accumulated and capital expenditures related to various street improvement projects. The ending fund balance for 2025 was \$71,877, which increased \$17,721 during the year due to investment income. The investment income is generated by escrows being held that were received from developers for sealcoating to be completed in the future as the streets in these associated developments need it in the future. These monies will be spent down accordingly over time in a systematic way through coordination with our Public Works department and City Engineer.

Proprietary Funds

The City's enterprise funds had a combined net position balance of \$28,304,141 at December 31, 2025. The financial activities of these funds have been summarized in previous charts within this discussion.

General Fund Budgetary Highlights

- The General Fund revenues were under the final revenue budget by \$27,974. This was mostly due to all revenue categories having slight positive or negative variances when comparing to actual budget numbers. The interest income had a positive variance of \$36,865 to budget. This was mainly because of interest rates staying better/higher than originally projected for 2025. The lease revenue category had a negative variance of \$47,818 for 2025. Two factors contributed to this, and they are both Public Safety related. The City received a higher amount of Police State Aid than originally projected. Additionally, the City received some higher than projected revenues regarding safe and sober (toward zero death) funds from the state. The total variance for revenues was about 0.4%.
- Total General Fund Expenditures were \$7,423 over budget. Public safety was over budget \$43,558 due to higher overtime costs than expected as well as higher utilities costs than expected. Public works was \$94,351 under budget due to snow ice removal being a lot less than 2024 resulting from a very mild winter. Also associated costs for chemicals and maintenance costs in this area were greatly reduced because of this. The parks and recreation department was \$12,141 over budget due to additional time spent in this area which increased the salaries and benefits expenses. Lawn mowing and maintenance costs also have increased. The largest variance occurred in the general government area, which had expenditures over budget in the amount of \$66,809. This mainly resulted from additional salaries and benefits and dues and training costs being allocated to the area. As well at the higher costs for technology and computer related services than budgeted. The miscellaneous area had expenditures under budget in the amount of \$20,734. The total actual costs in the general fund came in at 0.1% more than the budgeted amount. Department managers watch their overall department budgets closely in conjunction with the Finance Director. This helps contribute to the slight variability in actual costs to budget.

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Capital Assets

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

	Capital Assets at Year-End (Net of Accumulated Depreciation)					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 4,733,976	\$ 4,733,976	\$ 102,471	\$ 102,471	\$ 4,836,447	\$ 4,836,447
Construction in Progress	138,217	2,392,848	1,812,885	2,637,424	1,951,102	5,030,272
Buildings and Building Improvements	6,889,217	6,889,217	-	-	6,889,217	6,889,217
Improvements Other than Buildings	2,342,916	2,342,916	-	-	2,342,916	2,342,916
Streets and Infrastructure	63,144,346	57,258,554	58,371,327	51,634,423	121,515,673	108,892,977
Equipment and Furniture	7,174,312	6,527,787	2,311,565	1,722,068	9,485,877	8,249,855
Total Capital Assets	84,422,984	80,145,298	62,598,248	56,096,386	147,021,232	136,241,684
Less: Accumulated Depreciation	(41,352,858)	(39,497,587)	(23,634,155)	(21,852,020)	(64,987,013)	(61,349,607)
Total Capital Assets, Net	<u>\$ 43,070,126</u>	<u>\$ 40,647,711</u>	<u>\$ 38,964,093</u>	<u>\$ 34,244,366</u>	<u>\$ 82,034,219</u>	<u>\$ 74,892,077</u>

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

Long-Term Liabilities

At the end of the current fiscal year, the City had total bonded debt, and compensated absences payable outstanding of \$24,829,067. While all of the City's bonds have revenue streams, they are all backed by the full faith and credit of the City.

	Outstanding Debt at Year-End					
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General Obligation Bonds	\$ 7,380,000	\$ 7,810,000	\$ -	\$ -	\$ 7,380,000	\$ 7,810,000
General Obligation Revenue Bonds	1,680,000	1,985,000	13,203,000	14,094,000	14,883,000	16,079,000
General Obligation Equipment Certs	885,000	1,030,000	-	-	885,000	1,030,000
Compensated Absences	692,803	471,247	145,738	58,931	838,541	530,178
Bond Premium (Discount), Net	475,119	556,016	367,407	408,558	842,526	964,574
Total Outstanding Debt	<u>\$ 11,112,922</u>	<u>\$ 11,852,263</u>	<u>\$ 13,716,145</u>	<u>\$ 14,561,489</u>	<u>\$ 24,829,067</u>	<u>\$ 26,413,752</u>

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

**CITY OF MINNETRISTA, MINNESOTA
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025**

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Hennepin County is currently 3.6%, which is a slight increase from a rate of 2.3% a year ago. This compares favorably to the state's average unemployment rate of 3.9%.
- The City has experienced slightly higher than anticipated/budgeted new residential housing activity, with 77 new building permits issued during 2025. The valuation of building permits between 2025 and 2024 remained fairly comparable though.

All of these factors were considered in preparing the City budget for 2026.

REQUESTS FOR INFORMATION

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

BASIC FINANCIAL STATEMENTS

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
DECEMBER 31, 2025**

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
ASSETS			
Cash and Investments	\$ 11,064,737	\$ 2,654,800	\$ 13,719,537
Accounts Receivable	45,226	956,009	1,001,235
Property Taxes Receivable	83,717	-	83,717
Special Assessments Receivable, Net	2,205,497	73,137	2,278,634
Accrued Interest Receivable	17,632	4,344	21,976
Lease Receivable	791,701	-	791,701
Due from Other Governments	1,595,238	1,127	1,596,365
Prepaid Items	238,197	155,789	393,986
Internal Balances	29,245	(29,245)	-
Capital Assets:			
Nondepreciable:			
Land	4,733,976	102,471	4,836,447
Construction in Progress	138,217	1,812,885	1,951,102
Depreciable:			
Buildings and Building Improvements	6,889,217	-	6,889,217
Improvements Other than Buildings	2,342,916	-	2,342,916
Streets and Infrastructure	63,144,346	58,371,327	121,515,673
Equipment and Furniture	7,174,312	2,311,565	9,485,877
Total Capital Assets	84,422,984	62,598,248	147,021,232
Less: Accumulated Depreciation	(41,352,858)	(23,634,155)	(64,987,013)
Total Capital Assets, Net	43,070,126	38,964,093	82,034,219
 Total Assets	 59,141,316	 42,780,054	 101,921,370
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows - Pensions	2,100,913	71,085	2,171,998
LIABILITIES			
Accounts and Contracts Payable	336,571	290,224	626,795
Accrued Salaries and Fringe Benefits	55,755	7,915	63,670
Accrued Interest Payable	147,159	138,249	285,408
Other Liabilities	30,386	-	30,386
Deposits	939,164	-	939,164
Long-Term Liabilities:			
Due Within One Year	1,190,866	1,036,362	2,227,228
Other Postemployment Benefits Liability	7,467	1,173	8,640
Due in More Than One Year	9,922,056	12,679,783	22,601,839
Net Pension Liability	1,902,987	203,435	2,106,422
Other Postemployment Benefits Liability	388,512	59,672	448,184
Total Liabilities	14,920,923	14,416,813	29,337,736
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows - Pensions	2,600,339	130,185	2,730,524
Deferred Inflows - Related to Leases	771,655	-	771,655
Total Deferred Inflows of Resources	3,371,994	130,185	3,502,179
NET POSITION			
Net Investment in Capital Assets	32,535,090	25,393,686	57,928,776
Restricted for:			
Debt Service	4,182,158	-	4,182,158
Municipal Construction	1,475,097	-	1,475,097
Road Maintenance	3,368,520	-	3,368,520
Park Improvement	1,023,004	-	1,023,004
Unrestricted	365,443	2,910,455	3,275,898
 Total Net Position	 \$ 42,949,312	 \$ 28,304,141	 \$ 71,253,453

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
General Government	\$ 1,505,033	\$ 981,034	\$ 59,797	\$ -	\$ (464,202)	\$ -	\$ (464,202)
Public Safety	4,619,405	290,509	339,258	-	(3,989,638)	-	(3,989,638)
Public Works	3,090,585	-	21,797	3,622,660	553,872	-	553,872
Parks and Recreation	318,877	-	50,000	-	(268,877)	-	(268,877)
Interest	290,246	-	-	-	(290,246)	-	(290,246)
Total Governmental Activities	9,824,146	1,271,543	470,852	3,622,660	(4,459,091)	-	(4,459,091)
Business-Type Activities:							
Water Operating	2,172,720	1,843,435	-	1,132,198	-	802,913	802,913
Sewer Operating	1,758,793	1,545,915	-	641,363	-	428,485	428,485
Storm Water	417,218	469,154	-	727,743	-	779,679	779,679
Recycling	281,095	249,725	20,569	-	-	(10,801)	(10,801)
Cable TV	72,671	44,873	-	-	-	(27,798)	(27,798)
Total Business-Type Activities	4,702,497	4,153,102	20,569	2,501,304	-	1,972,478	1,972,478
Total Primary Government	<u>\$ 14,526,643</u>	<u>\$ 5,424,645</u>	<u>\$ 491,421</u>	<u>\$ 6,123,964</u>	(4,459,091)	1,972,478	(2,486,613)
GENERAL REVENUES							
Property Taxes, Levied for General Purposes					7,110,434	-	7,110,434
Investment Income					454,460	191,216	645,676
Gain on Sale of Capital Assets					45,406	-	45,406
Total General Revenues and Transfers					<u>7,610,300</u>	<u>191,216</u>	<u>7,801,516</u>
CHANGE IN NET POSITION							
					3,151,209	2,163,694	5,314,903
Net Position - Beginning of Year					<u>39,798,103</u>	<u>26,140,447</u>	<u>65,938,550</u>
NET POSITION - END OF YEAR							
					<u>\$ 42,949,312</u>	<u>\$ 28,304,141</u>	<u>\$ 71,253,453</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025**

	General Fund	Special Revenue	Capital Projects	Other Governmental Funds	Totals
		Road Maintenance (406)	Street Improvement (490)		
ASSETS					
Cash and Investments	\$ 3,383,821	\$ 2,100,012	\$ 404,138	\$ 5,176,766	\$ 11,064,737
Receivables:					
Miscellaneous Receivables	-	-	-	45,226	45,226
Accrued Interest	5,489	3,288	653	8,202	17,632
Delinquent Taxes	83,717	-	-	-	83,717
Delinquent Special Assessments	-	312	-	4,579	4,891
Other Special Assessments Receivable	-	1,255,974	-	944,632	2,200,606
Lease Receivable	791,701	-	-	-	791,701
Prepays	238,197	-	-	-	238,197
Due from Other Funds	29,245	-	-	-	29,245
Due from Other Governmental Units	50,944	8,934	1,475,097	60,263	1,595,238
Total Assets	\$ 4,583,114	\$ 3,368,520	\$ 1,879,888	\$ 6,239,668	\$ 16,071,190
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ 82,852	\$ 114,917	\$ -	\$ 138,802	\$ 336,571
Accrued Salaries Payable	55,755	-	-	-	55,755
Other Liabilities	30,386	-	-	-	30,386
Deposits	606,250	-	332,914	-	939,164
Total Liabilities	775,243	114,917	332,914	138,802	1,361,876
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Taxes	83,718	-	-	-	83,718
Unavailable Revenue - Special Assessments	-	1,256,287	-	949,212	2,205,499
Unavailable Revenue - Other	-	-	1,475,097	60,263	1,535,360
Deferred Inflows - Related to Leases	771,655	-	-	-	771,655
Total Deferred Inflows of Resources	855,373	1,256,287	1,475,097	1,009,475	4,596,232
FUND BALANCE					
Nonspendable:					
Prepays	238,197	-	-	-	238,197
Restricted:					
Debt Service	-	-	-	3,319,842	3,319,842
Parkland Acquisitions and Improvement	-	-	-	1,023,004	1,023,004
Road Maintenance	-	1,997,316	-	-	1,997,316
Committed:					
Emergency Warning Siren Operation	-	-	-	282,662	282,662
Tree Replacement	-	-	-	304,038	304,038
Assigned:					
Capital Plan Improvements	-	-	71,877	161,845	233,722
Unassigned	2,714,301	-	-	-	2,714,301
Total Fund Balance	2,952,498	1,997,316	71,877	5,091,391	10,113,082
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,583,114	\$ 3,368,520	\$ 1,879,888	\$ 6,239,668	\$ 16,071,190

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
RECONCILIATION OF THE BALANCE SHEET TO THE
STATEMENT OF NET POSITION
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2025**

Total Fund Balances for Governmental Funds \$ 10,113,082

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

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

Land	\$	4,733,976	
Construction in Progress		138,217	
Buildings and Building Improvements		6,889,217	
Improvements Other than Buildings		2,342,916	
Streets and Infrastructure		63,144,346	
Equipment and Furniture		7,174,312	
Total Capital Assets		84,422,984	
Less: Accumulated Depreciation		(41,352,858)	43,070,126

Some of the City's receivables (including property taxes, special assessments and other long-term receivables) will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as deferred inflows of resources in the governmental funds. 3,824,577

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. (147,159)

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

Total Other Postemployment Benefits Liability		(395,979)	
Net Pension Liability		(1,902,987)	
Deferred Inflows of Resources - Pensions		(2,600,339)	
Deferred Outflows of Resources - Pensions		2,100,913	(2,798,392)

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

Bonds Payable		(9,060,000)	
Equipment Certificates Payable		(885,000)	
Unamortized Premiums		(477,556)	
Unamortized Discounts		2,437	
Compensated Absence Payable		(692,803)	(11,112,922)

Total Net Position of Governmental Activities \$ 42,949,312

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund	Special Revenue Road Maintenance (406)	Capital Projects Street Improvement (490)	Other Governmental Funds	Totals
REVENUE					
Property Taxes	\$ 5,149,866	\$ 575,000	\$ -	\$ 1,378,859	\$ 7,103,725
Special Assessments	-	309,811	-	157,496	467,307
Licenses and Permits	725,913	-	-	-	725,913
Intergovernmental Revenue	286,468	137,335	-	-	423,803
Charges for Services	403,468	-	-	-	403,468
Fines and Forfeitures	36,270	-	-	-	36,270
Other Revenue:					
Investment Income	136,865	76,694	17,721	223,180	454,460
Lease Revenue	152,182	-	-	-	152,182
Miscellaneous Revenue	30,591	-	-	109,636	140,227
Total Revenue	<u>6,921,623</u>	<u>1,098,840</u>	<u>17,721</u>	<u>1,869,171</u>	<u>9,907,355</u>
EXPENDITURES					
Current:					
General Government	1,375,076	-	-	24,384	1,399,460
Public Safety					
Police	3,206,194	-	-	-	3,206,194
Fire	723,574	-	-	-	723,574
Inspection and Zoning	307,248	-	-	-	307,248
Public Safety	<u>4,237,016</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,237,016</u>
Public Works					
Other	<u>1,171,615</u>	<u>502,715</u>	<u>-</u>	<u>-</u>	<u>1,674,330</u>
Parks and Recreation	194,036	-	-	-	194,036
Miscellaneous Other Expenditures	20,266	-	-	-	20,266
Total Current Expenditures	<u>6,998,009</u>	<u>502,715</u>	<u>-</u>	<u>24,384</u>	<u>7,525,108</u>
Capital Outlay:					
Other	<u>-</u>	<u>854,872</u>	<u>-</u>	<u>973,250</u>	<u>1,828,122</u>
Debt Service:					
Principal	-	-	-	880,000	880,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>387,764</u>	<u>387,764</u>
Total Debt Service	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,267,764</u>	<u>1,267,764</u>
Total Expenditures	<u>6,998,009</u>	<u>1,357,587</u>	<u>-</u>	<u>2,265,398</u>	<u>10,620,994</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	(76,386)	(258,747)	17,721	(396,227)	(713,639)
OTHER FINANCE SOURCES (USES)					
Transfers In	-	458,780	-	590,164	1,048,944
Transfers Out	-	(25,025)	-	(1,023,919)	(1,048,944)
Proceeds from Sale of Capital Assets	<u>19,390</u>	<u>-</u>	<u>-</u>	<u>35,975</u>	<u>55,365</u>
Total Other Finance Sources (Uses)	<u>19,390</u>	<u>433,755</u>	<u>-</u>	<u>(397,780)</u>	<u>55,365</u>
NET CHANGE IN FUND BALANCES	(56,996)	175,008	17,721	(794,007)	(658,274)
FUND BALANCES					
Beginning of Year	<u>3,009,494</u>	<u>1,822,308</u>	<u>54,156</u>	<u>5,885,398</u>	<u>10,771,356</u>
End of Year	<u>\$ 2,952,498</u>	<u>\$ 1,997,316</u>	<u>\$ 71,877</u>	<u>\$ 5,091,391</u>	<u>\$ 10,113,082</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2025**

Net Change in Fund Balances - Total Governmental Funds \$ (658,274)

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

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

Capital Outlays	\$ 2,020,755	
Gain (Loss) on Disposal of Capital Assets	45,406	
Proceeds from the Sale of Capital Assets	(55,365)	
Capital Contributions	2,478,461	
Depreciation Expense	<u>(2,066,842)</u>	2,422,415

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

Amortization of Bond Premium	81,493	
Amortization of Bond Discount	(596)	
Repayment of Bond Principal	880,000	
Change in Accrued Interest Expense	<u>14,929</u>	975,826

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

Deferred Inflows of Resources - December 31, 2024	3,336,150	
Deferred Inflows of Resources - December 31, 2025	<u>3,824,577</u>	488,427

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). During fiscal year 2025, compensated absences payable changed by (221,556)

Other postemployment benefits related expenses in the governmental funds are measured by current year employee benefit amounts. Other postemployment benefits related expenses on the statement of activities are measured by the change in total other postemployment benefits liability and the related deferred inflows and outflows of resources. (25,476)

Pension expenditures in the governmental funds are measured by current year employee contributions. Pension expenses on the statement of activities are measured by the change in net pension liability and the related deferred inflows and outflows of resources. 169,847

Change in Net Position of Governmental Activities \$ 3,151,209

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2025**

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES						
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 948,535	\$ 748,047	\$ 908,695	\$ 49,523	\$ -	\$ 2,654,800
Receivables:						
Accounts Receivable	351,250	395,974	135,934	66,751	6,100	956,009
Accrued Interest	1,578	1,197	1,467	102	-	4,344
Delinquent Special Assessments, Net	-	-	11,702	10,971	-	22,673
Special Assessments, Net	24,135	26,329	-	-	-	50,464
Prepays	73,059	75,432	7,298	-	-	155,789
Due from Other Governmental Units	582	293	130	122	-	1,127
Total Current Assets	<u>1,399,139</u>	<u>1,247,272</u>	<u>1,065,226</u>	<u>127,469</u>	<u>6,100</u>	<u>3,845,206</u>
NONCURRENT ASSETS						
Capital Assets:						
Land and Land Improvements	102,471	-	-	-	-	102,471
Construction in Progress	1,782,780	30,105	-	-	-	1,812,885
Infrastructure, Machinery, and Equipment	35,964,963	17,463,002	7,254,927	-	-	60,682,892
Less: Accumulated Depreciation	<u>(11,523,254)</u>	<u>(9,003,217)</u>	<u>(3,107,684)</u>	<u>-</u>	<u>-</u>	<u>(23,634,155)</u>
Total Noncurrent Assets, Net	<u>26,326,960</u>	<u>8,489,890</u>	<u>4,147,243</u>	<u>-</u>	<u>-</u>	<u>38,964,093</u>
Total Assets	27,726,099	9,737,162	5,212,469	127,469	6,100	42,809,299
DEFERRED OUTFLOWS OF RESOURCES						
Deferred Outflows - Pensions	<u>33,943</u>	<u>27,804</u>	<u>7,699</u>	<u>1,639</u>	<u>-</u>	<u>71,085</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 27,760,042</u>	<u>\$ 9,764,966</u>	<u>\$ 5,220,168</u>	<u>\$ 129,108</u>	<u>\$ 6,100</u>	<u>\$ 42,880,384</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION						
CURRENT LIABILITIES						
Accounts and Contracts Payable	\$ 148,708	\$ 88,354	\$ 51,593	\$ 162	\$ 1,407	\$ 290,224
Due to Other Funds	-	-	-	-	29,245	29,245
Compensated Absences Payable	21,900	18,250	5,212	-	-	45,362
Accrued Interest Payable	135,724	2,525	-	-	-	138,249
OPEB Liability	553	461	132	27	-	1,173
Bonds Payable	<u>916,800</u>	<u>74,200</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>991,000</u>
Total Current Liabilities	1,226,723	187,287	57,534	189	31,435	1,503,168
NONCURRENT LIABILITIES						
Compensated Absences Payable	48,460	40,384	11,532	-	-	100,376
OPEB Liability	32,018	20,199	5,758	1,697	-	59,672
Net Pension Liability	97,139	79,572	22,034	4,690	-	203,435
Bonds Payable	<u>12,456,107</u>	<u>123,300</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,579,407</u>
Total Noncurrent Liabilities	<u>12,633,724</u>	<u>263,455</u>	<u>39,324</u>	<u>6,387</u>	<u>-</u>	<u>12,942,890</u>
Total Liabilities	13,860,447	450,742	96,858	6,576	31,435	14,446,058
DEFERRED INFLOWS OF RESOURCES						
Deferred Inflows - Pensions	62,163	50,920	14,101	3,001	-	130,185
NET POSITION						
Net Investment in Capital Assets	12,954,053	8,292,390	4,147,243	-	-	25,393,686
Unrestricted	<u>883,379</u>	<u>970,914</u>	<u>961,966</u>	<u>119,531</u>	<u>(25,335)</u>	<u>2,910,455</u>
Total Net Position	<u>13,837,432</u>	<u>9,263,304</u>	<u>5,109,209</u>	<u>119,531</u>	<u>(25,335)</u>	<u>28,304,141</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 27,760,042</u>	<u>\$ 9,764,966</u>	<u>\$ 5,220,168</u>	<u>\$ 129,108</u>	<u>\$ 6,100</u>	<u>\$ 42,880,384</u>

See accompanying Notes to Basic Financial Statements.

CITY OF MINNETRISTA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Business-Type Activities					Totals
	Water (601)	Sewer (602)	Storm Water (651)	Recycling (671)	Cable TV (673)	
OPERATING REVENUE						
Sales and User Fees	\$ 1,833,349	\$ 1,544,715	\$ 467,706	\$ 239,346	\$ 44,873	\$ 4,129,989
Other	-	-	1,448	-	-	1,448
Total Operating Revenue	<u>1,833,349</u>	<u>1,544,715</u>	<u>469,154</u>	<u>239,346</u>	<u>44,873</u>	<u>4,131,437</u>
OPERATING EXPENSES						
Personnel Services	407,976	333,841	104,836	20,484	-	867,137
Professional Services	41,496	181,509	60,293	-	11,684	294,982
Operating and Maintenance Supplies	33,378	213,617	43,974	-	-	290,969
Utilities	237,248	28,652	-	-	-	265,900
Depreciation	1,102,785	491,366	187,984	-	-	1,782,135
Maintenance and Repairs	30,629	7,315	2,902	-	48	40,894
Administrative Charges from the General Fund	-	-	-	-	60,939	60,939
Insurance	29,331	10,000	-	-	-	39,331
Other Expenses	4,072	486,119	17,229	260,611	-	768,031
Total Operating Expenses	<u>1,886,915</u>	<u>1,752,419</u>	<u>417,218</u>	<u>281,095</u>	<u>72,671</u>	<u>4,410,318</u>
OPERATING INCOME (LOSS)	(53,566)	(207,704)	51,936	(41,749)	(27,798)	(278,881)
NONOPERATING REVENUE (EXPENSES)						
Area Charges	4,464	-	-	-	-	4,464
Investment Income	110,141	40,299	37,945	2,802	29	191,216
Interest Expense	(285,805)	(6,374)	-	-	-	(292,179)
Intergovernmental Grants	-	-	-	20,569	-	20,569
Miscellaneous Revenue	5,622	1,200	-	10,379	-	17,201
Total Nonoperating Revenue (Expenses)	<u>(165,578)</u>	<u>35,125</u>	<u>37,945</u>	<u>33,750</u>	<u>29</u>	<u>(58,729)</u>
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(219,144)	(172,579)	89,881	(7,999)	(27,769)	(337,610)
Capital Contributions	1,132,198	641,363	727,743	-	-	2,501,304
CHANGES IN NET POSITION	913,054	468,784	817,624	(7,999)	(27,769)	2,163,694
NET POSITION						
Beginning of Year	12,924,378	8,794,520	4,291,585	127,530	2,434	26,140,447
End of Year	<u>\$ 13,837,432</u>	<u>\$ 9,263,304</u>	<u>\$ 5,109,209</u>	<u>\$ 119,531</u>	<u>\$ (25,335)</u>	<u>\$ 28,304,141</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025**

	Business-Type Activities - Enterprise Funds					Total
	Water	Sewer	Storm Water	Recycling	Cable TV	
CASH FLOWS FROM OPERATING ACTIVITIES						
Cash Receipts from Customers	\$ 1,835,380	\$ 1,518,230	\$ 468,776	\$ 231,237	\$ 38,773	\$ 4,092,396
Cash Paid to Suppliers	(414,828)	(993,102)	(79,237)	(260,595)	(42,571)	(1,790,333)
Cash Paid to Employees	(396,625)	(312,677)	(88,673)	(20,765)	(1,982)	(820,722)
Other Receipts	5,622	-	-	10,379	-	16,001
Net Cash Provided (Used) by Operating Activities	1,029,549	212,451	300,866	(39,744)	(5,780)	1,497,342
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES						
Connection Fees Received	4,464	-	-	-	-	4,464
Principal Payments on Bonds	(816,800)	(74,200)	-	-	-	(891,000)
Interest Payments on Bonds	(301,924)	(7,857)	-	-	-	(309,781)
Acquisition of Capital Assets	(3,439,642)	(372,759)	(188,157)	-	-	(4,000,558)
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,553,902)	(454,816)	(188,157)	-	-	(5,196,875)
CASH FLOWS FROM INVESTING ACTIVITIES						
Interest (Loss) Received on Investments	114,527	40,394	37,517	2,807	37	195,282
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES						
Grants Received	-	-	-	20,569	-	20,569
Refunds and Reimbursements	-	1,200	-	-	-	1,200
Net Cash Provided by Noncapital Financing Activities	-	1,200	-	20,569	-	21,769
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS						
	(3,409,826)	(200,771)	150,226	(16,368)	(5,743)	(3,482,482)
Cash and Cash Equivalents - Beginning of the Year	4,358,361	948,818	758,469	65,891	5,743	6,137,282
CASH AND CASH EQUIVALENTS - END OF THE YEAR	\$ 948,535	\$ 748,047	\$ 908,695	\$ 49,523	\$ -	\$ 2,654,800
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES						
Operating Income (Loss)	\$ (53,566)	\$ (207,704)	\$ 51,936	\$ (41,749)	\$ (27,798)	\$ (278,881)
Adjustments to Operating Income (Loss):						
Noncash Expenses Included in Net Income:						
Depreciation	1,102,785	491,366	187,984	-	-	1,782,135
Miscellaneous Income	5,622	-	-	10,379	-	16,001
Change in Assets, Deferred Outflows, Liabilities, and Deferred Inflows:						
(Increase) Decrease in:						
Accounts Receivable	2,813	(25,632)	1	(7,754)	(6,100)	(36,672)
Due from Other Governmental Units	(124)	(135)	(60)	(56)	-	(375)
Prepaid Assets	(26,473)	(47,472)	(695)	-	-	(74,640)
Special Assessments Receivable for Delinquent Utility Bills	(658)	(718)	(319)	(299)	-	(1,994)
Deferred Outflows - Pensions	(6,672)	(6,922)	(3,372)	(451)	-	(17,417)
Increase (Decrease) in:						
Accounts Payable	(12,201)	(18,418)	45,856	16	855	16,108
Accrued Salaries Payable	(8,135)	(5,335)	(1,210)	-	(1,982)	(16,662)
Due to Other Funds	-	-	-	-	29,245	29,245
Compensated Absences Payable	39,737	35,180	11,890	-	-	86,807
Total Other Postemployment Benefits	1,887	1,573	449	91	-	4,000
Net Pension Liability	(4,693)	1,597	5,877	255	-	3,036
Deferred Inflows - Pensions	(10,773)	(4,929)	2,529	(176)	-	(13,349)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,029,549</u>	<u>\$ 212,451</u>	<u>\$ 300,866</u>	<u>\$ (39,744)</u>	<u>\$ (5,780)</u>	<u>\$ 1,497,342</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES						
Amortization of Bond Premiums	\$ 41,151	\$ -	\$ -	\$ -	\$ -	\$ 41,151
Capital Contributions	1,132,198	641,363	727,743	-	-	2,501,304
Total	<u>\$ 1,173,349</u>	<u>\$ 641,363</u>	<u>\$ 727,743</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,542,455</u>

See accompanying Notes to Basic Financial Statements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Reporting Entity

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

The Minnetrista Economic Development Authority (EDA) is a legally separate organization created to provide the City economic development assistance. The governing board consists of the City’s mayor and council members; therefore, the Minnetrista EDA has been reported as a blended component unit of the City, with its funds reported as though they are funds of the City. The purpose of the Minnetrista EDA is to issue revenue bonds to acquire land and to purchase or construct facilities and, currently, there is no activity in the Minnetrista EDA. The EDA does not issue its own separate financial statements.

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

The City also participates in the Pioneer-Sarah Creek Watershed Management Commission, which is a jointly governed organization created to protect, preserve, and use natural water storage retention systems. The Commission does not issue separate financial statements. The City also participates in the Lake Minnetonka Conservation District (LMCD), which is a jointly governed organization, established by the state, which is made up of representatives of each of the 14 cities surrounding Lake Minnetonka. The purpose of the LMCD is to uniformly regulate docks, promote public access, and protect the environmental quality of the lake.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

LMCD issues separate, audited financial statements which can be obtained on the District's website. The City does not have any ongoing commitments with regards to their participation in either of these organizations.

C. Government-Wide Financial Statements

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Fund Financial Statement Presentation (Continued)

Description of Funds

The City reports the following major governmental funds:

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

Road Maintenance Fund – This special revenue fund is used to account for the resources accumulated and maintenance and related capital expenditures related to various road maintenance projects. Revenues include the road maintenance property tax levy, related road maintenance project special assessments, State municipal construction aid, and State municipal maintenance aid.

Street Improvement Fund – This capital project fund is used to account for the resources accumulated and capital expenditures related to various street improvement projects.

The City reports the following major enterprise funds:

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Cash and Investments

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

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

F. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

G. Receivables

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Property Taxes

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

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

I. Special Assessments

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

J. Interfund Receivables and Payables

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Capital Assets

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

Capital assets are recorded in the government-wide and proprietary fund financial statements but are not reported in the governmental fund financial statements. Capital assets are depreciated using the straight-line method over their estimated useful lives. Land and construction in progress are not depreciated. The estimated useful lives are as follows:

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

L. Compensated Absences Payable

The City allows employees to accrue vacation based on years of service to carry over to the next year. The amount of vacation accrued is payable upon separation if the employee is in good standing and proper notice is given.

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

The police department's full-time union employees accrue vacation up to a maximum of 160 hours to carry over to the next year. Part-time employees' accruals are prorated by hours worked per week. Employees are eligible for severance pay after completing five years of service. Severance pay is the sick leave balance paid between 25% and 55% depending on years of service.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Compensated Absences Payable (Continued)

Full-time public works employees that are union members accrue PTO to a maximum of 400 hours. Any employee leaving the service of the City in good standing will be compensated for leave accrued to the day of separation provided said employee has served at least twelve consecutive months prior to separation.

Other nonunion employees accrue PTO to a maximum of 400 hours. Any employee leaving the service of the City in good standing will be compensated for leave accrued to the day of separation provided said employee has served at least twelve consecutive months prior to separation.

The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave.

M. Long-Term Liabilities

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts, if material, are amortized using the effective interest rate method. Bond issuance costs are expensed as incurred.

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

N. Lease Receivable

The City determines if an arrangement is a lease at inception. Lessor leases are included in lease receivables and deferred inflow of resources in the statement of net position and fund financial statements.

Lease receivables represent the City's claim to receive lease payments over the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease receivables are recognized at commencement date based on the present value of expected lease payments over the lease term, reduced by any provision for estimated uncollectible amounts. Interest revenue is recognized ratably over the contract term.

CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Lease Receivable (Continued)

Deferred inflows of resources related to leases are recognized at the commencement date based on the initial measurement of the lease receivable, plus any payments received from the lessee at or before the commencement of the lease term that relate to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. The deferred inflows related to leases are recognized as lease revenue in a systematic and rational manner over the lease term.

Amounts to be received under residual value guarantees that are not fixed in substance are recognized as a receivable and an inflow of resources if (a) a guarantee payment is required and (b) the amount can be reasonably estimated. Amounts received for the exercise price of a purchase option or penalty for lease termination are recognized as a receivable and an inflow of resources when those options are exercised.

The City has elected to recognize payments received for short-term leases with a lease term of twelve months or less as revenue as the payments are received. These leases are not included as lease receivables or deferred inflows on the statements of net position and fund financial statements.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the City has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

O. Deferred Outflows/Inflows of Resources

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Net Position/Fund Balance

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

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

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

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

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

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Q. Budgets and Budgetary Accounting

The City Council adopts annual budgets for the General Fund, debt service funds, special revenue funds, except for the Land Use fund, and capital project funds. The amounts shown in the financial statements as “budget” represent the original amount and any revisions made during the year. The City follows these procedures in establishing the budgetary data reflected in the financial statements:

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

The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. The legal level of budgetary control is at the function level.

R. 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. 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.

S. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS

A. Components of Cash and Investments

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

Deposits	\$ 203,791
Investments	13,515,446
Cash on Hand	300
Total Cash and Investments	<u>\$ 13,719,537</u>

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

Statement of Net Position:	
Governmental Activities	\$ 11,064,737
Business-Type Activities	<u>2,654,800</u>
Total Cash and Investments	<u>\$ 13,719,537</u>

B. Deposits

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

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

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

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

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

At year-end, the carrying amount of the City’s deposits was \$203,791 while the balance on the bank records was \$355,896. At December 31, 2025, all deposits were fully covered by federal depository insurance, surety bonds, or by collateral held by the City’s agent in the City’s name.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments

The City has the following investments at year-end:

Investment Type	Fair Value
Federal Home Loan Bank	\$ 1,973,699
Federal Home Loan Mtg Corp.	298,665
Federal Farm Credit Bank	194,336
Freddie Mac	193,388
Negotiable Certificates of Deposit	3,322,030
Total	\$ 5,982,118

Investment Type	Amortized Cost
MN Municipal Money Market (4M)	\$ 7,365,481
Other Money Markets	167,847
Total	\$ 7,533,328

The Minnesota Municipal Money Market (4M) Fund is an external investment pool regulated by Minnesota Statutes that is not registered with the Securities and Exchange Commission (SEC). The City's investment in this fund is measured based on the amortized cost method that approximates fair value. Investments in the 4M Plus must be deposited for a minimum of 14 calendar days. Withdrawals prior to the 14-day restriction period will be subject to a penalty equal to seven days interest on the amount withdrawn.

Interest Rate Risk – This is the risk of potential variability in the fair value of fixed rate investments resulting from changes in interest rates (the longer the period for which an interest rate is fixed, the greater the risk).

The City's investment policy uses diversification of maturity dates as a means of managing its exposure to fair value by stating that not more than 30% of the City's investments may extend beyond a five-year maturity.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

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

A schedule of the maturities and ratings of the City’s investments as of December 31, 2025 is as follows:

Investment Type	Total Value	Interest - Risk: Maturity in Years			Credit Risk	
		Less than 1	1-5	More than 5	Rating	Agency
US Agencies:						
Federal Home Loan Bank	\$ 1,973,699	\$ 1,973,699	\$ -	\$ -	Aaa/AA+	Moody's/S&P
Federal Home Loan Mtg Corp.	298,665	-	298,665	-	Aaa/AA+	Moody's/S&P
Federal Farm Credit Bank	194,336	-	194,336	-	Aaa/AAA	Moody's/S&P
Freddie Mac	193,388	-	193,388	-	AA1	Moody's/S&P
Negotiable Certificates of Deposit	3,322,030	1,435,488	1,886,542	-	N/R	N/A
Money Market	167,847	167,847	-	-	Aa2/AA-	Moody's/S&P
MN Municipal Money Market (4M)	7,365,481	7,365,481	-	-	N/R	N/A
Total	<u>\$ 13,515,446</u>	<u>\$ 10,942,515</u>	<u>\$ 2,572,931</u>	<u>\$ -</u>		

N/R indicates "not rated"

N/A indicates "not applicable"

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

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

At December 31, 2025, the City had the following investments requiring disclosure for individually comprising more than 5% of the City’s total investments:

	Value	Percent of Total Value
Federal Home Loan Bank	\$ 1,973,699	14.6%

Fair Value Measurements

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

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

C. Investments (Continued)

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

Investment Type	Level 1	Level 2	Level 3	Total
US Agencies:				
Federal Home Loan Bank	\$ -	\$ 1,973,699	\$ -	\$ 1,973,699
Federal Home Loan Mtg Corp.	-	298,665	-	298,665
Federal Farm Credit Bank	-	194,336	-	194,336
Freddie Mac	-	193,388	-	193,388
Negotiable Certificates of Deposit	-	3,322,030	-	3,322,030
Total	<u>\$ -</u>	<u>\$ 5,982,118</u>	<u>\$ -</u>	<u>5,982,118</u>
Investments Measured at Amortized Cost				<u>7,533,328</u>
Total				<u>\$ 13,515,446</u>

NOTE 3 INTERFUND TRANSFERS AND BALANCES

A. Interfund Transfers

The following is a summary of transfers made by the City during 2025:

Fund	Transfer In	Transfer Out
Park Development Fund	\$ -	\$ 14,383
Road Maintenance	458,780	25,025
2023 Street Project	-	1,009,536
G.O. Improvement Bonds of 2019A	14,383	-
G.O. Improvement Bonds of 2013A	25,025	-
2023 Street Project Debt Service	550,756	-
Total	<u>\$ 1,048,944</u>	<u>\$ 1,048,944</u>

The \$14,383 transfer from the Park Development Fund to the G.O. Improvement Bonds of 2019A Fund related to the payment of related annual debt service expenditures. The \$25,025 transfer from the Road Maintenance Fund to the G.O. Improvements Bonds of 2013A Fund related to the payment of related annual debt service expenditures. The \$458,780 transfer from the 2023 Street Project Fund to the Road Maintenance Fund is to repay the initial engineering and project costs paid out of that fund until the 2023 Street Project Capital Fund was set up. The \$550,756 transfer from the 2023 Street Project Fund to the 2023 Street Project Debt Service Fund related to the payment to reduce future debt levies of the 2023A bond used to finance the projects.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 3 INTERFUND TRANSFERS AND BALANCES (CONTINUED)

B. Due to/from Other Funds

The composition of interfund balances as of December 31, 2025.

Fund	Due To	Due From
General Fund	\$ 29,245	\$ -
Cable TV Fund	-	29,245
Total	<u>\$ 29,245</u>	<u>\$ 29,245</u>

The operating deficit of the Cable Television Fund for the year was primarily attributable to declining revenues. The General Fund provided support to the Cable TV Fund to cover current year's expenses.

NOTE 4 CAPITAL ASSETS

A. Changes in Capital Assets Used in Governmental Activities

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 4,733,976	\$ -	\$ -	\$ -	\$ 4,733,976
Construction in Progress	2,392,848	1,170,165	(17,465)	(3,407,331)	138,217
Total Capital Assets, Not Being Depreciated	<u>7,126,824</u>	<u>1,170,165</u>	<u>(17,465)</u>	<u>(3,407,331)</u>	<u>4,872,193</u>
Capital Assets, Being Depreciated:					
Land Improvements	2,342,916	-	-	-	2,342,916
Buildings and Building Improvements	6,889,217	-	-	-	6,889,217
Infrastructure	57,258,554	2,478,461	-	3,407,331	63,144,346
Vehicles and Equipment	6,527,787	868,055	(221,530)	-	7,174,312
Total Capital Assets, Being Depreciated	<u>73,018,474</u>	<u>3,346,516</u>	<u>(221,530)</u>	<u>3,407,331</u>	<u>79,550,791</u>
Accumulated Depreciation for:					
Land Improvements	(1,655,038)	(75,851)	-	-	(1,730,889)
Buildings and Building Improvements	(3,196,082)	(167,817)	-	-	(3,363,899)
Infrastructure	(29,524,915)	(1,494,851)	-	-	(31,019,766)
Vehicles and Equipment	(5,121,552)	(328,323)	211,571	-	(5,238,304)
Total Accumulated Depreciation	<u>(39,497,587)</u>	<u>(2,066,842)</u>	<u>211,571</u>	<u>-</u>	<u>(41,352,858)</u>
Total Capital Assets, Being Depreciated, Net	<u>33,520,887</u>	<u>1,279,674</u>	<u>(9,959)</u>	<u>3,407,331</u>	<u>38,197,933</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,647,711</u>	<u>\$ 2,449,839</u>	<u>\$ (27,424)</u>	<u>\$ -</u>	<u>\$ 43,070,126</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 4 CAPITAL ASSETS (CONTINUED)

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 102,471	\$ -	\$ -	\$ -	\$ 102,471
Construction in Progress	2,637,424	3,427,842	(16,780)	(4,235,601)	1,812,885
Total Capital Assets, Not Being Depreciated	2,739,895	3,427,842	(16,780)	(4,235,601)	1,915,356
Capital Assets, Being Depreciated:					
Infrastructure	51,634,423	2,501,303	-	4,235,601	58,371,327
Machinery and Equipment	1,722,068	589,497	-	-	2,311,565
Total Capital Assets, Being Depreciated	53,356,491	3,090,800	-	4,235,601	60,682,892
Accumulated Depreciation for:					
Infrastructure	(20,950,516)	(1,667,757)	-	-	(22,618,273)
Machinery and Equipment	(901,504)	(114,378)	-	-	(1,015,882)
Total Accumulated Depreciation	(21,852,020)	(1,782,135)	-	-	(23,634,155)
Total Capital Assets, Being Depreciated, Net	31,504,471	1,308,665	-	4,235,601	37,048,737
Business-Type Activities Capital Assets, Net	<u>\$ 34,244,366</u>	<u>\$ 4,736,507</u>	<u>\$ (16,780)</u>	<u>\$ -</u>	<u>\$ 38,964,093</u>

C. Depreciation Expense by Function

Governmental Activities:	
General Government	\$ 69,982
Public Safety	269,265
Public Works	1,616,830
Parks and Recreation	110,765
Total Depreciation Expense, Governmental Activities	<u>\$ 2,066,842</u>
Business-Type Activities:	
Water Operating	\$ 1,102,785
Sewer Operating	491,366
Storm Water	187,984
Total Depreciation Expense, Business-Type Activities	<u>\$ 1,782,135</u>

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM LIABILITIES

A. Components Long-Term Debt

The City had the following long-term liabilities outstanding at December 31, 2025:

Description	Issue Date	Original Issue	Interest Rate	Final Maturity Date	Balance - End of Year
Governmental Activities:					
General Obligation Bonds Payable:					
G.O. Improvement Bonds of 2012A G.O. Capital Improvement Plan Bonds of 2014B	04/26/12	\$ 770,000	0.50-2.80%	02/01/27	\$ 115,000
G.O. Equipment Certificates 2020A	10/29/14	4,595,000	2.50-3.50%	02/01/30	1,680,000
G.O. Equipment Certificates 2023A	03/26/20	480,000	2.00-3.00%	02/01/26	100,000
G.O. Equipment Certificates 2024A	04/26/23	240,000	4.00-5.00%	02/01/29	195,000
G.O. Bonds of 2017A	10/28/24	590,000	4.00%	02/01/30	590,000
G.O. Improvement Refunding Bonds of 2019A	10/12/17	2,865,000	3.00%	02/01/38	2,105,000
G.O. Improvement Bonds of 2023A	11/06/19	1,210,000	4.00-5.00%	02/01/31	675,000
Total Bonds	04/26/23	4,635,000	4.00-5.00%	02/01/44	<u>4,485,000</u>
Unamortized Bond Premiums					9,945,000
Unamortized Bond Discounts					477,556
Compensated Absences					(2,437)
Total Governmental Activities					<u><u>\$ 11,112,922</u></u>
Business-Type Activities:					
General Obligation Revenue Bonds:					
G.O. Sewer Revenue Bonds of 2012	04/26/12	\$ 780,000	0.50-2.80%	02/01/27	\$ 115,000
G.O. Water Revenue Bonds 2016A	06/09/16	2,620,000	2.00-3.00%	02/01/31	1,155,000
G.O. Water Revenue Bonds 2020A	03/26/20	1,910,000	2.00-3.00%	02/01/40	1,500,000
G.O. Refunding Bonds 2017C	10/12/17	770,000	1.35-3.05%	02/01/30	320,000
G.O. Water Revenue Bonds 2023A	04/26/23	1,915,000	4.00-5.00%	02/01/44	1,855,000
G.O. Water Revenue Bonds 2024A	10/28/24	3,510,000	4.00%	02/01/45	<u>3,510,000</u>
Total Bonds					8,455,000
Direct Borrowings:					
G.O. Rev. PFA Drinking Water Loan 2016	Various	9,074,697	1.000%	08/20/35	<u>4,748,000</u>
Unamortized Bond Premiums					367,407
Compensated Absences					145,738
Total Business-Type Activities					<u><u>\$ 13,716,145</u></u>

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt

	Beginning of Year	Additions	Retirements	End of Year	Due Within One Year
Governmental Activities:					
G.O. Special Assessment Bonds	\$ 7,810,000	\$ -	\$ (430,000)	\$ 7,380,000	\$ 445,000
G.O. Capital Improvement Bonds	1,985,000	-	(305,000)	1,680,000	320,000
G.O. Equipment Certificates	1,030,000	-	(145,000)	885,000	250,000
Unamortized Bond Discounts	(3,033)	-	596	(2,437)	-
Unamortized Bond Premiums	559,049	-	(81,493)	477,556	-
Total Bonds Payable	11,381,016	-	(960,897)	10,420,119	1,015,000
Compensated Absences	471,247	221,556	-	692,803	175,866
Total Governmental Activities	11,852,263	221,556	(960,897)	11,112,922	1,190,866
Business-Type Activities:					
G.O. Revenue Bonds	8,895,000	-	(440,000)	8,455,000	535,000
G.O. Revenue PFA Drinking Water Loan - Direct Borrowing	5,199,000	-	(451,000)	4,748,000	456,000
Unamortized Bond Premiums	408,558	-	(41,151)	367,407	-
Total Bonds and Loans	14,502,558	-	(932,151)	13,570,407	991,000
Compensated Absences	58,931	86,807	-	145,738	45,362
Total Business-Type Activities	14,561,489	86,807	(932,151)	13,716,145	1,036,362
Total Debt	\$ 26,413,752	\$ 308,363	\$ (1,893,048)	\$ 24,829,067	\$ 2,227,228

The change in the compensated absence liability is presented as a net change.

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

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

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

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 5 LONG-TERM LIABILITIES (CONTINUED)

B. Changes in Long-Term Debt (Continued)

General Obligation Revenue PFA Drinking Water Revolving Loans – Direct Borrowing – The City entered into a loan through the Minnesota PFA: a \$9,074,697 Drinking Water Revolving Loan in 2016. This note contains (1) a provision that if the City is unable to make a payment when due, an interest penalty may be imposed and one or more of the following remedies may be exercised: (a) withhold approval of any disbursement request, (b) reject any pending application by the City for financial assistance, (c) to the extent permitted by law, demand immediate payment of the note in full and upon such demand, the outstanding principal amount of the note will be immediately due and payable with interest accrued thereon to the date of payment, and (d) exercise any other remedy available under law, and (2) a provision that if the City fails to comply with any other provision within the note agreement an immediate increase in the interest rate on the loan by eliminating all interest rate discounts that were originally applied, in addition, the default remedies for failure to make a payment as listed above may be exercised.

C. Future Minimum Debt Payments

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

Year Ending December 31,	Governmental Activities	
	Bonds and Equipment Certificates Payable	
	Principal	Interest
2026	\$ 1,015,000	\$ 352,884
2027	960,000	318,115
2028	930,000	282,850
2029	960,000	246,525
2030	935,000	210,950
2031-2035	2,025,000	773,525
2036-2040	1,875,000	410,150
2041-2045	1,245,000	101,900
Totals	<u>\$ 9,945,000</u>	<u>\$ 2,696,899</u>

Year Ending December 31,	Business-Type Activities				
	Bonds Payable		Loans Payable - Direct Borrowing		Totals
	Principal	Interest	Principal	Interest	
2026	\$ 535,000	\$ 276,769	\$ 456,000	\$ 47,460	\$ 1,315,229
2027	590,000	260,611	460,000	42,900	1,353,511
2028	545,000	243,926	465,000	38,300	1,292,226
2029	560,000	227,466	469,000	33,650	1,290,116
2030	575,000	210,441	474,000	28,960	-
2031-2035	1,930,000	844,000	2,424,000	72,730	5,270,730
2036-2040	2,050,000	515,950	-	-	2,565,950
2041-2045	1,670,000	161,200	-	-	1,831,200
Totals	<u>\$ 8,455,000</u>	<u>\$ 2,740,363</u>	<u>\$ 4,748,000</u>	<u>\$ 264,000</u>	<u>\$ 14,918,962</u>

D. Legal Debt Margin

Per Minnesota Statutes § 475.53, subdivision 1, the City of Minnetrista is subject to a legal debt margin of 3% of the estimated market value of taxable property in the City. As of December 31, 2025, the City had net applicable debt of \$1,655,172, and the City was \$97,250,364 below its debt limit of \$98,905,536.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 6 LEASES

The City, acting as lessor, leases building and roof space under various long-term, noncancelable lease agreements. The leases expire at various dates through 2027 and 2036. During the year ended December 31, 2025, the City recognized \$110,364 and \$17,283 in lease revenue and interest revenue, respectively, pursuant to these contracts. None of the leases contain stated discount rates, therefore the City utilized its incremental borrowing rate for specified terms that best aligned with the term of the leases. Therefore, the City used a rate of 1.95% as of January 1, 2022 for the remaining 180 months of a lease with Verizon, 1.35% as of January 1, 2022 for the remaining 72 months of a lease with T-Mobile, and 3.90% as of July 1, 2024 for the remaining 240 months of a lease with Lakeside Networks.

NOTE 7 DEFINED BENEFIT PENSION PLANS – STATE-WIDE

A. Plan Description

The City of Minnetrista (the City) participates in the following cost-sharing multiple-employer defined benefit pension plans administered by the Public Employees Retirement Association of Minnesota (PERA). These plan provisions are established and administered according to Minnesota Statutes Chapters 353, 353D, 353E, 353G, and 356. Minnesota Statutes Chapter 356 defines each plan's financial reporting requirements. 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 Plan)

Membership in the General Plan includes employees of counties, cities, townships, schools in noncertified positions, and other governmental entities whose revenues are derived from taxation, fees, or assessments. Plan membership is required for any employee who is expected to earn more than \$425 in a month, unless the employee meets exclusion criteria.

2. Public Employees Police and Fire Plan

Membership in the Police & Fire Plan includes full-time, licensed police officers and firefighters who meet the membership criteria defined in Minnesota Statutes section 353.64 and who are not earning service credit in any other PERA retirement plan or a local relief association for the same service. Employers can provide Police & Fire Plan coverage for part-time positions and certain other public safety positions by submitting a resolution adopted by the entity's governing body. The resolution must state that the position meets plan requirements.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

B. Benefits Provided

PERA provides retirement, disability, and death benefits. Benefit provisions are established by state statute and can only be modified by the state legislature. 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. When a member is “vested,” they have earned enough service credit to receive a lifetime monthly benefit after leaving public service and reaching an eligible retirement age. Members who retire at or over their Social Security full retirement age with at least one year of service qualify for a retirement benefit.

1. General Employees Retirement Plan Benefits

General Employees Plan requires three years of service to vest. 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 General Plan members. Members hired prior to July 1, 1989, receive the higher of the Step or Level formulas. Only the Level formula is used for members hired after June 30, 1989. Under the Step formula, General Plan members receive 1.2% of the highest average salary for each of the first ten years of service and 1.7% for each additional year. Under the Level formula, General Plan members receive 1.7% of highest average salary for all years of service. For members hired prior to July 1, 1989 a full retirement benefit is available when age plus years of service equal 90 and normal retirement age is 65. Members can receive a reduced requirement benefit as early as age 55 if they have three or more years of service. Early retirement benefits are reduced by .25% for each month under age 65. Members with 30 or more years of service can retire at any age with a reduction of .25% for each month the member is younger than age 62. The Level formula allows General Plan members to receive a full retirement benefit at age 65 if they were first hired before July 1, 1989 or at age 66 if they were hired on or after July 1, 1989. Early retirement begins at age 55 with an actuarial reduction applied to the benefit.

Benefit increases are provided to benefit recipients each January. The postretirement increase is equal to 50% of the cost-of-living adjustment (COLA) announced by the SSA, with a minimum increase of at least 1% and a maximum of 1.5%. The 2025 annual increase was 1.25%. Recipients that have been receiving the annuity or benefit for at least a full year as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least one month but less than a full year as of the June 30 before the effective date of the increase will receive a prorated increase.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

B. Benefits Provided (Continued)

2. Police and Fire Plan Benefits

Benefits for Police and Fire Plan members hired before July 1, 2010, are vested after three years of service. Members hired on or after July 1, 2010, are 50% vested after five years of service and 100% vested after ten years. After five years, vesting increase by 10% each full year of service until members are 100% vested after ten years. Police and Fire Plan members receive 3% of highest average salary for all years of service. Police and Fire Plan members receive a full retirement benefit when they are age 55 and vested, or when their age plus their years of service equals 90 or greater if they were first hired before July 1, 1989. Early retirement starts at age 50, and early retirement benefits are reduced by 0.417% each month members are younger than age 55.

Benefit increases are provided to benefit recipients each January. The postretirement increase is fixed at 1%. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. Recipients receiving the annuity or benefit for at least 25 months but less than 36 months as of the June 30 before the effective date of the increase will receive a prorated increase.

C. Contributions

Minnesota Statutes chapters 353, 353E, 353G, and 356 set the rates for employer and employee contributions. Contribution rates can only be modified by the state legislature.

1. General Employees Fund Contributions

General Plan members were required to contribute 6.50% of their annual covered salary in fiscal year 2025 and the City was required to contribute 7.50% for General Plan members. The City contributions to the General Employees Fund for the year ended December 31, 2025, were \$183,127. The City's contributions were equal to the required contributions as set by state statute.

2. Police and Fire Fund Contributions

Police and Fire Plan members were required to contribute 11.80% of their annual covered salary in fiscal year 2025 and the City was required to contribute 17.70% for Police and Fire Plan members. The City contributions to the Police and Fire Fund for the year ended December 31, 2025, were \$322,151. The City's contributions were equal to the required contributions as set by state statute.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs

1. General Employees Fund Pension Costs

At December 31, 2025, the City reported a liability of \$816,959 for its proportionate share of the General Employees Fund’s net pension liability. The City’s net pension liability reflected a reduction due to the state of Minnesota’s contribution of \$16 million. The state of Minnesota is considered a nonemployer contributing entity and the state’s contribution meets the definition of a special funding situation. The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$19,708.

City's Proportionate Share of the Net Pension Liability	\$	816,959
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City		<u>19,708</u>
Total		<u><u>\$ 836,667</u></u>

The net pension liability was measured as of June 30, 2025, 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 proportionate share 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.0252% at the end of the measurement period and 0.0233% for the beginning of the period.

For the year ended December 31, 2025, the City recognized pension expense of \$7,350 for its proportionate share of the General Employees Plan’s pension expense. In addition, the City recognized an additional \$3,023 as pension expense (and grant revenue) for its proportionate share of the state of Minnesota’s contribution of \$16 million to the General Employees Fund.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs (Continued)

1. General Employees Fund Pension Costs (Continued)

At December 31, 2025, 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	\$ 77,838	\$ -
Changes in Actuarial Assumptions	19,684	187,979
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	325,075
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	93,451	9,745
City Contributions Subsequent to the Measurement Date	94,493	-
Total	<u>\$ 285,466</u>	<u>\$ 522,799</u>

A total of \$94,493 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2026	\$ (43,236)
2027	(138,603)
2028	(91,918)
2029	(58,069)

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs

At December 31, 2025, the City reported a liability of \$1,289,463 for its proportionate share of the Police and Fire Fund’s net pension liability. The net pension liability was measured as of June 30, 2025, 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 proportionate share 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, 2024 through June 30, 2025, relative to the total employer contributions received from all of PERA’s participating employers. The City’s proportionate share was 0.1101% at the end of the measurement period and 0.1083% for the beginning of the period.

The state of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2025. The contribution consisted of \$9 million in direct state aid that meets the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state aid was paid on October 1, 2024. The direct state aid payment will increase by \$17.7 million which was paid on October 1, 2025. Thereafter, by October 1 of each year, the state will pay \$26.7 million to the Police and Fire Fund until the fund is 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis). The \$9 million in supplemental state aid will continue until the fund and the State Patrol Plan (administered by the Minnesota State Retirement System) are 100% funded for three consecutive years (on an actuarial value of assets basis). The state of Minnesota’s proportionate share of the net pension liability associated with the City totaled \$44,699.

City's Proportionate Share of the Net Pension Liability	\$ 1,289,463
State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City	44,699
Total	<u>\$ 1,334,162</u>

For the year ended December 31, 2025, the City recognized pension expense of \$325,378 for its proportionate share of the Police and Fire Plan’s pension expense. The City recognized \$21,628 as grant revenue and pension expense for its proportionate share of the state of Minnesota’s pension expense for the contribution of \$9 million to the Police and Fire Fund special funding situation.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs (Continued)

2. Police and Fire Fund Pension Costs (Continued)

The state of Minnesota is not included as a nonemployer contributing entity in the Police and Fire Pension Plan pension allocation schedules for the \$9 million in supplemental state aid because this contribution was not considered to meet the definition of a special funding situation. The City recognized \$29,384 for the year ended December 31, 2025 as revenue and an offsetting reduction of net pension liability for its proportionate share of the state of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2025, 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	\$ 595,773	\$ -
Changes in Actuarial Assumptions	977,825	1,615,643
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	575,505
Changes in Proportion and Differences Between City Contributions and Proportionate Share of Contributions	144,130	16,577
City Contributions Subsequent to the Measurement Date	168,804	-
Total	<u>\$ 1,886,532</u>	<u>\$ 2,207,725</u>

A total of \$168,804 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending December 31,</u>	<u>Pension Expenses Amount</u>
2026	\$ 331,394
2027	(260,944)
2028	(597,210)
2029	(2,114)
2030	38,877

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

D. Pension Costs (Continued)

3. Aggregate Pension Expense

For the year ended December 31, 2025, the City had the following recorded in relation to all of the plans in which it participates:

	<u>GERF</u>	<u>PEPFF</u>	<u>Total</u>
Net Pension Liability	\$ 816,959	\$ 1,289,463	\$ 2,106,422
Deferred Inflows of Resources	522,799	2,207,725	2,730,524
Deferred Outflows of Resources	285,466	1,886,532	2,171,998
Pension Expense (Revenue)	(31,640)	347,006	315,366

E. Long-Term Expected Return on Investment

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.50 %	5.10%
International Equity	16.50	5.30%
Fixed Income	25.00	0.75%
Private Markets	25.00	5.90%
Totals	<u>100.00 %</u>	

F. Actuarial Assumptions

The total pension liability for each of the cost-sharing defined benefit plans was determined by an actuarial valuation as of June 30, 2025, using the entry age normal actuarial cost method. The long-term rate of return on pension plan investments used to determine the total liability is 7%. The 7% assumption is based on a review of inflation and investment return assumptions from a number of national investment consulting firms. The review provided a range of investment return rates considered reasonable by the actuary. An investment return of 7% is within that range.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

F. Actuarial Assumptions (Continued)

Inflation is assumed to be 2.25% for the General Employees Plan and Police and Fire Plan. Benefit increases after retirement are assumed to be 1.50% for the General Employees Plan and 1% for the Police and Fire Plan.

Salary growth assumptions in the General Employees Plan range in annual increments from 11.5% after one year of service to 3% after 27 years of service. In the Police & Fire Plan, salary growth assumptions range in annual increments from 10.75% after one year of service to 3% after 23 years of service.

Mortality rates for the General Employees Plan are based on the Pub-2010 General Employee Mortality Table. Mortality rates for the Police & Fire Plan is based on the Pub-2010 Public Safety Employee Mortality tables. The tables are adjusted slightly to fit PERA's experience.

Actuarial assumptions for the General Employees Plan are reviewed every four years. The General Employees Plan was last reviewed in 2022. The assumption changes were adopted by the board and became effective with the July 1, 2023 actuarial valuation. The Police & Fire Plan was reviewed in 2024. The assumption changes were adopted by the board and became effective with the July 1, 2025 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2025:

General Employees Fund

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

F. Actuarial Assumptions (Continued)

Police and Fire Fund

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for nonvested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

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

G. Discount Rate

The discount rate used to measure the total pension liability in 2025 was 7.0%. 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 and Police and Fire were 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.

H. 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 one percentage point lower or one percentage point higher than the current discount rate:

GERF PENSION LIABILITY	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
Description			
City’s Proportionate Share of the GERF Net Pension Liability	\$ 1,984,264	\$ 816,959	\$ (129,989)
PEPFF PENSION LIABILITY			
Description	1% Decrease in Discount Rate (6.00%)	Current Discount Rate (7.00%)	1% Increase in Discount Rate (8.00%)
City’s Proportionate Share of the PEPFF Net Pension Liability	\$ 3,378,665	\$ 1,289,463	\$ (426,103)

I. 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.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 8 PUBLIC EMPLOYEES DEFINED CONTRIBUTION PLAN

The City administrator is covered by the Defined Contribution Plan, a multiemployer deferred compensation plan administered by PERA. The Defined Contribution Plan 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 and 356, specifies plan provisions, including 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 for salaried employees contributions 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 (0.25%) of the assets in each member’s account annually.

Total contributions made by the City of Minnetrista during fiscal year 2025 were:

Contribution Amount		Percentage of Covered Payroll		Required Rate
Employee	Employer	Employee	Employer	
\$ 11,765	\$ 11,765	5%	5%	5%

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

The City accounts for Other Postemployment Benefits under Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. As the City has fewer than 100 plan members, it has elected to calculate its total OPEB liability and related information using the alternative measurement permitted by GASB Statement No. 75.

A. Plan Description

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

The benefits provided are as follows:

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

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

Employees covered by benefit terms. At December 31, 2025, the following employees were covered by the benefit terms:

Inactive Plan Members or Beneficiaries Currently		
Receiving Benefit Payments	-	
Inactive Plan Members Entitled to but not yet		
Receiving Benefit Payments	1	
Active Plan Members	38	
Total	39	

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

B. Contributions and Funding Policy

The City funds its OPEB obligation on a pay as you go basis. The City contributes none of the cost of current year premiums for eligible retired plan members and their spouses except for the implicit rate subsidy described above. For fiscal year 2025, the City contributed \$-0- to the plan. Plan members receiving benefits contribute 100% of their premium costs. As of December 31, 2025, there were no retirees receiving health benefits from the City's health plans.

C. Total OPEB Liability

The City's Total OPEB liability was measured as of December 31, 2025 and was determined by an actuarial valuation as of December 31, 2024. As the City has less than 100 employees (active and inactive) who are provided with OPEB through the plan, this valuation was done utilizing the alternative method of measuring the City's net OPEB liability.

Actuarial Assumptions

The total OPEB liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

<u>Valuation Date:</u>	December 31, 2024
<u>Measurement Date:</u>	December 31, 2025
<u>Methods and Assumptions Used to Determine the Contribution Rates:</u>	
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll, closed
Amortization Period	Investment gains/losses are amortized over 5 years and liability gains/losses are recognized immediately, per Alternative Measurement Method requirements
Inflation	2.60%
Healthcare Cost Trend Rate	8.50% for 2025, decreasing 0.40% through 2027, decreasing 0.35% through 2028, decreasing 0.60% through 2029, and then to an ultimate rate of 4.00% over the next fifty years
Discount Rate	4.83% (municipal bond rate)
Retirement Age	Age 56 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality	Rates from the most recent PERA and TRA experience studies

Discount Rate

The City's OPEB plan is not funded by a trust, and therefore, the City's uses the 20-year municipal bond index rate to develop its long-term rate of return and discount rate. This rate was 4.83% in the current actuarial valuation and measurement date, which was updated from the 4.08% used in the prior measurement date.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

D. Changes in the Total OPEB Liability

The details of the changes in the City's total OPEB Liability were as follows for 2025:

	Increase (Decrease) Total OPEB Liability (a)
Balances at 12/31/24	\$ 427,348
Changes for the Year:	
Service Cost	29,997
Interest	18,484
Differences Between Expected and Actual Experience	(27,610)
Contributions - Employer	-
Net Investment Income (Loss)	-
Benefit Payments	(8,640)
Changes in Assumptions	17,245
Net Changes	29,476
Balances at 12/31/25	\$ 456,824

The following changes in assumptions occurred between the current and prior actuarial valuations and measurement dates:

- The discount rate was updated from 4.08 % to 4.83% based on recent municipal bond index rates.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

E. Sensitivity of Total OPEB Liability

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend rates. The following presents the total OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.83%) than the current discount rate:

	1% Decrease (3.83)%	Discount Rate (4.83)%	1% Increase (5.83)%
Total OPEB Liability (Asset)	\$ 497,658	\$ 456,824	\$ 419,494

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates. The following presents the net OPEB liability of the City, as well as what the City's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.50% decreasing to 3.00%) or 1-percentage-point higher (9.50% decreasing to 5.00%) than the current healthcare cost trend rates:

	1% Decrease (7.50% Decreasing to 3.00%)	Healthcare Cost Trend Rates (8.50% Decreasing to 4.00%)	1% Increase (9.50% Decreasing to 5.00%)
Total OPEB Liability (Asset)	\$ 406,295	\$ 456,824	\$ 515,756

F. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2025, the City recognized OPEB expense of \$25,476. At December 31, 2025, the City did not report any deferred outflows of resources and deferred inflows of resources related to OPEB.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 10 FUND BALANCES

Certain portions of fund balance are restricted to provide for funding on certain long-term liabilities or as required by other outside parties. Restricted, Committed, and Assigned fund balances at December 31, 2025 are as follows:

- A. **Restricted for Debt Service** – This represents amounts which are restricted for future debt payments.
- B. **Restricted for Parkland Acquisitions and Improvements** – Represents amounts which are received through park dedication fees and are restricted for parkland acquisitions and improvements.
- C. **Restricted for Road Maintenance** – Represents state municipal construction aid and municipal maintenance aid as well as levied revenues that are restricted to be used for various road maintenance projects.
- D. **Committed for Emergency Warning Siren** – Represents amounts committed by the City Council for the replacement of the emergency warning siren system.
- E. **Committed for Tree Replacement** – Represents amounts committed by the City Council to be used for various tree replacement projects.
- F. **Assigned for Capital Plan Improvements** – Represents amounts which are assigned by the City to finance future capital projects which are a part of the City's Capital Improvement Plan.

NOTE 11 COMMITMENTS AND CONTINGENCIES

A. Federal and State Revenue

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

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 11 COMMITMENTS AND CONTINGENCIES (CONTINUED)

B. 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. The City obtains insurance through participation in the League of Minnesota Cities Insurance Trust (LMCIT) which is a risk sharing pool for its workers' compensation and property and casualty insurance. The LMCIT is self-sustaining through member premiums and will reinsure for claims above a prescribed dollar amount for each insurance event. Settled claims have not exceeded the City's coverage in any of the past three fiscal years. The City continues to carry commercial insurance for all other risks of loss, including disability and employee health insurance. 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.

C. Public Safety Contract

The City has a contract to provide public safety services to the City of St. Bonifacius, Minnesota. The annual service fee will be determined based on a percentage of the City's annual police department budget. The percentage of the annual budget to be paid by the City of Bonifacius will be based on the respective populations and tax capacities of the two cities. During 2025, the City received \$290,509 from the City of St. Bonifacius for public safety services.

D. Fire Protection Services Contract

The City has contracted with the cities of St. Bonifacius and Mound, Minnesota to provide fire protection services for portions of the City. The annual fee will be determined based on a formula that includes the level of services provided and the market values of the fire service area covered by the contract. The City paid \$723,574 for fire protection services in 2025.

**CITY OF MINNETRISTA
NOTES TO BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2025**

NOTE 12 STEWARDSHIP COMPLIANCE AND ACCOUNTABILITY

A. Excess of Expenditures Over Budget

Expenditures exceeded budgeted amounts in the following funds:

Fund	Budget	Expenditures	Excess
General Fund	\$ 6,990,586	\$ 6,998,009	\$ 7,423
Special Revenue Funds:			
Debt Service Funds:			
G.O. Improvement Bonds of 2019A	129,675	129,682	7
G.O. Improvement Bonds of 2014B	360,138	360,144	6
G.O. Improvement Bonds of 2012A	58,825	59,594	769
G.O. Improvement Bonds of 2015A	177,422	179,131	1,709
2017 Street Project Debt Service	193,700	194,706	1,006
2023 Street Project Debt Service	193,650	194,507	857
Capital Project Funds:			
Capital Improvement Fund	770,350	884,401	114,051

These overages were considered by City management to be the result of necessary expenditures critical to operations.

B. Deficit Fund Balance

At December 31, 2025, the Cable TV fund reported a deficit fund balance of \$25,335.

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF MINNETRISTA
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 5,172,638	\$ 5,172,638	\$ 5,149,866	\$ (22,772)
Licenses and Permits	759,000	759,000	725,913	(33,087)
Intergovernmental Revenue	259,000	259,000	286,468	27,468
Charges for Services	393,959	393,959	403,468	9,509
Fines and Forfeits	35,000	35,000	36,270	1,270
Other Revenue:				
Investment Income	100,000	100,000	136,865	36,865
Lease Revenue	200,000	200,000	152,182	(47,818)
Miscellaneous Revenue	30,000	30,000	30,591	591
Total Revenue	<u>6,949,597</u>	<u>6,949,597</u>	<u>6,921,623</u>	<u>(27,974)</u>
EXPENDITURES				
General Government:				
Mayor and City Council	48,331	48,331	52,914	4,583
Administration	728,694	728,694	768,492	39,798
Elections	3,000	3,000	65	(2,935)
Legal	105,000	105,000	127,020	22,020
Planning	332,442	332,442	332,908	466
Government Building	90,800	90,800	93,677	2,877
Total General Government	<u>1,308,267</u>	<u>1,308,267</u>	<u>1,375,076</u>	<u>66,809</u>
Public Safety:				
Police	3,140,961	3,140,961	3,206,194	65,233
Fire	726,080	726,080	723,574	(2,506)
Inspection and Zoning	326,417	326,417	307,248	(19,169)
Total Public Safety	<u>4,193,458</u>	<u>4,193,458</u>	<u>4,237,016</u>	<u>43,558</u>
Public Works:				
Other	1,265,966	1,265,966	1,171,615	(94,351)
Parks and Recreation:				
Other	181,895	181,895	194,036	12,141
Miscellaneous:				
Other	41,000	41,000	20,266	(20,734)
Total Expenditures	<u>6,990,586</u>	<u>6,990,586</u>	<u>6,998,009</u>	<u>7,423</u>
EXCESS DEFICIENCY OF REVENUE UNDER EXPENDITURES	(40,989)	(40,989)	(76,386)	(35,397)
OTHER FINANCE SOURCES (USES)				
Proceeds from Sale of Capital Assets	2,000	2,000	19,390	17,390
NET CHANGE IN FUND BALANCES	<u>\$ (38,989)</u>	<u>\$ (38,989)</u>	(56,996)	<u>\$ (18,007)</u>
FUND BALANCES				
Beginning of Year			<u>3,009,494</u>	
End of Year			<u>\$ 2,952,498</u>	

See accompanying Notes to Required Supplementary Information.

**CITY OF MINNETRISTA
ROAD MAINTENANCE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Property Taxes	\$ 575,000	\$ 575,000	\$ 575,000	\$ -
Special Assessments	440,000	440,000	309,811	(130,189)
Intergovernmental Revenue	100,000	100,000	137,335	37,335
Investment Income	50,000	50,000	76,694	26,694
Total Revenue	<u>1,165,000</u>	<u>1,165,000</u>	<u>1,098,840</u>	<u>(66,160)</u>
EXPENDITURES				
Streets:				
Other	348,875	348,875	502,715	153,840
Capital Outlay:				
Other	1,417,229	1,417,229	854,872	(562,357)
Total Expenditures	<u>1,766,104</u>	<u>1,766,104</u>	<u>1,357,587</u>	<u>(408,517)</u>
EXCESS OF REVENUE OVER EXPENDITURES	(601,104)	(601,104)	(258,747)	342,357
OTHER FINANCE USES				
Transfers In	-	-	458,780	-
Transfers Out	(25,025)	(25,025)	(25,025)	-
Total Other Finance Sources (Uses)	<u>(25,025)</u>	<u>(25,025)</u>	<u>433,755</u>	<u>458,780</u>
NET CHANGE IN FUND BALANCES	<u>\$ (626,129)</u>	<u>\$ (626,129)</u>	175,008	<u>\$ 801,137</u>
FUND BALANCES				
Beginning of Year			<u>1,822,308</u>	
End of Year			<u>\$ 1,997,316</u>	

See accompanying Notes to Required Supplementary Information.

**CITY OF MINNETRISTA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2025**

The budget and actual amounts are both prepared on the modified accrual basis of accounting in accordance with GAAP.

Expenditures exceeded budgeted amounts in the following major funds at December 31, 2025:

<u>Fund</u>	<u>Budget</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$ 6,990,586	\$ 6,998,009	\$ 7,423

The overages above were considered by City management to be the result of necessary expenditures critical to operations.

**CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
DECEMBER 31, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	\$ 29,997	\$ 30,016	\$ 22,857	\$ 31,025	\$ 28,337	\$ 24,495	\$ 19,755	\$ 8,424
Interest	18,484	15,996	15,239	8,911	8,337	9,077	4,575	3,311
Difference Between Expected and Actual Experience	(27,610)	-	4,441	(9,445)	11,874	-	164,245	-
Changes in Assumptions	17,245	(12,955)	(1,643)	(78,640)	(11,925)	24,555	26,129	(7,481)
Benefit Payments	(8,640)	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	29,476	33,057	40,894	(48,149)	36,623	58,127	214,704	4,254
Total OPEB Liability - Beginning	427,348	394,291	353,397	401,546	364,923	306,796	92,092	87,838
Total OPEB Liability - Ending	\$ 456,824	\$ 427,348	\$ 394,291	\$ 353,397	\$ 401,546	\$ 364,923	\$ 306,796	\$ 92,092
Total OPEB Liability	\$ 456,824	\$ 427,348	\$ 394,291	\$ 353,397	\$ 401,546	\$ 364,923	\$ 306,796	\$ 92,092
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Employee Payroll	\$ 4,500,000	\$ 3,800,000	\$ 3,500,000	\$ 3,100,000	\$ 3,000,000	\$ 2,400,000	\$ 2,300,000	\$ 2,500,000
City's Total OPEB Liability as a Percentage of the Covered Employee Payroll	10.15%	11.25%	11.27%	11.40%	13.38%	15.21%	13.34%	3.68%

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

Notes to Schedule

Valuation Date: December 31, 2024
Measurement Date: December 31, 2025

Methods and Assumptions Used to Determine the Contribution Rates:

Actuarial Cost Method Entry age normal
Amortization Method Level percentage of payroll, closed
Amortization Period Investment gains/losses are amortized over five years and liability gains/losses are recognized immediately, per Alternative Measurement Method requirements
Inflation 2.60%
Healthcare Cost Trend Rate 8.50% for 2025, decreasing 0.40% through 2027, decreasing 0.35% through 2028, decreasing 0.60% through 2029, and then to an ultimate rate of 4.00% over the next fifty years
Discount Rate 4.83% (municipal bond rate)
Retirement Age Age 56 for Police & Fire, Age 63 for all others (based on PERA average rates)
Mortality Rates from the most recent PERA and TRA experience studies

The City does not have assets accumulated in a trust for purposes of funding OPEB liabilities.

CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND
RELATED RATIOS (CONTINUED)
DECEMBER 31, 2025

Changes in Assumptions:

2025:

- The discount rate was updated from 4.08% to 4.83% based on recent municipal bond index rates.

2024:

- The discount rate was updated from 3.77% to 4.08% based on recent municipal bond index rates.

2023:

- The medical per capital claims tables were updated based on recent experience and demographics.
- Membership participation rates were updated from 55% to 50% based on recent experience and demographics.
- The medical trend was updated based on the recently published Getzen trend model and trend surveys to better reflect future anticipated experience.
- The discount rate was updated from 4.05% to 3.77% based on recent municipal bond index rates.

2022:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 2.06% to 4.05%.

2021:

- The medical trend rate was updated based on recently published trend models and trend surveys to better reflect future anticipated experience.
- The medical per capita claims tables were updated based on recent experience and demographics.
- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 2.12% to 2.06%.
- Withdrawal, mortality, and salary scale assumptions were updated to those included in the recently published PERA General and Police & Fire actuarial valuations.

2020:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 2.74% to 2.12%.
- The assumed rate for salary increases decreased from 3.5% to 3.25%.

2019:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate decreased from 4.09% to 2.74%.

**CITY OF MINNETRISTA
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY AND
RELATED RATIOS (CONTINUED)
DECEMBER 31, 2025**

Changes in Assumptions (Continued):

2018:

- The discount rate used is the 20-year municipal bond index, as the plan is not funded. This assumed rate increased from 4.00% to 4.09%.

- The actuarial Cost Methods was updated along with the implementation of GASB Statement No. 75 to the Entry Age Normal level percent of pay method, with investment gains/losses being amortized over five years, liability gains/losses are amortized over the assumed average working lifetime, and plan changes are recognized immediately. Previously, under GASB Statement No. 45, the Entry Age Normal actuarial cost method was used, and the unfunded actuarial accrued liability was being amortized as a level percent of payroll over a 30-year period.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
DECEMBER 31, 2025**

GERF Schedule of the City's Proportionate Share of the Net Pension Liability

	Measurement Date 6/30/2025	Measurement Date 6/30/2024	Measurement Date 6/30/2023	Measurement Date 6/30/2022	Measurement Date 6/30/2021	Measurement Date 6/30/2020	Measurement Date 6/30/2019	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016
City's Proportion of the Net Pension Liability	0.0252%	0.0233%	0.0236%	0.0214%	0.0232%	0.0219%	0.0218%	0.0219%	0.0204%	0.0212%
City's Proportionate Share of the Net Pension Liability	\$ 816,959	\$ 860,143	\$ 1,319,686	\$ 1,694,887	\$ 990,744	\$ 1,313,005	\$ 1,205,273	\$ 1,214,923	\$ 1,302,323	\$ 1,721,335
State's Proportionate Share of the Net Pension Liability Associated with the City	19,708	22,242	36,303	49,627	30,245	40,353	37,332	39,798	16,384	-
Total	\$ 836,667	\$ 882,385	\$ 1,355,989	\$ 1,744,514	\$ 1,020,989	\$ 1,353,358	\$ 1,242,605	\$ 1,254,721	\$ 1,318,707	\$ 1,721,335
City's Covered Payroll	\$ 2,233,401	\$ 2,009,875	\$ 1,874,630	\$ 1,622,649	\$ 1,669,085	\$ 1,561,695	\$ 1,543,927	\$ 1,492,082	\$ 1,319,516	\$ 1,317,129
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	37.46%	43.90%	72.33%	107.51%	61.17%	86.66%	80.48%	84.09%	99.94%	130.69%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.78%	89.08%	83.10%	76.67%	87.00%	79.06%	80.23%	79.53%	75.90%	68.91%

PEPPF Schedule of the City's Proportionate Share of the Net Pension Liability

	Measurement Date 6/30/2025	Measurement Date 6/30/2024	Measurement Date 6/30/2023	Measurement Date 6/30/2022	Measurement Date 6/30/2021	Measurement Date 6/30/2020	Measurement Date 6/30/2019	Measurement Date 6/30/2018	Measurement Date 6/30/2017	Measurement Date 6/30/2016
City's Proportion of the Net Pension Liability	0.1101%	0.1083%	0.0987%	0.0984%	0.1019%	0.1005%	0.1080%	0.1032%	0.1000%	0.0940%
City's Proportionate Share of the Net Pension Liability	\$ 1,289,463	\$ 1,424,424	\$ 1,704,421	\$ 4,281,979	\$ 786,560	\$ 1,324,698	\$ 1,149,769	\$ 1,100,006	\$ 1,350,119	\$ 3,772,384
State's Proportionate Share of the Net Pension Liability Associated with the City	44,699	54,299	68,605	186,881	35,368	31,217	-	-	-	-
Total	\$ 1,334,162	\$ 1,478,723	\$ 1,773,026	\$ 4,468,860	\$ 821,928	\$ 1,355,915	\$ 1,149,769	\$ 1,100,006	\$ 1,350,119	\$ 3,772,384
City's Covered Payroll	\$ 1,728,644	\$ 1,507,617	\$ 1,325,186	\$ 1,229,303	\$ 1,206,250	\$ 1,141,708	\$ 1,138,475	\$ 1,087,631	\$ 1,024,530	\$ 904,985
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	74.59%	94.48%	128.62%	348.33%	65.21%	116.03%	100.99%	101.14%	131.78%	416.84%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	91.78%	90.17%	86.47%	70.53%	93.70%	87.19%	89.26%	88.84%	85.40%	63.88%

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

General Employees Fund

2025 Changes

Changes in Actuarial Assumptions:

- The combined service annuity loading factors increased from 15% to 19% for vested terminated members and from 3% to 44% for nonvested, terminated members.
- The assumed post-retirement benefit increase changed from 1.25% to 1.5%.

Changes in Plan Provisions:

- The post-retirement benefit increase formula changed to 100% of the Social Security annual increase, between 1% and 1.75% , beginning January 1, 2026. If the funded ratio (on a market value of assets basis) is less than 85% for the last two consecutive annual valuations or is less than 80% in the most recent actuarial valuation, the maximum is reduced to 1.5%. Previously, the benefit increase was 50% of the Social Security annual increase, between 1% and 1.5%.
- The 1% additional employer contribution is eliminated when the plan reaches 98% funded status (on an actuarial value of assets basis); this contribution was previously scheduled to stop when the plan reached 100% funded status.

2024 Changes

Changes in Actuarial Assumptions:

- Rates of merit and seniority were adjusted, resulting in slightly higher rates.
- Assumed rates of retirement were adjusted as follows: increase the rate of assumed unreduced retirements, slight adjustments to Rule of 90 retirement rates, and slight adjustments to early retirement rates for Tier 1 and Tier 2 members.
- Minor increase in assumed withdrawals for males and females.
- Lower rates of disability.
- Continued use of Pub-2010 general mortality table with slight rate adjustments as recommended in the most recent experience study.
- Minor changes to form of payment assumptions for male and female retirees.
- Minor changes to assumptions made with respect to missing participant data.

Changes in Plan Provisions:

- The workers' compensation offset for disability benefits was eliminated. The actuarial equivalent factors updated to reflect the changes in assumptions.

2023 Changes

Changes in Actuarial Assumptions:

- The investment return assumption and single discount rate were changed from 6.50% to 7.00%.

Changes in Plan Provisions:

- An additional one-time direct state aid contribution of \$170.1 million will be contributed to the Plan on October 1, 2023.
- The vesting period of those hired after June 30, 2010, was changed from five years of allowable service to three years of allowable service.
- The benefit increase delay for early retirements on or after January 1, 2024, was eliminated.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

General Employees Fund (Continued)

2023 Changes (Continued)

Changes in Plan Provisions (Continued):

- A one-time, noncompounding benefit increase of 2.50% minus the actual 2024 adjustment will be payable in a lump sum for calendar year 2024 by March 31, 2024.

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions:

- The price inflation assumption was decreased from 2.50% to 2.25%.
- The payroll growth assumption was decreased from 3.25% to 3.00%.
- Assumed salary increase rates were changed as recommended in the June 30, 2019 experience study. The net effect is assumed rates that average 0.25% less than previous rates.
- Assumed rates of retirement were changed as recommended in the June 30, 2019 experience study. The changes result in more unreduced (normal) retirements and slightly fewer Rule of 90 and early retirements.
- Assumed rates of termination were changed as recommended in the June 30, 2019 experience study. The new rates are based on service and are generally lower than the previous rates for years 2-5 and slightly higher thereafter.
- Assumed rates of disability were changed as recommended in the June 30, 2019 experience study. The change results in fewer predicted disability retirements for males and females.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 General Mortality table, with adjustments. The base mortality table for disabled annuitants was changed from the RP-2014 disabled annuitant mortality table to the PUB-2010 General/Teacher disabled annuitant mortality table, with adjustments.
- The mortality improvement scale was changed from Scale MP-2018 to Scale MP-2019.
- The assumed spouse age difference was changed from two years older for females to one year older.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

General Employees Fund (Continued)

2020 Changes (Continued)

Changes in Actuarial Assumptions (Continued):

- The assumed number of married male new retirees electing the 100% Joint & Survivor option changed from 35% to 45%. The assumed number of married female new retirees electing the 100% Joint & Survivor option changed from 15% to 30%. The corresponding number of married new retirees electing the Life annuity option was adjusted accordingly.

Changes in Plan Provisions:

- Augmentation for current privatized members was reduced to 2.00% for the period July 1, 2020 through December 31, 2023 and 0.00% after. Augmentation was eliminated for privatizations occurring after June 30, 2020.

2019 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- The employer supplemental contribution was changed prospectively, decreasing from \$31.0 million to \$21.0 million per year. The state's special funding contribution was changed prospectively, requiring \$16.0 million due per year through 2031.

2018 Changes

Changes in Actuarial Assumptions:

- The morality projection scale was changed from MP-2015 to MP-2017.
- The assumed benefit increase was changed from 1.00% per year through 2044 and 2.50% per year thereafter to 1.25% per year.

Changes in Plan Provisions:

- The augmentation adjustment in early retirement factors is eliminated over a five-year period starting July 1, 2019, resulting in actuarial equivalence after June 30, 2024.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Contribution stabilizer provisions were repealed.
- Postretirement benefit increases were changed from 1.00% per year with a provision to increase to 2.50% upon attainment of 90.00% funding ratio to 50.00% of the Social Security Cost of Living Adjustment, not less than 1.00% and not more than 1.50%, beginning January 1, 2019.
- For retirements on or after January 1, 2024, the first benefit increase is delayed until the retiree reaches normal retirement age; does not apply to Rule of 90 retirees, disability benefit recipients, or survivors.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

General Employees Fund (Continued)

2017 Changes

Changes in Actuarial Assumptions:

- The combined service annuity (CSA) loads were changed from 0.80% for active members and 60.00% for vested and nonvested deferred members. The revised CSA load are now 0.00% for active member liability, 15.00% for vested deferred member liability, and 3.00% for nonvested deferred member liability.
- The assumed postretirement benefit increase rate was changed for 1.00% per year for all years to 1.00% per year through 2044 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The state's contribution for the Minneapolis Employees Retirement Fund equals \$16,000,000 in 2017 and 2018, and \$6,000,000 thereafter.
- The Employer Supplemental Contribution for the Minneapolis Employees Retirement Fund changed from \$21,000,000 to \$31,000,000 in calendar years 2019 to 2031. The state's contribution changed from \$16,000,000 to \$6,000,000 in calendar years 2019 to 2031.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2035 and 2.50% per year thereafter to 1.00% per year for all years.
- The assumed investment return was changed from 7.90% to 7.50%. The single discount rate changed from 7.90% to 7.50%.
- Other assumptions were changed pursuant to the experience study 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2035 and 2.50% per year thereafter.

Changes in Plan Provisions:

- On January 1, 2015, the Minneapolis Employees Retirement Fund was merged into the General Employees Fund, which increased the total pension liability by \$1.1 billion and increase the fiduciary plan net position by \$892 million. Upon consolidation, state and employer contributions were revised; the state's contribution of \$6.0 million, which meets the special funding situation definition, was due September 2015.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

**NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY (CONTINUED)**

Police and Fire Fund

2025 Changes:

Changes in Actuarial Assumptions:

- Assumed rates of salary increases were reduced slightly.
- Assumed rates of retirement were adjusted, resulting in an overall increase in unreduced (full) retirements and an overall increase in reduced (early) retirements.
- Assumed rates of withdrawal were modified; the new rates will increase predicted terminations, especially in the first few years of employment.
- Assumed rates of disabled retirement were significantly increased, especially for ages over age 30.
- Continued use of Pub-2010 Public Safety Mortality Table with rates adjusted to better fit observed experience.
- Percent married assumption for female retirees lowered from 70% to 65%.
- Minor changes were made to form of payment assumptions for retirees.
- Minor changes were made to assumptions made with respect to missing participant data.
- The combined service annuity load changed from 33% to 13% for vested, terminated members and from 2% to 38% for nonvested, terminated members.

Changes in Plan Provisions:

- The period of time needed for benefit recipients to receive their first benefit increase was reduced by one year (from 36 months to 24 months for a full increase).
- The January 1, 2026 benefit increase changed from 1% to 3%; subsequent January 1 increases will be 1%.
- The threshold to end the \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 90% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years to 100% funded for both PERA Police & Fire and MSRS State Patrol for three consecutive years (on an actuarial value of assets basis).
- The threshold to end the additional \$9 million annual state aid contribution changed from the earlier of July 1, 2048 or 100% funded for a minimum of three consecutive years to 110% funded for a minimum of three consecutive years (on an actuarial value of assets basis).
- An additional \$17.7 million in direct state aid will be paid annually each October 1 beginning October 1, 2025 through June 30, 2048.
- Joint and survivor actuarial equivalent factors were updated to reflect changes in assumptions.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

Police and Fire Fund (Continued)

2024 Changes:

Changes in Actuarial Assumptions:

- There were no changes in actuarial assumptions since the prior valuation.

Changes in Plan Provisions:

- The State contribution of \$9.0 million per year will continue until the earlier of 1) both the Police & Fire Plan and the State Patrol Retirement Fund attain 90% funded status for three consecutive years (on an actuarial value of assets basis) or 2) July 1, 2048. The contribution was previously due to expire after attaining a 90% funded status for one year.
- The additional \$9.0 million contribution will continue until the Police & Fire Plan is fully funded for a minimum of three consecutive years on an actuarial value of assets basis, or July 1, 2048, whichever is earlier. This contribution was previously due to expire upon attainment of fully funded status on an actuarial value of assets basis for one year (or July 1, 2048 if earlier).

2023 Changes:

Changes in Actuarial Assumptions:

- The investment return assumption was changed from 6.50% to 7.00%.
- The single discount rate changed from 5.40% to 7.00%.

Changes in Plan Provisions:

- Additional one-time direct state contribution of \$19.4 million will be contributed to the plan on October 1, 2023.
- Vesting requirement new hires after June 30, 2014, was changed from a graded twenty-year vesting schedule to a graded ten-year vesting schedule, with 50% vesting after five years, increasing incrementally to 100% after ten years.
- A one-time, noncompounding benefit increase of 3.0% will be payable in a lump sum for calendar year 2024 by March 31, 2024.
- Psychological treatment is required effective July 1, 2023, prior to approval for a duty disability benefit for a psychological condition relating to the member's occupation.
- The total and permanent duty disability benefit was increased, effective July 1, 2023.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

Police and Fire Fund (Continued)

2022 Changes

Changes in Actuarial Assumptions:

- The mortality improvement scale was changed from Scale MP-2020 to Scale MP-2021.
- The single discount rate changed from 6.50% to 5.40%.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2021 Changes

Changes in Actuarial Assumptions:

- The investment return and single discount rates were changed from 7.50% to 6.50%, for financial reporting purposes.
- The inflation assumption was changed from 2.50% to 2.25%.
- The payroll growth assumption was changed from 3.25% to 3.00%.
- The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020.
- The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020).
- Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates.
- Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements.
- Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations.
- Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities.
- Assumed percent married for active female members was changed from 60% to 70%. Minor changes to form of payment assumptions were applied.

Changes in Plan Provisions:

- There were no changes in plan provisions since the previous valuation.

2020 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2018 to MP-2019.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

Police and Fire Fund (Continued)

2019 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2017 to MP-2018.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2018 Changes

Changes in Actuarial Assumptions:

- The mortality projection scale was changed from MP-2016 to MP-2017.

Changes in Plan Provisions:

- Postretirement benefit increases were changed to 1.00% for all years, with no trigger.
- An end date of July 1, 2048 was added to the existing \$9.0 million state contribution.
- New annual state aid will equal \$4.5 million in fiscal years 2019 and 2020, and \$9.0 million thereafter until the plan reaches 100% funding, or July 1, 2048, if earlier.
- Member contributions were changed from 10.80% to 11.30% of pay, effective January 1, 2019 and 11.80% of pay, effective January 1, 2020.
- Employer contributions were changed from 16.20% to 16.95% of pay, effective January 1, 2019 and 17.70% of pay, effective January 1, 2020.
- Interest credited on member contributions decreased from 4.00% to 3.00%, beginning July 1, 2018.
- Deferred augmentation was changed to 0.00%, effective January 1, 2019. Augmentation that has already accrued for deferred members will still apply.
- Actuarial equivalent factors were updated to reflect revised mortality and interest assumptions.

2017 Changes

Changes in Actuarial Assumptions:

- Assumed salary increases were changed as recommended in the June 30, 2016 experience study. The net effect is proposed rates that average 0.34% lower than the previous rates.
- Assumed rates of retirement were changed, resulting in fewer retirements.
- The combined service annuity (CSA) load was 30.00% for vested and nonvested, deferred members. The CSA has been changed to 33.00% for vested members and 2.00% for nonvested members.
- The base mortality table for healthy annuitants was changed from the RP-2000 fully generational table to the RP-2014 fully generational table (with a base year of 2006), with male rates adjusted by a factor of 0.96. The mortality improvement scale was changed from Scale AA to Scale MP-2016. The base mortality table for disabled annuitants was changed from the RP-2000 disabled mortality table to the mortality tables assumed for healthy retirees.
- Assumed termination rates were decreased to 3.00% for the first three years of service. Rates beyond the select period of three years were adjusted, resulting in more expected terminations overall.

**CITY OF MINNETRISTA
PERA SCHEDULE OF THE CITY'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY (CONTINUED)
DECEMBER 31, 2025**

NOTES TO SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (CONTINUED)

Police and Fire Fund (Continued)

2017 Changes (Continued)

Changes in Actuarial Assumptions (Continued):

- Assumed percentage of married female members was decreased from 65.00% to 60.00%.
- Assumed age difference was changed from separate assumptions for male members (wives assumed to be three years younger) and female members (husbands assumed to be four years older) to the assumption that males are two years older than females.
- The assumed percentage of female members electing joint and survivor annuities was increased.
- The assumed postretirement benefit increase rate was changed from 1.00% for all years to 1.00% per year through 2064 and 2.50% thereafter.
- The single discount rate was changed from 5.60% per annum to 7.50% per annum.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2016 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2037 and 2.50% per year thereafter to 1.00% per year for all future years.
- The assumed investment return was changed from 7.90% to 7.50%.
- The single discount rate changed from 7.90% to 5.60%.
- 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.

Changes in Plan Provisions:

- There have been no changes since the prior valuation.

2015 Changes

Changes in Actuarial Assumptions:

- The assumed postretirement benefit increase rate was changed from 1.00% per year through 2030 and 2.50% per year thereafter to 1.00% per year through 2037 and 2.50% per year thereafter.

Changes in Plan Provisions:

- The postretirement benefit increase to be paid after the attainment of the 90.00% funding threshold was changed from inflation up to 2.50%, to a fixed rate of 2.50%.

**CITY OF MINNETRISTA
PERA SCHEDULE OF CITY CONTRIBUTIONS
DECEMBER 31, 2025**

GERF Schedule of City Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 183,127	\$ 157,246	\$ 142,074	\$ 126,409	\$ 108,473	\$ 119,898	\$ 116,456	\$ 114,742	\$ 105,809	\$ 94,798
Contributions in Relation to the Statutorily Required Contribution	(183,127)	(157,246)	(142,074)	(126,409)	(108,473)	(119,898)	(116,456)	(114,742)	(105,809)	(94,798)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 2,441,693	\$ 2,096,613	\$ 1,894,320	\$ 1,685,453	\$ 1,446,307	\$ 1,598,640	\$ 1,552,747	\$ 1,529,893	\$ 1,410,787	\$ 1,263,973
Contributions as a Percentage of Covered Payroll	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%	7.50%

PEPFF Schedule of City Contributions

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily Required Contribution	\$ 322,151	\$ 281,554	\$ 243,373	\$ 221,298	\$ 210,625	\$ 204,476	\$ 194,775	\$ 180,459	\$ 172,220	\$ 151,797
Contributions in Relation to the Statutorily Required Contribution	(322,151)	(281,554)	(243,373)	(221,298)	(210,625)	(204,476)	(194,775)	(180,459)	(172,220)	(151,797)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's Covered Payroll	\$ 1,820,062	\$ 1,590,701	\$ 1,374,989	\$ 1,250,271	\$ 1,189,972	\$ 1,155,232	\$ 1,149,115	\$ 1,113,944	\$ 1,063,086	\$ 937,019
Contributions as a Percentage of Covered Payroll	17.70%	17.70%	17.70%	17.70%	17.70%	17.70%	16.95%	16.20%	16.20%	16.20%

COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025**

	Special Revenue	Debt Service	Capital Project	Totals
ASSETS				
Cash and Investments	\$ 1,730,845	\$ 3,314,471	\$ 131,450	\$ 5,176,766
Receivables:				
Miscellaneous Receivables (Net of Allowance)	9,251	-	35,975	45,226
Accrued Interest	2,618	5,372	212	8,202
Delinquent Special Assessments	-	4,579	-	4,579
Other Special Assessments Receivable	-	944,632	-	944,632
Due from Other Governmental Units	-	60,263	-	60,263
 Total Assets	\$ 1,742,714	\$ 4,329,317	\$ 167,637	\$ 6,239,668
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts and Contracts Payable	\$ 133,010	\$ -	\$ 5,792	\$ 138,802
 DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Special Assessment	-	949,212	-	949,212
Unavailable Revenue - Other	-	60,263	-	60,263
Total Deferred Inflows of Resources	-	1,009,475	-	1,009,475
 FUND BALANCE				
Restricted:				
Debt Service	-	3,319,842	-	3,319,842
Parkland Acquisitions and Improvement	1,023,004	-	-	1,023,004
Committed:				
Emergency Warning Siren Operation	282,662	-	-	282,662
Tree Replacement	304,038	-	-	304,038
Assigned:				
Capital Plan Improvements	-	-	161,845	161,845
Total Fund Balance	1,609,704	3,319,842	161,845	5,091,391
 Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 1,742,714	\$ 4,329,317	\$ 167,637	\$ 6,239,668

**CITY OF MINNETRISTA
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	Special Revenue	Debt Service	Capital Project	Totals
REVENUE				
Property Taxes	\$ -	\$ 1,178,859	\$ 200,000	\$ 1,378,859
Special Assessments	-	157,496	-	157,496
Other Revenue:				
Investment Income	72,193	83,824	67,163	223,180
Miscellaneous Revenue	50,128	50,682	8,826	109,636
Total Revenue	<u>122,321</u>	<u>1,470,861</u>	<u>275,989</u>	<u>1,869,171</u>
EXPENDITURES				
Current:				
General Government:				
Administration	-	-	24,384	24,384
Capital Outlay:				
Other	94,096	-	879,154	973,250
Debt Service:				
Principal	-	880,000	-	880,000
Interest	-	387,764	-	387,764
Total Expenditures	<u>94,096</u>	<u>1,267,764</u>	<u>903,538</u>	<u>2,265,398</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	28,225	203,097	(627,549)	(396,227)
OTHER FINANCE SOURCES (USES)				
Transfers In	-	590,164	-	590,164
Transfers Out	(14,383)	-	(1,009,536)	(1,023,919)
Total Other Finance Sources (Uses)				
Total Other Finance Sources (Uses)	<u>(14,383)</u>	<u>590,164</u>	<u>(973,561)</u>	<u>(397,780)</u>
NET CHANGE IN FUND BALANCES	13,842	793,261	(1,601,110)	(794,007)
FUND BALANCES				
Beginning of Year	<u>1,595,862</u>	<u>2,526,581</u>	<u>1,762,955</u>	<u>5,885,398</u>
End of Year	<u>\$ 1,609,704</u>	<u>\$ 3,319,842</u>	<u>\$ 161,845</u>	<u>\$ 5,091,391</u>

CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS

NONMAJOR SPECIAL REVENUE FUNDS

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

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

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

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

Land Use Fund – Used to account for amounts received and expended for various land use projects of the City.

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025**

	Emergency Warning Siren (402)	Park Development (404)	Tree Replacement (407)	Land Use (801)	Totals
ASSETS					
Cash and Investments	\$ 282,206	\$ 1,021,332	\$ 303,548	\$ 123,759	\$ 1,730,845
Receivables:					
Miscellaneous Receivables (Net of Allowance)	-	-	-	9,251	9,251
Accrued Interest	456	1,672	490	-	2,618
Total Assets	<u>\$ 282,662</u>	<u>\$ 1,023,004</u>	<u>\$ 304,038</u>	<u>\$ 133,010</u>	<u>\$ 1,742,714</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ 133,010	\$ 133,010
FUND BALANCE					
Restricted:					
Parkland Acquisitions and Improvement	-	1,023,004	-	-	1,023,004
Committed:					
Emergency Warning Siren Operation	282,662	-	-	-	282,662
Tree Replacement	-	-	304,038	-	304,038
Total Fund Balance	<u>282,662</u>	<u>1,023,004</u>	<u>304,038</u>	<u>-</u>	<u>1,609,704</u>
Total Liabilities and Fund Balance	<u>\$ 282,662</u>	<u>\$ 1,023,004</u>	<u>\$ 304,038</u>	<u>\$ 133,010</u>	<u>\$ 1,742,714</u>

**CITY OF MINNETRISTA
NONMAJOR SPECIAL REVENUE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	Emergency Warning Siren (402)	Park Development (404)	Tree Replacement (407)	Totals
REVENUE				
Other Revenue:				
Investment Income	\$ 12,373	\$ 45,794	\$ 14,026	\$ 72,193
Miscellaneous Revenue	128	50,000	-	50,128
Total Revenue	<u>12,501</u>	<u>95,794</u>	<u>14,026</u>	<u>122,321</u>
EXPENDITURES				
Capital Outlay	<u>-</u>	<u>32,885</u>	<u>61,211</u>	<u>94,096</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	12,501	62,909	(47,185)	28,225
OTHER FINANCE USES				
Transfers Out	<u>-</u>	<u>(14,383)</u>	<u>-</u>	<u>(14,383)</u>
NET CHANGE IN FUND BALANCES	12,501	48,526	(47,185)	13,842
FUND BALANCES				
Beginning of Year	<u>270,161</u>	<u>974,478</u>	<u>351,223</u>	<u>1,595,862</u>
End of Year	<u>\$ 282,662</u>	<u>\$ 1,023,004</u>	<u>\$ 304,038</u>	<u>\$ 1,609,704</u>

**CITY OF MINNETRISTA
EMERGENCY WARNING SIREN
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Earnings	\$ 3,000	\$ 3,000	\$ 12,373	\$ 9,373
Miscellaneous Revenue	1,000	1,000	128	(872)
Total Revenue	<u>4,000</u>	<u>4,000</u>	<u>12,501</u>	<u>8,501</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 4,000</u>	<u>\$ 4,000</u>	12,501	<u>\$ 8,501</u>
FUND BALANCES				
Beginning of Year			<u>270,161</u>	
End of Year			<u>\$ 282,662</u>	

**CITY OF MINNETRISTA
PARK DEVELOPMENT AND ACQUISITION FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Intergovernmental Revenue	\$ 300,000	\$ 300,000	\$ -	\$ (300,000)
Investment Earnings	20,000	20,000	45,794	25,794
Miscellaneous Revenue	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Revenue	370,000	370,000	95,794	(274,206)
EXPENDITURES				
Capital Outlay:				
Other	<u>883,000</u>	<u>883,000</u>	<u>32,885</u>	<u>(850,115)</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES				
	<u>(513,000)</u>	<u>(513,000)</u>	<u>62,909</u>	<u>575,909</u>
OTHER FINANCE USES				
Transfers Out	<u>-</u>	<u>(14,383)</u>	<u>(14,383)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>\$ (513,000)</u>	<u>\$ (527,383)</u>	48,526	<u>\$ 575,909</u>
FUND BALANCES				
Beginning of Year			<u>974,478</u>	
End of Year			<u>\$ 1,023,004</u>	

**CITY OF MINNETRISTA
TREE REPLACEMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 14,026	\$ 4,026
EXPENDITURES				
Capital Outlay	<u>75,000</u>	<u>75,000</u>	<u>61,211</u>	<u>(13,789)</u>
NET CHANGE IN FUND BALANCES	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	(47,185)	<u>\$ 17,815</u>
FUND BALANCES				
Beginning of Year			<u>351,223</u>	
End of Year			<u>\$ 304,038</u>	

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS**

NONMAJOR DEBT SERVICE FUNDS

Nonmajor debt service funds are used to account for the accumulation of resources used for the payment of principal, interest, and fiscal charges on various City bond issues.

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING BALANCE SHEET
DECEMBER 31, 2025**

	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2019A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	2023 Street Project Debt Service (533)	Totals
ASSETS							
Cash and Investments	\$ 445,123	\$ 224,374	\$ 134,796	\$ 464,706	\$ 516,849	\$ 1,528,623	\$ 3,314,471
Receivables:							
Accrued Interest	719	339	177	750	834	2,553	5,372
Delinquent Special Assessments	-	4,579	-	-	-	-	4,579
Other Special Assessments Receivable	-	102,633	2,934	-	253,165	585,900	944,632
Due from Other Governmental Units	-	-	60,263	-	-	-	60,263
Total Assets	\$ 445,842	\$ 331,925	\$ 198,170	\$ 465,456	\$ 770,848	\$ 2,117,076	\$ 4,329,317
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE							
LIABILITIES							
Accounts and Contracts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Special Assessment	-	107,213	2,934	-	253,165	585,900	949,212
Unavailable Revenue - Other	-	-	60,263	-	-	-	60,263
Total Deferred Inflows of Resources	-	107,213	63,197	-	253,165	585,900	1,009,475
FUND BALANCE							
Restricted:							
Debt Service	445,842	224,712	134,973	465,456	517,683	1,531,176	3,319,842
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 445,842	\$ 331,925	\$ 198,170	\$ 465,456	\$ 770,848	\$ 2,117,076	\$ 4,329,317

**CITY OF MINNETRISTA
NONMAJOR DEBT SERVICE FUNDS
COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	G.O. Improvement Bonds of 2014B (527)	G.O. Improvement Bonds of 2019A (528)	G.O. Improvement Bonds of 2012A (529)	G.O. Equipment Certificates of 2015A (501)	2017 Street Project Debt Service (532)	2023 Street Project Debt Service (533)	Totals
REVENUE							
Property Taxes	\$ 344,722	\$ 89,398	\$ -	\$ 278,468	\$ 117,564	\$ 348,707	\$ 1,178,859
Special Assessments	-	25,586	3,959	-	50,171	77,780	157,496
Other Revenue:							
Investment Income	9,372	5,410	4,728	12,640	18,537	33,137	83,824
Miscellaneous Revenue	19,664	-	31,018	-	-	-	50,682
Total Revenue	373,758	120,394	39,705	291,108	186,272	459,624	1,470,861
EXPENDITURES							
Debt Service:							
Principal Retirement	305,000	95,000	55,000	145,000	130,000	150,000	880,000
Interest	55,144	34,682	4,594	34,131	64,706	194,507	387,764
Total Debt Service	360,144	129,682	59,594	179,131	194,706	344,507	1,267,764
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES	13,614	(9,288)	(19,889)	111,977	(8,434)	115,117	203,097
OTHER FINANCE SOURCES							
Transfers In	-	14,383	25,025	-	-	550,756	590,164
NET CHANGE IN FUND BALANCES	13,614	5,095	5,136	111,977	(8,434)	665,873	793,261
FUND BALANCES							
Beginning of Year	432,228	219,617	129,837	353,479	526,117	865,303	2,526,581
End of Year	\$ 445,842	\$ 224,712	\$ 134,973	\$ 465,456	\$ 517,683	\$ 1,531,176	\$ 3,319,842

**CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2014B FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 346,000	\$ 346,000	\$ 344,722	\$ (1,278)
Investment Earnings	7,500	7,500	9,372	1,872
Miscellaneous Revenue	19,664	19,664	19,664	-
Total Revenue	<u>373,164</u>	<u>373,164</u>	<u>373,758</u>	<u>594</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	305,000	305,000	305,000	-
Interest	55,138	55,138	55,144	6
Total Debt Service	<u>360,138</u>	<u>360,138</u>	<u>360,144</u>	<u>6</u>
NET CHANGE IN FUND BALANCES	<u>\$ 13,026</u>	<u>\$ 13,026</u>	13,614	<u>\$ 588</u>
FUND BALANCES				
Beginning of Year			<u>432,228</u>	
End of Year			<u>\$ 445,842</u>	

**CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2019A FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 89,729	\$ 89,729	\$ 89,398	\$ (331)
Special Assessments	40,000	40,000	25,586	(14,414)
Investment Earnings	5,000	5,000	5,410	410
Total Revenue	<u>134,729</u>	<u>134,729</u>	<u>120,394</u>	<u>(14,335)</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	95,000	95,000	95,000	-
Interest	34,675	34,675	34,682	7
Total Debt Service	<u>129,675</u>	<u>129,675</u>	<u>129,682</u>	<u>7</u>
DEFICIENCY OF REVENUE UNDER EXPENDITURES	5,054	5,054	(9,288)	(14,342)
OTHER FINANCE SOURCES				
Transfers In	<u>14,383</u>	<u>14,383</u>	<u>14,383</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>\$ 19,437</u>	<u>\$ 19,437</u>	5,095	<u>\$ (14,342)</u>
FUND BALANCES				
Beginning of Year			<u>219,617</u>	
End of Year			<u>\$ 224,712</u>	

**CITY OF MINNETRISTA
G.O. IMPROVEMENT BONDS OF 2012A FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Special Assessments	\$ 3,500	\$ 3,500	\$ 3,959	\$ 459
Investment Earnings	3,000	3,000	4,728	1,728
Miscellaneous Revenue	31,000	31,000	31,018	18
Total Revenue	<u>37,500</u>	<u>37,500</u>	<u>39,705</u>	<u>2,205</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	55,000	55,000	55,000	-
Interest	3,825	3,825	4,594	769
Total Debt Service	<u>58,825</u>	<u>58,825</u>	<u>59,594</u>	<u>769</u>
EXCESS (DEFICIENCY) OF REVENUE OVER (UNDER) EXPENDITURES				
	(21,325)	(21,325)	(19,889)	1,436
OTHER FINANCE SOURCES				
Transfers In	<u>25,025</u>	<u>25,025</u>	<u>25,025</u>	<u>-</u>
NET CHANGE IN FUND BALANCES				
	<u>\$ 3,700</u>	<u>\$ 3,700</u>	5,136	<u>\$ 1,436</u>
FUND BALANCES				
Beginning of Year			<u>129,837</u>	
End of Year			<u>\$ 134,973</u>	

**CITY OF MINNETRISTA
G.O. EQUIPMENT CERTIFICATES OF 2015A FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 279,500	\$ 279,500	\$ 278,468	\$ (1,032)
Investment Earnings	7,500	7,500	12,640	5,140
Total Revenue	<u>287,000</u>	<u>287,000</u>	291,108	4,108
EXPENDITURES				
Debt Service:				
Principal Retirement	145,000	145,000	145,000	-
Interest	<u>32,422</u>	<u>32,422</u>	<u>34,131</u>	<u>1,709</u>
Total Debt Service	<u>177,422</u>	<u>177,422</u>	<u>179,131</u>	<u>1,709</u>
NET CHANGE IN FUND BALANCES	<u>\$ 109,578</u>	<u>\$ 109,578</u>	111,977	<u>\$ 2,399</u>
FUND BALANCES				
Beginning of Year			<u>353,479</u>	
End of Year			<u>\$ 465,456</u>	

**CITY OF MINNETRISTA
2017 STREET PROJECT DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 118,000	\$ 118,000	\$ 117,564	\$ (436)
Special Assessments	50,000	50,000	50,171	171
Investment Earnings	15,000	15,000	18,537	3,537
Total Revenue	<u>183,000</u>	<u>183,000</u>	<u>186,272</u>	<u>3,272</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	130,000	130,000	130,000	-
Interest	63,700	63,700	64,706	1,006
Total Expenditures	<u>193,700</u>	<u>193,700</u>	<u>194,706</u>	<u>1,006</u>
NET CHANGE IN FUND BALANCES	<u>\$ (10,700)</u>	<u>\$ (10,700)</u>	(8,434)	<u>\$ 2,266</u>
FUND BALANCES				
Beginning of Year			<u>526,117</u>	
End of Year			<u>\$ 517,683</u>	

**CITY OF MINNETRISTA
2023 STREET PROJECT DEBT SERVICE FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 350,000	\$ 350,000	\$ 348,707	\$ (1,293)
Special Assessments	70,000	70,000	77,780	7,780
Investment Earnings	10,000	10,000	33,137	23,137
Total Revenue	<u>430,000</u>	<u>430,000</u>	<u>459,624</u>	<u>29,624</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	150,000	150,000	150,000	-
Interest	<u>193,650</u>	<u>193,650</u>	<u>194,507</u>	<u>857</u>
Total Debt Service	<u>343,650</u>	<u>343,650</u>	<u>344,507</u>	<u>857</u>
EXCESS OF REVENUE OVER EXPENDITURES	86,350	86,350	115,117	28,767
OTHER FINANCE SOURCES				
Transfers In	<u>-</u>	<u>-</u>	<u>550,756</u>	<u>550,756</u>
NET CHANGE IN FUND BALANCES	<u>\$ 86,350</u>	<u>\$ 86,350</u>	665,873	<u>\$ 579,523</u>
FUND BALANCES				
Beginning of Year			<u>865,303</u>	
End of Year			<u>\$ 1,531,176</u>	

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS**

NONMAJOR CAPITAL PROJECT FUNDS

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

2023 Street Project Fund – Used to account for the resources accumulated, including bond proceeds, and capital expenditures related to the 2023 street projects.

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

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
BALANCE SHEET
DECEMBER 31, 2025**

	Capital Improvement (401)	2023 Street Project (433)	Totals
ASSETS			
Cash and Investments	\$ 131,450	\$ -	\$ 131,450
Receivables:			
Miscellaneous Receivables (net of allowance)	35,975	-	35,975
Accrued Interest	212	-	212
Total Assets	\$ 167,637	\$ -	\$ 167,637
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts and Contracts Payable	\$ 5,792	\$ -	\$ 5,792
FUND BALANCE			
Assigned:			
Capital Plan Improvements	161,845	-	161,845
Total Liabilities and Fund Balance	\$ 167,637	\$ -	\$ 167,637

**CITY OF MINNETRISTA
NONMAJOR CAPITAL PROJECT FUNDS
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
YEAR ENDED DECEMBER 31, 2025**

	Capital Improvement (401)	2023 Street Project (433)	Totals
REVENUE			
Property Taxes	\$ 200,000	\$ -	\$ 200,000
Other Revenue:			
Investment Income	23,507	43,656	67,163
Miscellaneous Revenue	8,826	-	8,826
Total Revenue	232,333	43,656	275,989
 EXPENDITURES			
General Government:			
Administration	6,270	18,114	24,384
Capital Outlay:			
Other	878,131	1,023	879,154
Total Expenditures	884,401	19,137	903,538
 EXCESS (DEFICIENCY) OF REVENUE UNDER EXPENDITURES	(652,068)	24,519	(627,549)
 OTHER FINANCE SOURCES			
Transfers Out	-	(1,009,536)	(1,009,536)
Proceeds from Sale of Capital Assets	35,975	-	35,975
Total Other Finance Sources	35,975	(1,009,536)	(973,561)
 NET CHANGE IN FUND BALANCE	(616,093)	(985,017)	(1,601,110)
 FUND BALANCES			
Beginning of Year	777,938	985,017	1,762,955
End of Year	\$ 161,845	\$ -	\$ 161,845

**CITY OF MINNETRISTA
2023 STREET PROJECT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Investment Earnings	\$ 10,000	\$ 10,000	\$ 43,656	\$ 33,656
EXPENDITURES				
General Government:				
Administration	-	-	18,114	18,114
Capital Outlay:				
Other	75,000	75,000	1,023	(73,977)
Total Expenditures	75,000	75,000	19,137	(55,863)
EXCESS (DEFICIENCY) OF REVENUE UNDER EXPENDITURES	(65,000)	(65,000)	24,519	89,519
OTHER FINANCE SOURCES				
Transfers In	-	-	(1,009,536)	(1,009,536)
NET CHANGE IN FUND BALANCES	<u>\$ (65,000)</u>	<u>\$ (65,000)</u>	(985,017)	<u>\$ (920,017)</u>
FUND BALANCES				
Beginning of Year			985,017	
End of Year			<u>\$ -</u>	

**CITY OF MINNETRISTA
CAPITAL IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	Budgeted Amounts		Actual	Over (Under) Final Budget
	Original	Final		
REVENUE				
Property Taxes	\$ 200,000	\$ 200,000	\$ 200,000	\$ -
Investment Income	7,500	7,500	23,507	16,007
Miscellaneous Revenue	-	-	8,826	8,826
Total Revenue	<u>207,500</u>	<u>207,500</u>	<u>232,333</u>	<u>24,833</u>
EXPENDITURES				
General Government:				
Administration	-	-	6,270	6,270
Capital Outlay:				
Other	770,350	770,350	878,131	107,781
Total Expenditures	<u>770,350</u>	<u>770,350</u>	<u>884,401</u>	<u>114,051</u>
EXCESS OF REVENUE OVER EXPENDITURES	(562,850)	(562,850)	(652,068)	(89,218)
OTHER FINANCE USES				
Proceeds form Sale of Capital Assets	-	-	35,975	35,975
NET CHANGE IN FUND BALANCES	<u>\$ (562,850)</u>	<u>\$ (562,850)</u>	(616,093)	<u>\$ (53,243)</u>
FUND BALANCES				
Beginning of Year			<u>777,938</u>	
End of Year			<u>\$ 161,845</u>	

**CITY OF MINNETRISTA
MAJOR CAPITAL PROJECT FUNDS**

MAJOR CAPITAL PROJECT FUNDS

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

Street Improvement Fund – This capital project fund is used to account for the resources accumulated and capital expenditures related to various street improvement projects.

**CITY OF MINNETRISTA
STREET IMPROVEMENT FUND
BUDGETARY COMPARISON SCHEDULE
YEAR ENDED DECEMBER 31, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUE				
Investment Income	\$ 2,000	\$ 2,000	\$ 17,721	\$ 15,721
EXPENDITURES				
Total Expenditures	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>\$ 2,000</u>	<u>\$ 2,000</u>	17,721	<u>\$ 15,721</u>
FUND BALANCES				
Beginning of Year			<u>54,156</u>	
End of Year			<u>\$ 71,877</u>	

**CITY OF MINNETRISTA
STATISTICAL SECTION (UNAUDITED)**

STATISTICAL SECTION (UNAUDITED)

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

Contents

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

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

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net Investment in Capital Assets	\$ 16,599,988	\$ 23,024,394	\$ 23,462,495	\$ 27,898,559	\$ 28,358,298	\$ 30,090,017	\$ 31,236,787	\$ 30,906,159	\$ 30,170,080	\$ 32,535,090
Restricted	7,706,179	8,767,298	10,127,484	6,718,472	5,588,460	5,830,114	6,333,750	8,078,070	8,445,532	10,048,779
Unrestricted	3,457,549	530,081	(215,288)	(848,372)	1,499,308	1,210,495	398,001	893,780	1,182,491	365,443
Total Governmental Activities Net Position	\$ 27,763,716	\$ 32,321,773	\$ 33,374,691	\$ 33,768,659	\$ 35,446,066	\$ 37,130,626	\$ 37,968,538	\$ 39,878,009	\$ 39,798,103	\$ 42,949,312
Business-Type Activities:										
Net Investment in Capital Assets	\$ 11,846,587	\$ 17,722,284	\$ 17,783,999	\$ 18,281,381	\$ 19,596,755	\$ 21,613,468	\$ 22,580,596	\$ 22,754,682	\$ 22,401,783	\$ 25,393,686
Unrestricted	6,922,646	4,960,954	5,091,286	4,984,513	4,714,240	3,195,215	3,477,637	4,159,268	3,738,664	2,910,455
Total Business-Type Activities Net Position	\$ 18,769,233	\$ 22,683,238	\$ 22,875,285	\$ 23,265,894	\$ 24,310,995	\$ 24,808,683	\$ 26,058,233	\$ 26,913,950	\$ 26,140,447	\$ 28,304,141
Primary Government:										
Net Investment in Capital Assets	\$ 28,446,575	\$ 40,746,678	\$ 41,246,494	\$ 46,179,940	\$ 47,955,053	\$ 51,703,485	\$ 53,817,383	\$ 53,660,841	\$ 52,571,863	\$ 57,928,776
Restricted	7,706,179	8,767,298	10,127,484	6,718,472	5,588,460	5,830,114	6,333,750	8,078,070	8,445,532	10,048,779
Unrestricted	10,380,195	5,491,035	4,875,998	4,136,141	6,213,548	4,405,710	3,875,638	5,053,048	4,921,155	3,275,898
Total Primary Government Net Position	\$ 46,532,949	\$ 55,005,011	\$ 56,249,976	\$ 57,034,553	\$ 59,757,061	\$ 61,939,309	\$ 64,026,771	\$ 66,791,959	\$ 65,938,550	\$ 71,253,453

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses:										
Governmental Activities:										
General Government	\$ 1,374,469	\$ 1,299,321	\$ 1,182,492	\$ 1,140,693	\$ 1,189,982	\$ 1,109,025	\$ 1,202,452	\$ 1,423,664	\$ 1,573,656	\$ 1,505,033
Public Safety	3,199,782	3,100,825	3,009,188	3,127,972	3,142,580	3,147,746	3,602,225	4,104,875	4,275,537	4,619,405
Public Works	2,516,668	2,688,371	2,614,558	2,641,106	3,077,375	2,653,554	2,858,023	3,061,637	3,242,074	3,090,585
Parks and Recreation	239,887	260,196	282,717	249,280	254,594	386,974	271,004	246,738	410,617	318,877
Interest	433,674	595,435	400,772	359,516	236,443	109,752	168,648	400,812	319,731	290,246
Total Governmental Activities Expenses	<u>7,764,480</u>	<u>7,944,148</u>	<u>7,489,727</u>	<u>7,518,567</u>	<u>7,900,974</u>	<u>7,407,051</u>	<u>8,102,352</u>	<u>9,237,726</u>	<u>9,821,615</u>	<u>9,824,146</u>
Business-Type Activities:										
Water	965,379	900,399	1,634,763	1,805,493	1,768,567	1,747,551	1,978,195	2,187,378	2,416,216	2,172,720
Sewer	850,928	978,903	1,101,419	1,139,570	1,200,684	1,356,987	1,302,638	1,566,204	1,729,721	1,758,793
Storm Water	255,656	331,965	335,745	398,925	379,024	405,317	383,706	440,478	436,650	417,218
Recycling	131,935	133,800	147,877	146,680	150,154	216,037	229,751	257,028	266,078	281,095
Cable TV	-	-	-	18,701	41,595	63,154	92,463	499,706	96,624	72,671
Total Business-Type Activities Expenses	<u>2,203,898</u>	<u>2,345,067</u>	<u>3,219,804</u>	<u>3,509,369</u>	<u>3,540,024</u>	<u>3,789,046</u>	<u>3,986,753</u>	<u>4,950,794</u>	<u>4,945,289</u>	<u>4,702,497</u>
Total Primary Government Expenses	<u>\$ 9,968,378</u>	<u>\$ 10,289,215</u>	<u>\$ 10,709,531</u>	<u>\$ 11,027,936</u>	<u>\$ 11,440,998</u>	<u>\$ 11,196,097</u>	<u>\$ 12,089,105</u>	<u>\$ 14,188,520</u>	<u>\$ 14,766,904</u>	<u>\$ 14,526,643</u>
Program Revenues:										
Governmental Activities:										
Charges for Services:										
General Government	\$ 867,659	\$ 828,270	\$ 1,090,940	\$ 1,137,227	\$ 1,156,637	\$ 1,035,989	\$ 974,622	\$ 1,627,397	\$ 1,054,922	\$ 981,034
Public Safety	204,286	217,406	211,599	220,851	223,348	234,514	245,082	261,259	278,245	290,509
Public Works	190	32	152,400	8,665	55,800	2,000	-	-	-	-
Operating Grants and Contributions	277,650	327,664	465,156	298,536	924,165	572,458	676,593	1,047,651	714,121	470,852
Capital Grants and Contributions	340,638	6,519,798	1,135,793	1,323,833	2,147,948	2,194,739	1,708,929	1,875,011	714,429	3,822,660
Total Governmental Activities Program Revenues	<u>1,690,423</u>	<u>7,893,170</u>	<u>3,055,888</u>	<u>2,989,112</u>	<u>4,507,918</u>	<u>4,039,700</u>	<u>3,605,226</u>	<u>4,811,318</u>	<u>2,761,717</u>	<u>5,365,055</u>
Business-Type Activities:										
Charges for Services:										
Water	994,989	1,365,113	1,333,584	1,429,907	1,621,254	1,769,446	2,414,213	2,502,927	1,780,431	1,843,435
Sewer	877,481	929,997	993,426	1,071,824	1,109,591	1,143,180	1,217,459	1,487,599	1,453,906	1,545,915
Storm Water	261,853	294,973	328,426	336,816	349,086	365,889	373,790	435,542	452,102	469,154
Recycling	115,136	121,159	127,647	129,070	120,198	160,679	175,189	197,615	215,133	249,725
Cable TV	40,772	41,588	42,415	51,266	53,657	51,573	53,023	46,340	46,455	44,873
Operating Grants and Contributions	23,014	21,869	19,509	23,312	15,131	28,261	16,217	240,768	20,251	20,569
Capital Grants and Contributions	165	3,629,055	465,268	698,614	1,296,626	793,854	934,094	368,001	-	2,501,304
Total Business-Type Activities Program Revenues	<u>2,313,410</u>	<u>6,403,754</u>	<u>3,310,275</u>	<u>3,740,809</u>	<u>4,565,543</u>	<u>4,312,902</u>	<u>5,183,985</u>	<u>5,278,792</u>	<u>3,968,278</u>	<u>6,674,975</u>
Total Primary Government Program Revenues	<u>\$ 4,003,833</u>	<u>\$ 14,296,924</u>	<u>\$ 6,366,163</u>	<u>\$ 6,729,921</u>	<u>\$ 9,073,461</u>	<u>\$ 8,352,602</u>	<u>\$ 8,789,211</u>	<u>\$ 10,090,110</u>	<u>\$ 6,729,995</u>	<u>\$ 12,040,030</u>

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Net Revenue (Expense):										
Governmental Activities	\$ (6,074,057)	\$ (50,978)	\$ (4,433,839)	\$ (4,529,455)	\$ (3,393,056)	\$ (3,367,351)	\$ (4,497,126)	\$ (4,426,408)	\$ (7,059,898)	\$ (4,459,091)
Business-Type Activities	109,512	4,058,687	90,471	231,440	1,025,519	523,856	1,197,232	327,998	(977,011)	1,972,478
Total Primary Government Net Expense	\$ (5,964,545)	\$ 4,007,709	\$ (4,343,368)	\$ (4,298,015)	\$ (2,367,537)	\$ (2,843,495)	\$ (3,299,894)	\$ (4,098,410)	\$ (8,036,909)	\$ (2,486,613)
General Revenues and Other Changes in Net Position:										
Governmental Activities:										
Property Taxes	\$ 4,127,926	\$ 4,275,961	\$ 4,464,200	\$ 4,677,533	\$ 4,940,472	\$ 5,100,930	\$ 5,366,373	\$ 5,845,828	\$ 6,436,749	\$ 7,110,434
Unrestricted Grants and Contributions	-	-	-	-	-	-	345,247	-	-	-
Investment Earnings	76,062	84,864	128,750	243,771	72,226	(49,019)	(391,402)	468,459	527,108	454,460
Capital Contribution	1,914,289	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Capital Assets	27,946	47,870	-	-	7,765	-	14,820	21,592	16,135	45,406
Miscellaneous	-	340	-	2,119	-	-	-	-	-	-
Transfers	-	200,000	-	-	50,000	-	-	-	-	-
Total Governmental Activities	6,146,223	4,609,035	4,592,950	4,923,423	5,070,463	5,051,911	5,335,038	6,335,879	6,979,992	7,610,300
Business-Type Activities:										
Unrestricted Grants and Contributions	-	-	-	-	-	-	215,921	327,296	-	-
Investment Earnings	52,385	55,318	68,089	159,169	69,582	(26,168)	(163,603)	200,423	203,508	191,216
Capital Contribution	1,997,517	-	-	-	-	-	-	-	-	-
Transfers	-	(200,000)	-	-	(50,000)	-	-	-	-	-
Total Business-Type Activities	2,049,902	(144,682)	68,089	159,169	19,582	(26,168)	52,318	527,719	203,508	191,216
Total Primary Government	\$ 8,196,125	\$ 4,464,353	\$ 4,661,039	\$ 5,082,592	\$ 5,090,045	\$ 5,025,743	\$ 5,387,356	\$ 6,863,598	\$ 7,183,500	\$ 7,801,516
Change in Net Position:										
Governmental Activities	\$ 72,166	\$ 4,558,057	\$ 159,111	\$ 393,968	\$ 1,677,407	\$ 1,684,560	\$ 837,912	\$ 1,909,471	\$ (79,906)	\$ 3,151,209
Business-Type Activities	2,159,414	3,914,005	158,560	390,609	1,045,101	497,688	1,249,550	855,717	(773,503)	2,163,694
Total Primary Government	\$ 2,231,580	\$ 8,472,062	\$ 317,671	\$ 784,577	\$ 2,722,508	\$ 2,182,248	\$ 2,087,462	\$ 2,765,188	\$ (853,409)	\$ 5,314,903

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	\$ 23,820	\$ 15,888	\$ 86,762	\$ 86,762	\$ 42,774	\$ 35,929	\$ 162,251	\$ 286,993	\$ 292,280	\$ 238,197
Restricted	-	-	-	-	-	-	-	200,000	-	-
Assigned	444,566	361,830	397,484	163,113	217,416	310,573	149,064	-	-	-
Unassigned	2,543,877	2,519,530	2,360,966	2,556,452	3,220,792	2,985,806	2,224,198	2,619,731	2,717,214	2,714,301
Total General Fund	\$ 3,012,263	\$ 2,897,248	\$ 2,845,212	\$ 2,806,327	\$ 3,480,982	\$ 3,332,308	\$ 2,535,513	\$ 3,106,724	\$ 3,009,494	\$ 2,952,498
All Other Governmental Funds:										
Restricted	\$ 3,842,779	\$ 4,197,649	\$ 5,577,204	\$ 3,007,086	\$ 3,942,027	\$ 3,340,908	\$ 3,721,562	\$ 5,775,499	\$ 6,270,307	\$ 6,340,162
Committed	490,781	421,317	571,480	582,491	638,936	645,932	602,025	605,347	621,384	586,700
Assigned	326,804	1,560,724	243,131	38,437	88,704	38,960	190,623	518,344	870,171	233,722
Unassigned	(136,568)	-	-	(296,820)	-	(7,954)	-	(8,879)	-	-
Total All Other Governmental Funds	\$ 4,523,796	\$ 6,179,690	\$ 6,391,815	\$ 3,331,194	\$ 4,669,667	\$ 4,017,846	\$ 4,514,210	\$ 6,890,311	\$ 7,761,862	\$ 7,160,584

Source: City's financial records.

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

<u>Fiscal Year</u>	<u>Property Taxes</u>
2016	\$ 4,157,599
2017	4,289,150
2018	4,473,650
2019	4,678,750
2020	4,945,212
2021	5,097,602
2022	5,375,433
2023	5,854,229
2024	6,518,104
2025	7,130,867

Source: City of Minnetrista financial records

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

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues:										
Taxes	\$ 4,157,304	\$ 4,266,743	\$ 4,463,911	\$ 4,669,485	\$ 4,909,287	\$ 5,104,471	\$ 5,355,418	\$ 5,793,441	\$ 6,490,521	\$ 7,103,725
Licenses and Permits	652,035	624,524	883,738	921,166	956,557	812,506	834,638	1,172,501	820,857	725,913
Intergovernmental	215,547	1,513,053	271,379	264,470	2,033,571	853,863	668,101	1,041,792	408,202	423,803
Charges for Services	329,901	325,524	301,873	336,564	325,603	351,709	349,017	359,702	381,782	403,468
Investment Earnings	76,962	84,864	128,750	243,771	72,226	(49,019)	(391,402)	468,459	527,108	454,460
Special Assessments	742,386	1,236,851	1,116,580	2,862,259	291,189	564,718	336,115	902,539	368,370	467,307
Gifts and Contributions	-	-	152,400	-	55,800	2,000	-	-	-	-
Lease Revenue	-	-	-	-	-	-	142,294	191,196	147,058	152,182
Miscellaneous	282,144	335,816	448,717	287,677	306,358	545,870	386,401	331,736	421,955	176,497
Total Revenues	6,455,379	8,387,375	7,767,348	9,585,392	8,950,591	8,186,118	7,680,582	10,261,366	9,565,853	9,907,355
Expenditures:										
General Government	1,303,870	1,121,798	1,091,051	1,083,657	1,140,411	1,091,723	1,121,628	1,656,520	1,580,725	1,399,460
Public Safety	2,330,657	2,538,467	2,688,397	2,771,973	2,820,850	2,937,134	3,141,981	3,514,333	3,939,763	4,237,016
Public Works	1,291,473	1,240,620	1,069,915	1,405,535	1,561,996	1,501,049	1,395,965	1,676,910	1,678,704	1,674,330
Parks and Recreation	155,671	149,900	157,331	139,117	147,269	172,437	147,225	153,721	178,092	194,036
Other	17,294	36,382	30,293	11,256	14,055	24,571	24,819	16,013	11,516	20,266
Capital Outlay	852,956	3,347,426	1,359,976	809,876	709,382	2,255,519	1,129,843	4,512,206	701,744	1,828,122
Debt Service:										
Principal	1,041,728	1,027,862	809,095	6,054,377	834,922	756,328	787,162	745,000	860,000	880,000
Interest	458,911	666,272	401,391	469,347	276,696	272,857	247,210	328,435	473,651	387,764
Total Expenditures	7,452,560	10,128,727	7,607,449	12,745,138	7,505,581	9,011,618	7,995,833	12,603,138	9,424,195	10,620,994
Excess (Deficiency) of Revenues Over (Under) Expenditures	(997,181)	(1,741,352)	159,899	(3,159,746)	1,445,010	(825,500)	(315,251)	(2,341,772)	141,658	(713,639)
Other Financing Sources (Uses):										
Bonds Issued	375,000	8,315,000	-	1,210,000	480,000	-	-	5,267,492	590,000	-
Premium on Bonds Issued	20,739	130,666	-	210,430	30,353	-	-	-	26,528	-
Discount on Bonds Issued	-	(7,305)	-	-	-	-	-	-	-	-
Payment of Refunded Bonds	-	(5,320,000)	-	(1,360,000)	-	-	-	-	-	-
Sales of Capital Assets	27,946	47,870	-	-	7,765	25,005	14,820	21,592	16,135	55,365
Transfers In	350,731	526,016	119,408	286,224	89,408	39,408	269,269	39,408	251,762	1,048,944
Transfers Out	(350,731)	(326,016)	(119,408)	(286,224)	(39,408)	(39,408)	(269,269)	(39,408)	(251,762)	(1,048,944)
Total Other Financing Sources (Uses)	423,685	3,366,231	-	60,430	568,118	25,005	14,820	5,289,084	632,663	55,365
Net Change in Fund Balances	\$ (573,496)	\$ 1,624,879	\$ 159,899	\$ (3,099,316)	\$ 2,013,128	\$ (800,495)	\$ (300,431)	\$ 2,947,312	\$ 774,321	\$ (658,274)
Debt Service as a Percentage of Noncapital Expenditures	20.1%	16.7%	19.1%	55.5%	16.3%	16.2%	15.2%	14.2%	15.1%	14.7%

*The ratio of debt service as a percentage of noncapital expenditures was unusually high in 2019 due to the City using a large amount of prepaid special assessments collections to pay off the remainder of the 2013A and 2014A bonds in 2019.

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

Fiscal Year Ended December 31,	Taxable Assessed Value			Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value* as a Percentage of Actual Value
	Real Estate	Personal Property	Total			
2016	\$ 15,550,109	\$ 292,723	\$ 15,842,832	28.79	\$ 1,470,711,462	1.08 %
2017	16,781,818	305,702	17,087,520	26.59	1,584,382,887	1.08
2018	18,105,070	324,780	18,429,850	25.74	1,709,974,365	1.08
2019	19,247,950	380,736	19,628,686	24.92	1,817,709,203	1.08
2020	20,705,553	395,544	21,101,097	24.73	1,963,840,700	1.07
2021	22,458,963	346,394	22,805,357	23.68	2,117,710,100	1.08
2022	29,534,035	402,600	29,936,635	23.68	2,717,136,300	1.10
2023	32,706,904	386,460	33,093,364	19.17	2,983,778,000	1.11
2024	33,761,280	449,991	34,211,271	19.43	3,081,753,200	1.11
2025	36,303,983	471,771	36,775,754	20.53	3,296,851,200	1.12

* Includes tax exempt property.

Note 1: Property in the county is reassessed annually.

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

Fiscal Year	City of Minnetrista			Overlapping Rates						Total Direct and Overlapping Rates
	Operating Tax Rate	Debt Service Tax Rate	Total City Tax Rate	Operating Tax Rate	Debt Service Tax Rate	Total County Tax Rate	**School District Averages			
							Operating Tax Rate	Debt Service Tax Rate	Total School Tax Rate	
2016	23.427	5.365	28.792	N/A	N/A	45.356	N/A	N/A	32.920	107.068
2017	21.673	4.917	26.590	N/A	N/A	44.087	N/A	N/A	31.834	102.511
2018	20.490	5.252	25.742	N/A	N/A	42.808	N/A	N/A	35.424	103.974
2019	19.628	5.287	24.915	N/A	N/A	41.861	N/A	N/A	31.169	97.945
2020	20.454	4.281	24.735	N/A	N/A	41.084	N/A	N/A	29.822	95.641
2021	20.028	3.653	23.681	N/A	N/A	38.210	N/A	N/A	28.860	90.751
2022	19.882	3.215	23.097	N/A	N/A	38.535	N/A	N/A	27.086	88.718
2023	16.958	2.208	19.166	N/A	N/A	34.542	N/A	N/A	21.378	75.086
2024	16.166	3.260	19.426	N/A	N/A	34.681	N/A	N/A	22.383	76.490
2025	17.072	3.453	20.525	N/A	N/A	37.081	N/A	N/A	21.845	79.451

** Average of four school districts that serve the City.

N/A Not Available

(1) Overlapping rates are those of local and county governments that apply to property owners within the City. Not all overlapping rates apply to all city property owners (e.g. the rates for special districts apply only to the proportion of the City's property owners whose property is located within the geographic boundaries of the special district).

Source: County Board of Equalization and Assessment

**CITY OF MINNETRISTA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	2025			2016		
	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value	Net Tax Capacity	Rank	Percentage of Total Taxable Assessed Value
Minnetrستا Land Group LLC	\$ 348,988	1	1.0 %	\$ -	-	- %
Centerpoint Energy	273,032	2	0.7	-	-	-
J & J Minnetrista LLC	197,090	3	0.5	-	-	-
Towering Spruce Lodge LLC	104,934	4	0.3	-	-	-
Individual	84,009	5	0.2	-	-	-
Individual	78,520	6	0.2	-	-	-
Individual	77,834	7	0.2	-	-	-
Individual	77,501	8	0.2	-	-	-
Individual	75,813	9	0.2	-	-	-
Individual	74,260	10	0.2	-	-	-
JP Morgan Chase Bank NA	-	-	-	78,313	1	0.6
Individual	-	-	-	52,563	2	0.4
Woodland Cove LLC	-	-	-	49,894	3	0.4
Individual	-	-	-	47,750	4	0.3
Woodland Cove LLC	-	-	-	46,950	5	0.3
MN MC Holdinig Corp	-	-	-	46,688	6	0.3
Individual	-	-	-	44,425	7	0.3
Individual	-	-	-	41,725	8	0.3
Individual	-	-	-	40,125	9	0.3
Burl Oaks Golf Club	-	-	-	38,830	10	0.3
Total	\$ 1,391,981		3.7 %	\$ 487,263		3.5 %

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

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

Fiscal Year Ended December 31,	Total Tax Levy for Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	\$ 4,157,599	\$ 4,140,337	99.6	\$ 12,181	\$ 4,152,518	99.9 %
2017	4,289,150	4,266,743	99.5	22,407	4,289,150	100.0
2018	4,473,650	4,451,285	99.5	6,505	4,457,790	99.6
2019	4,678,750	4,648,359	99.4	19,286	4,667,645	99.8
2020	4,945,212	4,915,135	99.4	14,592	4,929,727	99.7
2021	5,097,602	5,060,676	99.3	20,438	5,081,114	99.7
2022	5,375,433	5,327,685	99.1	30,293	5,357,978	99.7
2023	5,854,229	5,793,441	99.0	25,998	5,819,439	99.4
2024	6,518,104	6,464,523	99.2	24,228	6,464,523	99.2
2025	7,108,169	7,050,196	99.2	-	7,050,196	99.2

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

Fiscal Year	Governmental Activities G.O. Bonds	Business-Type Activities Water/Sewer Revenue Bonds	Business-Type Activities Water/Sewer Revenue Loans	Total Primary Government	Per Capita (1)	Percentage of Personal Income
2016	\$ 14,521,323	\$ 4,070,486	\$ 7,304,912	\$ 25,896,721	\$ 3,684	5.6 %
2017	16,918,316	3,696,219	8,205,426	28,819,961	3,982	5.8
2018	15,864,787	3,318,255	7,813,000	26,996,042	3,587	4.9
2019	9,180,187	3,604,086	7,388,000	20,172,273	2,623	3.5
2020	8,872,486	5,275,632	6,959,000	21,107,118	2,603	3.7
2021	8,037,757	4,836,442	6,526,000	19,400,199	2,349	3.4
2022	7,253,153	4,417,711	6,088,000	17,758,864	2,067	N/A
2023	11,716,280	6,052,391	5,646,000	23,414,671	2,653	N/A
2024	11,381,016	9,303,558	5,199,000	25,883,574	2,910	N/A
2025	10,420,119	8,822,407	4,748,000	23,990,526	2,602	N/A

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

Note: Details regarding the City's outstanding debt can be found in the notes to basic financial statements.
2022 and 2023 personal income was not available at the time of the preparation of the City's reports.

Source: City of Minnetrista financial records

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

Fiscal Year	General Obligation Bonds	Less Amounts Available in Debt Service Fund	Total	Percentage of Estimated Actual Taxable Value of Property (1)	Per Capita (2)
2016	\$ 14,521,323	\$ 2,992,862	\$ 11,528,461	0.78	\$ 1,640
2017	16,918,316	3,390,024	13,528,292	0.85	1,869
2018	15,864,787	4,282,061	11,582,726	0.68	1,539
2019	9,180,187	1,750,973	7,429,214	0.41	966
2020	8,872,486	1,736,440	7,136,046	0.36	880
2021	8,037,757	1,749,665	6,288,092	0.30	761
2022	7,253,153	1,594,069	5,659,084	0.21	659
2023	11,716,280	2,205,456	9,510,824	0.32	1,077
2024	11,381,016	2,526,581	8,854,435	0.29	995
2025	10,420,119	2,763,199	7,656,920	0.23	810

(1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 108 for property value data.

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

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

Source: City of Minnetrista financial records

**CITY OF MINNETRISTA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
DECEMBER 31, 2025**

Governmental Unit	Total G.O. Debt	City's Share	
		Percent	Amount
Direct:			
City of Minnetrista	\$ 9,970,000	100.00 %	\$ 9,970,000
Overlapping:			
School Districts:			
ISD No. 110*	93,425,000	9.60	8,971,229
ISD No. 111*	35,532,663	19.59	6,960,316
ISD No. 879**	47,110,000	0.16	76,083
ISD No. 277	114,200,000	34.70	39,628,428
Hennepin County:			
General	1,222,750,000	1.29	15,738,015
Three Rivers Park District	53,165,000	1.75	930,813
Metropolitan Council	186,870,000	0.57	1,067,215
Total Overlapping Debt			73,372,098
Total Direct and Overlapping Debt			\$ 83,342,098

Note 1: The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the county's taxable assessed value that is within the City's boundaries and dividing it by the county's total taxable assessed value.

Note 2: Gross debt totals exclude revenue and special assessment bonds.

Source: Hennepin County Auditor Office
 *Carver County Auditor Office
 **Wright County Auditor Office

**CITY OF MINNETRISTA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt Limit	\$ 44,121,344	\$ 47,531,487	\$ 51,299,231	\$ 54,531,276	\$ 58,915,221	\$ 63,531,303	\$ 81,514,089	\$ 89,513,340	\$ 92,452,596	\$ 98,905,536
Total Net Debt Applicable to Limit	2,029,044	1,898,292	3,338,559	3,483,508	3,485,089	2,947,945	2,535,971	2,710,920	2,785,309	2,105,291
Legal Debt Margin	<u>\$ 42,092,300</u>	<u>\$ 45,633,195</u>	<u>\$ 47,960,672</u>	<u>\$ 51,047,768</u>	<u>\$ 55,430,132</u>	<u>\$ 60,583,358</u>	<u>\$ 78,978,118</u>	<u>\$ 86,802,420</u>	<u>\$ 89,667,287</u>	<u>\$ 96,800,245</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	4.60%	3.99%	6.51%	6.39%	5.92%	5.92%	3.11%	3.03%	3.01%	2.13%

Legal Debt Margin Calculation for Fiscal Year 2025

Market Value	\$ 3,296,851,200
Debt Limit (3% of Market Value)	98,905,536
Debt Applicable to Limit	
General Obligation Bonds	10,420,119
Less: Special Assessment Bonds	(7,405,000)
Less: Amount Set Aside for Repayment of G. O. Debt	<u>(909,828)</u>
Total Net Debt Applicable to Limit	<u>2,105,291</u>
Legal Debt Margin	<u>\$ 96,800,245</u>

Source: City of Minnetrista financial records

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

Fiscal Year	Water Revenue Bonds						Special Assessment Bonds				
	Water Charges and Other	Less Operating Expenses*	Net Available Revenue	Debt Service		Coverage	Special Assessment Collections	Debt Service		Coverage	
				Principal	Interest			Principal	Interest		
2016	\$ 943,741	\$ 637,958	\$ 305,783	\$ 155,000	\$ 15,725	1.79	\$ 742,386	\$ 685,000	\$ 301,774	0.75	
2017	983,381	620,781	362,600	754,000	18,751	0.47	1,236,851	585,000	446,302	1.20	
2018	1,367,599	678,039	689,560	719,000	30,828	0.92	1,117,520	360,000	261,148	1.80	
2019	1,507,932	808,479	699,453	775,000	152,001	0.75	2,862,259	6,905,000	289,001	0.40	
2020	1,657,826	678,722	979,104	670,500	138,752	1.21	291,883	310,000	144,895	0.64	
2021	1,758,360	732,397	1,025,963	760,400	183,213	1.09	564,718	290,000	153,206	1.27	
2022	2,409,657	931,062	1,478,595	770,500	155,773	1.60	336,115	275,000	142,510	0.81	
2023	2,605,900	930,991	1,674,909	773,980	184,005	1.75	902,539	310,000	132,091	2.04	
2024	1,887,003	1,028,106	858,897	795,764	334,559	0.76	368,370	470,000	369,280	0.44	
2025	1,838,116	759,956	1,078,160	816,800	301,924	0.96	467,307	430,000	294,850	0.64	

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

Source: City of Minnetrista financial records

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

Fiscal Year Ending December 31,	Population (1)	Per Capita Personal Income (2)	Personal Income (2) (in thousands)	Estimated Completed Housing Units (1)	Average Unemployment Hennepin County (3)
2016	7,029	\$ 65,868	\$ 462,986	2,753	3.3 %
2017	7,238	69,140	500,435	2,835	3.5
2018	7,526	73,404	552,439	2,951	2.5
2019	7,692	75,709	582,354	3,093	2.6
2020	8,108	71,024	575,863	3,246	4.1
2021	8,262	70,098	579,150	3,361	2.4
2022	8,593	N/A	N/A	3,463	2.4
2023	8,827	N/A	N/A	3,570	2.2
2024	8,896	N/A	N/A	3,698	2.3
2025	8,930	68,976	615,956	3,775	3.6

Data sources:

- (1) Metropolitan Council.
- (2) U.S. Census Bureau. Information only available for census years.
- (3) Hennepin County.
- N/A Not Available

**CITY OF MINNETRISTA
PRINCIPAL EMPLOYERS
CURRENT YEAR**

Employer		2025		2016	
		Employees	Rank	Employees	Rank
ISD No. 277 – Westonka School District	K–12 education	861 **	1	679 *	1
Burl Oaks Golf Club	Golf course	74	2	65	2
Norwesco Inc.	Plastic Tank Manufacturing	72	3		
Four Point O Services/Westonka Bus Services	Transportation Services	61	5		
City of Minnetrista	Municipal Government	45	6	33	7
YMCA	Day camp and other recreation activities	35	7	30	8
Everlast Masonry	General Contractors	21	4		
Abel Onsite	Air conditioning contractors/services	19	8		
Plaid Moose Creative	Advertising/Marketing	11	9		
Specialized Environmental Tech	Environmental Services	9	10		
Al and Alma's	Restaurant			50	3
Jubilee Foods	Grocery Store			45	4
City of Mound	Municipal Government			42	5
Concept Landscaping	Landscape and Lakeshore Construction			25	10
Carbonies Pizzeria	Public Golf Course			30	9
Scotty B's Restuarant	Restaurant			40	6
		1,208		1,039	

- * Includes employees of the school district that work within the City
- ** Includes all employees of the school district

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

Function:	Full-Time Equivalent Employees as of Fiscal Year Ended									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Government	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Public Safety:										
Police										
Officers	13.0	13.0	13.0	13.0	13.0	13.0	14.0	14.0	15.0	16.0
Civilians	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Highways and Streets	5.5	5.5	5.5	5.5	5.5	5.5	6.0	6.0	6.5	7.0
Parks and Recreation	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Water	1.0	2.0	2.0	2.0	2.0	2.0	2.5	2.5	3.0	3.5
Sewer	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total	35.9	36.9	36.9	36.9	36.9	36.9	38.9	38.9	40.9	42.9

Source: City of Minnetrista records

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

Function:	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police:										
Physical Arrests	112	148	148	124	90	56	69	66	73	61
Parking Violations	123	59	126	126	273	208	114	132	94	167
Traffic Violations	2,210	2,687	2,682	2,228	1,392	963	1,447	2,602	2,705	2,300
Highways and Streets:										
Street Seal Coated (Miles)	1.62	1.76	1.30	-	-	-	-	-	-	-
Blacktop Used in "Tons" for Repair of Potholes	650	611	640	585	905	205	285	225	245	79
Water:										
New Connections	89	64	102	128	145	145	90	81	95	108
Average Daily Consumption (Thousands of Gallons)	415	471	494	441	538	579	706	700	601	562
Wastewater: (Thousands of Gallons)	144	143	132	134	105	108	98	108	124	95

Source: Various city departments

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

Function:	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public Safety:										
Police:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol Units	13	13	12	12	12	12	12	14	12	13
Highways and Streets:										
Streets (Miles)	72	72	72	82	82	82	85	85	85	85
Traffic Signals	2	2	2	2	2	2	2	2	2	2
Parks and Recreation:										
Parks Acreage	76	76	76	76	76	76	76	76	76	76
Parks	22	22	22	22	22	22	22	22	22	22
Water:										
Water Mains (Miles)	36	36	36	42	42	42	46	46	46	46
Fire Hydrants	361	361	400	442	449	449	455	500	500	504
Sewer:										
Sanitary Sewers (Miles)	36	36	36	36	36	36	36	38	38	38
Storm Sewers (Miles)	19	19	19	22	22	22	22	23	23	23

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

Source: Various City Departments



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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Minnetrista as of and for the year ended December 31, 2025, and have issued our report thereon dated May 5, 2026. We have previously communicated to you information about our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit in our engagement letter dated October 9, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant audit findings or issues

Qualitative aspects of accounting practices

Accounting policies

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

No new accounting policies were adopted and the application of existing policies was not changed during 2025.

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

Accounting estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no accounting estimates affecting the financial statements which were particularly sensitive or required substantial judgments by management.

Financial statement disclosures

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

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

Significant unusual transactions

We identified no significant unusual transactions.

Difficulties encountered in performing the audit

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

Uncorrected misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management did not identify and we did not notify them of any uncorrected financial statement misstatements.

Corrected misstatements

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

Disagreements with management

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

Management representations

We have requested certain representations from management that are included in the management representation letter dated May 5, 2026.

Management consultations with other independent accountants

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

Significant issues discussed with management prior to engagement

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

Required supplementary information

With respect to the required supplementary information (RSI) accompanying the financial statements, we made certain inquiries of management about the methods of preparing the RSI, including whether the RSI has been measured and presented in accordance with prescribed guidelines, whether the methods of measurement and preparation have been changed from the prior period and the reasons for any such changes, and whether there were any significant assumptions or interpretations underlying the measurement or presentation of the RSI. We compared the RSI for consistency with management's responses to the foregoing inquiries, the basic financial statements, and other knowledge obtained during

the audit of the basic financial statements. Because these limited procedures do not provide sufficient evidence, we did not express an opinion or provide any assurance on the RSI.

Supplementary information in relation to the financial statements as a whole

With respect to the combining and individual fund statements (collectively, the supplementary information) accompanying the financial statements, on which we were engaged to report in relation to the financial statements as a whole, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period or the reasons for such changes, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves. We have issued our report thereon dated May 5, 2026.

Other information included in annual reports

Other information (financial or nonfinancial information other than the financial statements and our auditors' report thereon) is being included in your annual report and is comprised of the introductory and statistical sections. Our responsibility for other information included in your annual report does not extend beyond the financial information identified in our opinion on the financial statements. We have no responsibility for determining whether such other information is properly stated and do not have an obligation to perform any procedures to corroborate other information contained in your annual report. We are required by professional standards to read the other information included in your annual report and consider whether a material inconsistency exists between the other information and the financial statements because the credibility of the financial statements and our auditors' report thereon may be undermined by material inconsistencies between the audited financial statements and other information. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report. Our auditors' report on the financial statements includes a separate section, "Other Information," which states we do not express an opinion or any form of assurance on the other information included in the annual report. We did not identify any material inconsistencies between the other information and the audited financial statements.

* * *

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 5, 2026



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Minnetrista, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City of Minnetrista's basic financial statements, and have issued our report thereon dated May 5, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Honorable Mayor and Members of the City Council
City of Minnetrista

Report on Compliance and Other Matters

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

Purpose of This Report

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



CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 5, 2026



INDEPENDENT AUDITORS' REPORT ON MINNESOTA LEGAL COMPLIANCE

Members of the City Council
City of Minnetrista
Minnetrista, Minnesota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Minnetrista as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 5, 2026.

In connection with our audit, nothing came to our attention that caused us to believe that the City of Minnetrista failed to comply with the provisions of the contracting – bid laws, depositories of public funds and public investments, conflicts of interest, public indebtedness, claims and disbursements, and miscellaneous provisions sections of the *Minnesota Legal Compliance Audit Guide for Cities*, promulgated by the State Auditor pursuant to Minn. Stat. § 6.65, insofar as they relate to accounting matters. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. Accordingly, had we performed additional procedures, other matters may have come to our attention regarding the City's noncompliance with the above referenced provisions, insofar as they relate to accounting matters.

The purpose of this report is solely to describe the scope of our testing of compliance and the results of that testing, and not to provide an opinion on compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Minneapolis, Minnesota
May 5, 2026