

COMPREHENSIVE ANNUAL FINANCIAL REPORT

City of Crystal, Minnesota



For the
Year Ended
December 31, 2013

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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For the
Year Ended
December 31, 2013

Prepared by
City of Crystal Finance Department

Charles Hansen, Finance Director
Beth Simonsen, Assistant Finance Director

City of Crystal
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**INTRODUCTORY
SECTION**



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May 23, 2014

To the City Council and Citizens of the City of Crystal

The Comprehensive Annual Financial Report of the City of Crystal, Minnesota, for the fiscal year ended December 31, 2013, is hereby submitted. The report was prepared in accordance with U.S. generally accepted accounting principles (GAAP) and audited in accordance with U.S. generally accepted auditing standards. The report meets the requirements of the Office of the State Auditor and the City of Crystal Charter.

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

The City's financial statements have been audited by Kern, DeWenter, Viere, Ltd., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended December 31, 2013, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended December 31, 2013, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

Profile of Government

The City, incorporated in 1960, is a northwestern suburb of the Minneapolis/St. Paul metropolitan area, lying adjacent to the City of Minneapolis. The City lies wholly within Hennepin County and encompasses an area of 5.8 square miles and serves a population of approximately 22,000 residents. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. While it also is empowered by state statute to extend its corporate limits by annexation, the City is a completely developed community and is bordered on all sides by other incorporated communities.

The City operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (City Council) consisting of the mayor and six other members. The City Council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager and the City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council and for overseeing the day-to-day operations of the City. The City Council is elected on a non-partisan basis. Council members serve four-year staggered terms, with three council members elected every two years. The mayor is also elected to serve a four-year term. The six council members are elected by section and ward; the mayor is elected at large.

The City provides its residents and businesses with a full range of services, including police protection, the construction and maintenance of streets and other infrastructure, recreational activities, building and housing inspection, health inspection, and planning and code enforcement. In addition, the City operates five enterprises for water, sewer, storm drainage, street lighting, and recycling services.

Fire protection services are provided by a joint venture with the West Metro Fire-Rescue District, and water services are provided by a joint venture with the Golden Valley, Crystal, and New Hope Joint Water Commission. Additional information on these joint ventures can be found in the notes to the financial statements. Housing and redevelopment activities are provided through a legally separate Economic Development Authority (EDA), which functions as a department of the City. The City Council serves as the board of directors of the EDA and city staff serves as the EDA staff. Therefore, it has been included as an integral part of the City's financial statements.

The annual budget serves as the foundation for the City's financial planning and control. In addition, the government maintains budgetary controls. The objective of budgetary controls is to ensure compliance with legal provisions embodied in the annual budget approved by the city council. The level of budgetary control (i.e. the level at which expenditures cannot legally exceed the budgeted amount) is at the fund level for all fund types, with the exception of the General Fund, which is at the department level. Budget-to-actual comparisons are provided in this financial report for each individual governmental fund for which an annual budget has been adopted.

Factors Affecting Economic Condition

Local Economy

Crystal is a blue-collar, bedroom community. While it has a small amount of industry, it has a good retail sector and is part of the northwest metro area with an abundance of living wage jobs within easy commuting distance. Good schools and affordable housing make the City attractive to young families and first time home buyers.

Access to major highways is good. Hennepin County is reconstructing the portion of Hennepin County Highway 81 (Highway 81) that passes through the City. Commercial and industrial properties along the Highway 81 corridor represent major redevelopment opportunities for future growth.

The City experienced its most rapid population growth from 1950 to 1970, when the population grew from 5,700 to its peak of 30,925. Population declined after 1970, as families matured and children left home. According to the 2010 Census, Crystal's population was 22,151. The most recent estimate from the Metropolitan Council is that Crystal's population is 22,417.

The City saw significant increases in the market value of commercial/industrial and residential property until 2008. The City's estimated taxable market value decreased 4.2% from 2008 to 2009, 7.6% from 2009 to 2010, 10.1% from 2010 to 2011, 13.3% from 2011 to 2012 and 12.1% from 2012 to 2013. Most of the 2011 to 2012 change can be attributed to a change the State of Minnesota made in the way taxable values are calculated. Table 5 in the Statistical Section provides additional information on property values.

Because the City is fully developed, redevelopment of blighted or underutilized sites is generally necessary to increase the community's tax base. The City investigates redevelopment options as they arise. The City purchased and demolished blighted or functionally obsolete houses during 2012 and prior years. No additional houses were purchased in 2013. Eleven lots acquired in 2012 and earlier years were sold to builders for construction of new homes during 2013. The City holds twenty-four lots that will be offered for sale for the construction of new homes. New homes increase the City's assessed valuation and encourage additional investment in the City's neighborhoods.

In addition, the City assists homeowners in redeveloping and remodeling the current housing stock so that as a change-over from older residents occurs, younger families will be attracted to the City. The City offers a Home Improvement Incentive Rebate Program that provides up to a 15% rebate for residential home improvements. The goal is to improve the condition, quality, and desirability of the housing stock.

Long-term Financial Planning

Capital budgeting for the replacement of buildings, streets, parks, and vehicles is a major financial challenge. The City has an ongoing street reconstruction program designed to rebuild streets, add new curb/gutter/sidewalk, and add storm sewer. The street program is planned to be completed one phase/neighborhood at a time, over 16 phases. Phase 13 was built in 2013 and Phase 14 is planned for 2015.

Hennepin County is reconstructing Highway 81, a major transportation artery serving the City and the surrounding area. Hennepin County acquired property in 2009 and construction began in 2010. The City will provide a local match of approximately \$4,000,000 toward the project cost. More than half of the local match will come from a property tax supported bond issue, with the remainder from special assessments and utility funds. An annual property tax levy of over \$500,000 will be collected from 2010 through 2014 to repay the bonds.

The Major Building Replacement Fund was created in 2007 with a transfer of \$8,000,000 from the Capital Improvement Revolving Fund. The purpose of the fund is to accumulate a replacement reserve for the eventual major remodeling or replacement of the City Hall/Police Station, Fire Stations 1 & 2, Streets/Parks and Utility buildings, and Community Center. Land acquisition for a new public works facility is taking place in early 2014, with construction planned for 2014 and 2015. Other major building projects will be needed over the next fifteen years.

Relevant Financial Policies

It is the City's policy to maintain a fund balance in its General Fund of at least 45% of the next year's operating budget. This is needed for cash flow purposes. Property taxes and local government aid (LGA) from the State of Minnesota were 77.8% of the General Fund's revenue in 2013. The City operates on a calendar year, but half of the property taxes and LGA are received in July and the other half in December.

Major Initiatives

In 2012, the City purchased Cavanagh Elementary School from the Robbinsdale School District. The school building has been demolished in preparation for development of the site. An agreement has been signed with a developer for construction of a 130-unit affordable senior housing facility during 2014 and 2015.

The City continues to seek opportunities to facilitate commercial and residential redevelopment, subsidize home improvements by current owners, and fund construction projects that enhance the City's future development.

Awards

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 of Crystal for its comprehensive annual financial report for the fiscal year ended December 31, 2012.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both U.S. generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Due credit also should be given to the mayor and the City Council for their interest and support in planning and conducting the operations of the government in a responsible and progressive manner.

Respectfully submitted,


Anne L. Norris
City Manager


Charles Hansen
Finance Director

City of Crystal
CITY OFFICIALS
As of December 31, 2013

| <u>Elected Officials</u> | <u>Term of Office</u> | <u>Term Expires</u> |
|--|-----------------------|---------------------|
| Mayor - Jim Adams | 4 Years | 12/31/2016 |
| Council Members - Laura Libby (Section I - Wards 1 and 2) | 4 Years | 12/31/2016 |
| Mark Hoffmann (Ward 1) | 4 Years | 12/31/2014 |
| Joseph Selton (Ward 2) | 4 Years | 12/31/2014 |
| John Budziszewski (Section II - Wards 3 and 4) | 4 Years | 12/31/2014 |
| Casey Peak (Ward 3) | 4 Years | 12/31/2016 |
| Julie Deshler (Ward 4) | 4 Years | 12/31/2016 |

Appointed Officials

City Manager - Anne Norris

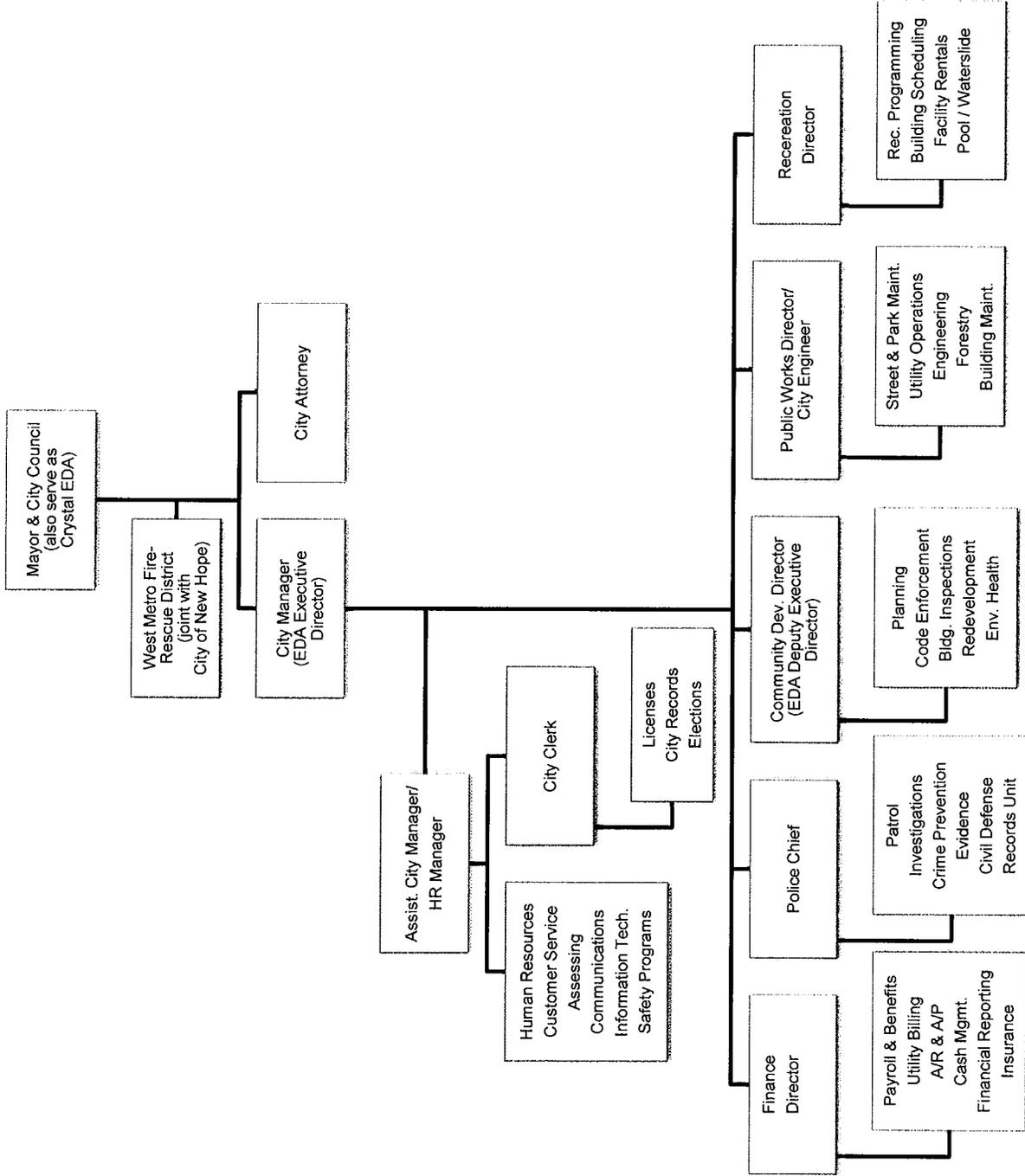
City Treasurer - Charles Hansen

City Clerk - Christina Serres

City Attorney - Kennedy & Graven, Chartered

City Prosecutor - MacMillan, Wallace, Athanases & Patera, PA

City of Crystal ORGANIZATION CHART





Government Finance Officers Association

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

Presented to

**City of Crystal
Minnesota**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2012

Executive Director/CEO

**FINANCIAL
SECTION**



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INDEPENDENT AUDITOR’S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of City of Crystal, Minnesota, as of and for the year ended December 31, 2013, and the related Notes to the Financial Statements, which collectively comprise the City’s basic financial statements as listed in the Table of Contents.

Management’s Responsibility for the Financial Statements

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

Auditor’s Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the West Metro Fire-Rescue District nor the Golden Valley, Crystal, New Hope Joint Water Commission, joint ventures of the City which are disclosed in the notes to the City’s financial statements, and in which the City reports an equity interest of \$ 2,677,560 and \$ 934,192, respectively. The financial statements of the District and Commission were audited by other auditors whose reports thereon have been furnished to us and our opinion, insofar as it relates to the amounts disclosed for the District and Commission, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

| | | | |
|--|--|--|---|
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| | | | |



Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Crystal, Minnesota, as of December 31, 2013, and the respective changes in financial position and where applicable, cash flows, thereof, and the respective budgetary comparisons for the General Fund and EDA Special Revenue Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Implementation of GASB 65

As discussed in Note 19 to the financial statements, the City has adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, which follows this report letter, and the Schedule of Funding Progress as indicated in the Table of Contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Kern DeWenter, Vice, Ltd.

KERN, DEWENTER, VIERE, LTD.
Minneapolis, Minnesota
May 13, 2014

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

As management of the City of Crystal (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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our Letter of Transmittal, located previously in this report.

Financial Highlights

The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$116,109,813. Of this amount, \$53,802,569 is considered unrestricted net position and may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$6,474,217, which includes a change in accounting principle of (\$164,180).

At the end of the fiscal year, total fund balance for the General Fund was \$7,703,113, or 62.19% of total General Fund expenditures and transfers out.

The City's total long term debt (excluding net OPEB obligation) increased by \$2,339,051 during the fiscal year. The City's net OPEB obligation increased by \$56,405.

Overview of the Financial Statements

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 financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

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

The government-wide financial statements include not only the City itself (known as the primary government), but also the Economic Development Authority (EDA). The EDA is a legally separate entity which functions as a department of the City to provide housing and redevelopment assistance through the administration of various programs. Therefore, the EDA has been included as an integral part of the City's financial statements.

Fund Financial Statements

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

Governmental Funds –

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as 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 fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, EDA, Debt Service, Capital Improvement Revolving, Street Reconstruction, and Major Building Replacement funds, all of which are considered to be major funds. Data from the other six 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.

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The City adopts an annual appropriated budget for all of its governmental funds. Budget to actual comparisons are provided in this financial report for each individual governmental fund for which an annual budget has been adopted.

Proprietary Funds –

The City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sanitary sewer, storm drainage, street lights, and recycling operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its self-insurance and post-employment health benefits activities. Because both of these activities predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water, sanitary sewer, storm drainage, street lights, and recycling operations, all of which are reported as major funds of the City.

Both internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary Funds –

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

Notes to the Financial Statements –

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

Other Information –

Required Supplementary Information concerning the City's progress in funding its obligation to provide pension and OPEB benefits to its employees is presented immediately following the notes to the financial statements.

Combining and individual fund statements and schedules for nonmajor funds are presented immediately following the Required Supplementary Information.

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Government-wide Financial Analysis

Net Position -

The City has 38.41% of its total net position invested in capital assets (including land, buildings and structures, improvements other than buildings, machinery and equipment, office equipment and furniture, software, vehicles and trailers, and infrastructure), less any related outstanding debt used to acquire those assets. 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.

An additional 15.25% of the City's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of 46.34% represents unrestricted net position that may be used to meet the government'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 three categories of net position, both for the government and business-type activities. The same situation held true for the prior fiscal year.

A summary of the City's net position follows:

| | Net Position | | | | | |
|----------------------------------|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Current and other assets | \$ 62,147,962 | \$ 59,765,541 | \$ 9,685,015 | \$ 10,171,748 | \$ 71,832,977 | \$ 69,937,289 |
| Equity interest in joint venture | 2,677,560 | 2,743,669 | 934,192 | 722,800 | 3,611,752 | 3,466,469 |
| Capital assets | 44,389,024 | 39,785,933 | 15,655,823 | 13,921,133 | 60,044,847 | 53,707,066 |
| Total Assets | <u>109,214,546</u> | <u>102,295,143</u> | <u>26,275,030</u> | <u>24,815,681</u> | <u>135,489,576</u> | <u>127,110,824</u> |
| Long-term liabilities | | | | | | |
| outstanding | 15,147,846 | 13,248,849 | 107,881 | 102,174 | 15,255,727 | 13,351,023 |
| Other liabilities | 3,374,177 | 3,748,659 | 396,501 | 375,546 | 3,770,678 | 4,124,205 |
| Total Liabilities | <u>18,522,023</u> | <u>16,997,508</u> | <u>504,382</u> | <u>477,720</u> | <u>19,026,405</u> | <u>17,475,228</u> |
| Unavailable revenue | 353,358 | 0 | 0 | 0 | 353,358 | 0 |
| Total Deferred Inflows | | | | | | |
| Of Resources | <u>353,358</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>353,358</u> | <u>0</u> |
| Net Position: | | | | | | |
| Net investment | | | | | | |
| in capital assets | 28,944,085 | 26,574,766 | 15,655,823 | 13,921,133 | 44,599,908 | 40,495,899 |
| Restricted | 17,707,336 | 14,772,670 | 0 | 0 | 17,707,336 | 14,772,670 |
| Unrestricted | 43,687,744 | 43,950,199 | 10,114,825 | 10,416,828 | 53,802,569 | 54,367,027 |
| Total Net Position | <u>\$ 90,339,165</u> | <u>\$ 85,297,635</u> | <u>\$ 25,770,648</u> | <u>\$ 24,337,961</u> | <u>\$ 116,109,813</u> | <u>\$ 109,635,596</u> |

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

A summary of the City's changes in net position and revenues and expenses for 2013 and 2012 follows:

| | Changes in Net Position | | | | | |
|--|-------------------------|----------------------|--------------------------|----------------------|-----------------------|-----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2013 | 2012 | 2013 | 2012 | 2013 | 2012 |
| Revenues: | | | | | | |
| Program revenues - | | | | | | |
| Charges for services | \$ 2,088,443 | \$ 1,759,032 | \$ 5,797,551 | \$ 5,883,686 | \$ 7,885,994 | \$ 7,642,718 |
| Operating grants and contributions | 667,622 | 1,164,000 | 414,534 | 336,103 | 1,082,156 | 1,500,103 |
| Capital grants and contributions | 6,877,723 | 6,008,708 | 1,319,522 | 1,695 | 8,197,245 | 6,010,403 |
| General revenues - | | | | | | |
| Property taxes | 9,561,519 | 9,710,807 | 0 | 0 | 9,561,519 | 9,710,807 |
| Grants and contributions not restricted to specific programs | 1,472,223 | 1,478,220 | 0 | 0 | 1,472,223 | 1,478,220 |
| Other | 143,758 | 586,022 | 67,541 | 110,292 | 211,299 | 696,314 |
| Total Revenues | <u>20,811,288</u> | <u>20,706,789</u> | <u>7,599,148</u> | <u>6,331,776</u> | <u>28,410,436</u> | <u>27,038,565</u> |
| Expenses: | | | | | | |
| General government | 2,091,395 | 1,992,060 | 0 | 0 | 2,091,395 | 1,992,060 |
| Public safety | 5,900,593 | 5,605,172 | 0 | 0 | 5,900,593 | 5,605,172 |
| Public works | 2,655,529 | 4,345,225 | 0 | 0 | 2,655,529 | 4,345,225 |
| Parks and recreation | 2,548,785 | 2,110,078 | 0 | 0 | 2,548,785 | 2,110,078 |
| Community development | 1,570,132 | 2,180,213 | 0 | 0 | 1,570,132 | 2,180,213 |
| Interest on long-term debt | 586,388 | 498,884 | 0 | 0 | 586,388 | 498,884 |
| Water | 0 | 0 | 3,092,654 | 3,094,744 | 3,092,654 | 3,094,744 |
| Sanitary sewer | 0 | 0 | 1,927,664 | 1,874,699 | 1,927,664 | 1,874,699 |
| Storm drainage | 0 | 0 | 760,372 | 782,897 | 760,372 | 782,897 |
| Street lights | 0 | 0 | 309,396 | 173,308 | 309,396 | 173,308 |
| Recycling | 0 | 0 | 329,131 | 329,106 | 329,131 | 329,106 |
| Total Expenses | <u>15,352,822</u> | <u>16,731,632</u> | <u>6,419,217</u> | <u>6,254,754</u> | <u>21,772,039</u> | <u>22,986,386</u> |
| Change in Net Position | | | | | | |
| Before Transfers | 5,458,466 | 3,975,157 | 1,179,931 | 77,022 | 6,638,397 | 4,052,179 |
| Transfers | <u>(252,756)</u> | <u>(177,580)</u> | <u>252,756</u> | <u>177,580</u> | <u>0</u> | <u>0</u> |
| Change in Net Position | 5,205,710 | 3,797,577 | 1,432,687 | 254,602 | 6,638,397 | 4,052,179 |
| Net Position - Beginning of Year | 85,297,635 | 82,775,058 | 24,337,961 | 24,083,359 | 109,635,596 | 106,858,417 |
| Prior Period Adjustment | 0 | (1,275,000) | 0 | 0 | 0 | (1,275,000) |
| Change In Accounting Principle | <u>(164,180)</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>(164,180)</u> | <u>0</u> |
| Net Position - Beginning of Year (As Restated) | <u>85,133,455</u> | <u>81,500,058</u> | <u>24,337,961</u> | <u>24,083,359</u> | <u>109,471,416</u> | <u>105,583,417</u> |
| Net Position - End of Year | <u>\$ 90,339,165</u> | <u>\$ 85,297,635</u> | <u>\$ 25,770,648</u> | <u>\$ 24,337,961</u> | <u>\$ 116,109,813</u> | <u>\$ 109,635,596</u> |

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Governmental Activities –

Governmental activities increased the City's governmental-type net position by \$5,041,530, or 5.91%, accounting for 77.87% of the total growth in the City's net position. The increase of \$5,041,530 includes a change in accounting principle of (\$164,180). Key elements of the net increase include:

- The Debt Service Fund recorded an increase of \$1,034,739 in its fund balance during the current fiscal year, primarily due to prepayments of special assessments. This contributed towards the net increase.
- Capital outlay additions, net of depreciation expense, accounted for \$4,657,745 of the net increase.

Business-type Activities –

Business-type activities increased the City's business-type net position by \$1,432,687, or 5.89%, accounting for 21.13% of the total growth in the City's net position. Key elements of the net increase include:

- Capital assets (net of accumulated depreciation) increased by \$1,734,690. Acquisitions of new capital assets were largely offset by depreciation on capital assets and disposals of capital assets. The exception was the Storm Drainage Fund, where a significant amount of storm sewer infrastructure was added to capital assets as a result of the Phase 12 street reconstruction project.

- Rate increases:

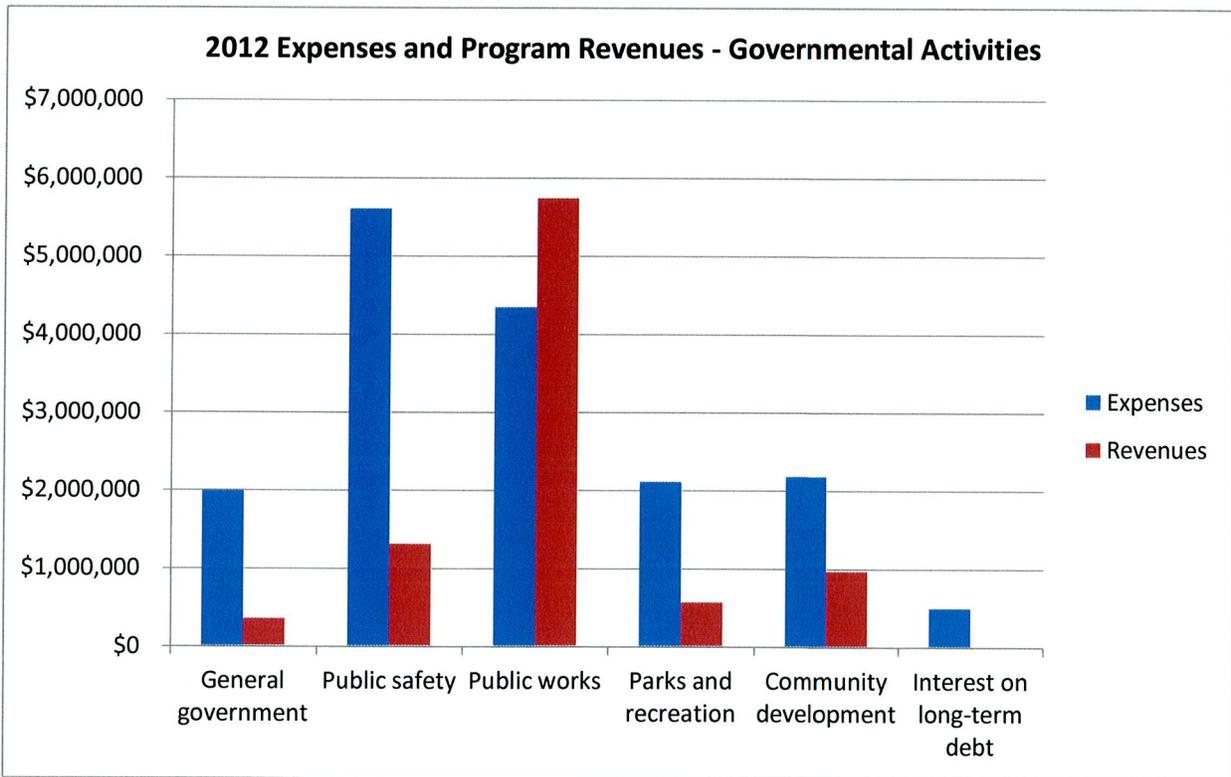
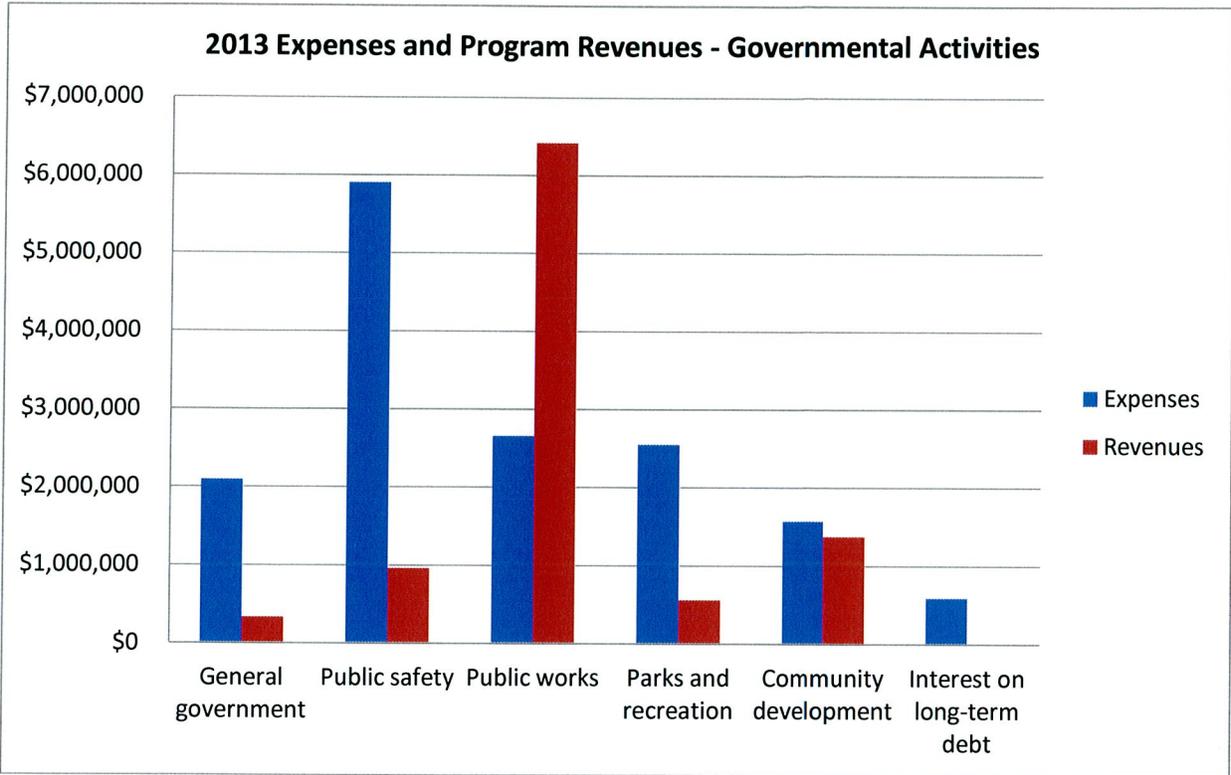
The City Council approved a rate increase of 2.11% for the water utility, which increased rates charged per unit of water from \$3.94 in 2012 to \$4.05 in 2013.

The City Council approved a rate increase of 1.30% for the sanitary sewer utility, which increased rates charged from \$46.20 per quarter for residential properties in 2012 to \$46.80 per quarter in 2013.

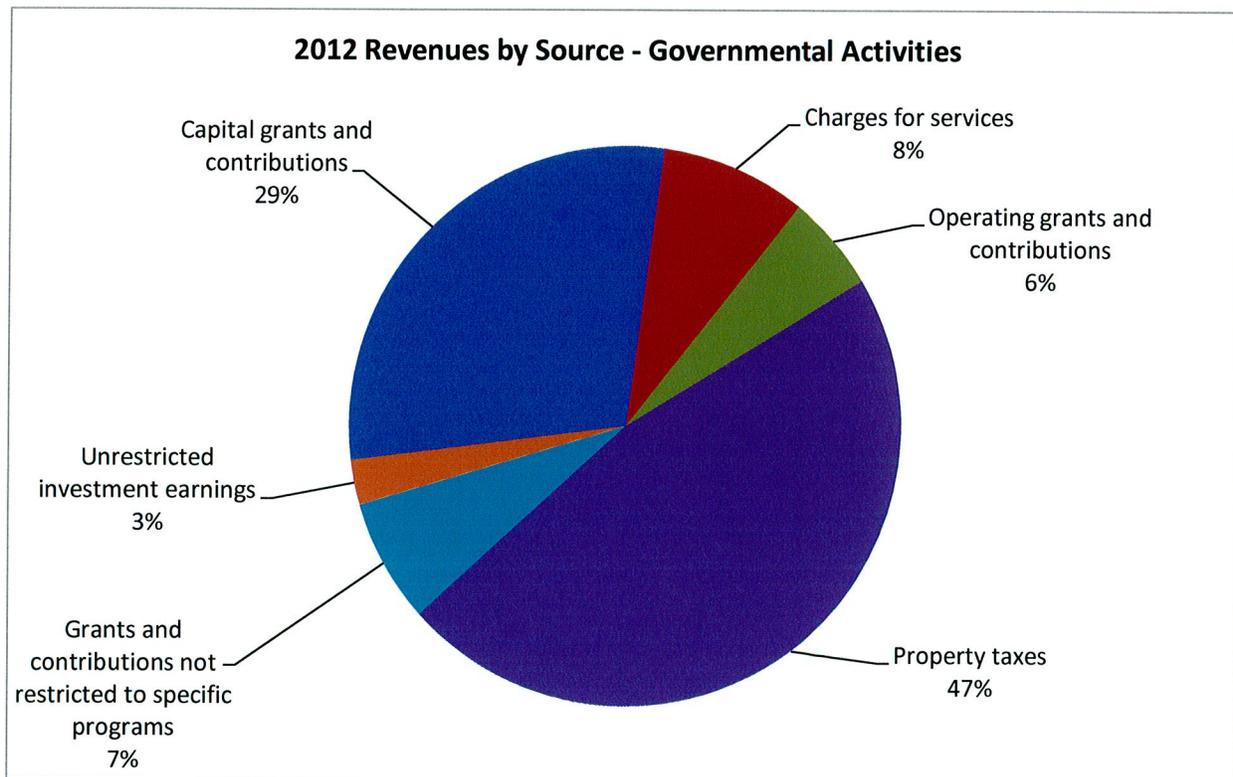
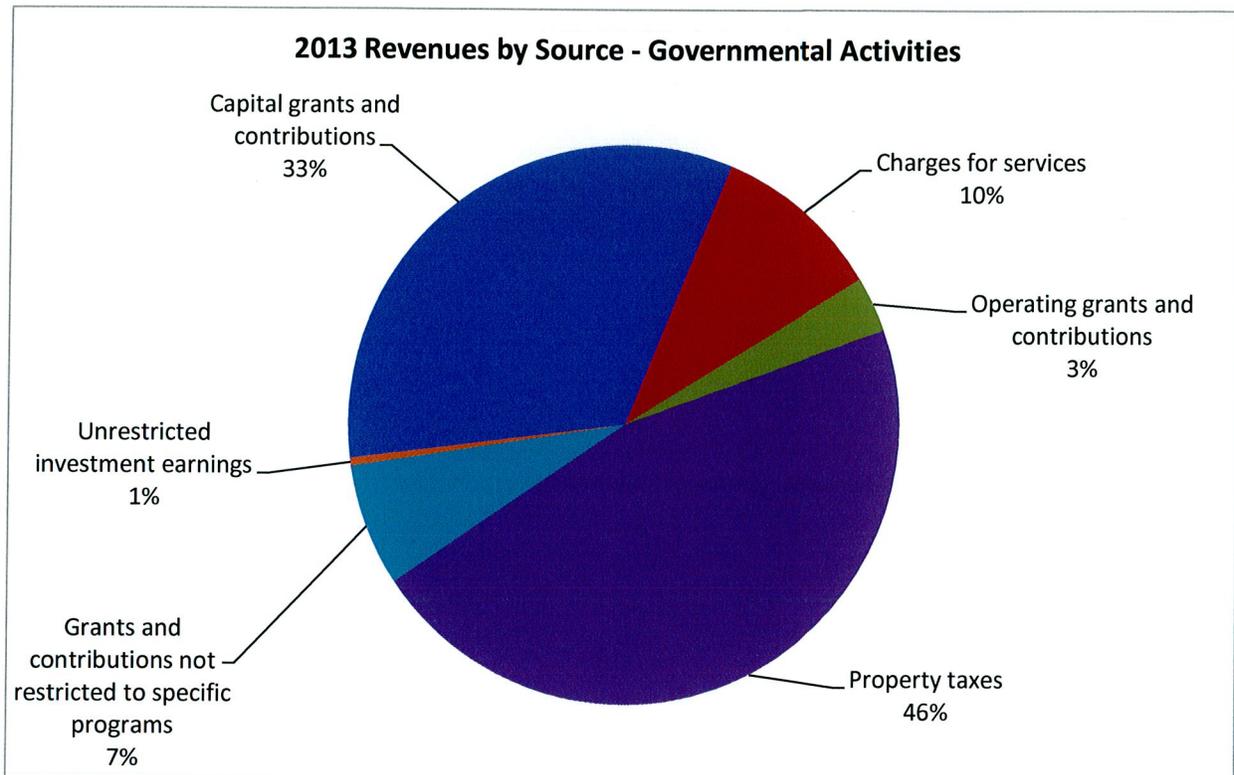
The City Council approved a rate increase of 5.88% for the storm drainage utility, which increased rates charged from \$10.20 per quarter for residential properties in 2012 to \$10.80 per quarter in 2013.

The City Council approved a rate increase of 3.57% for the street light utility, which increased rates charged from \$4.20 per quarter for residential properties in 2012 to \$4.35 per quarter in 2013.

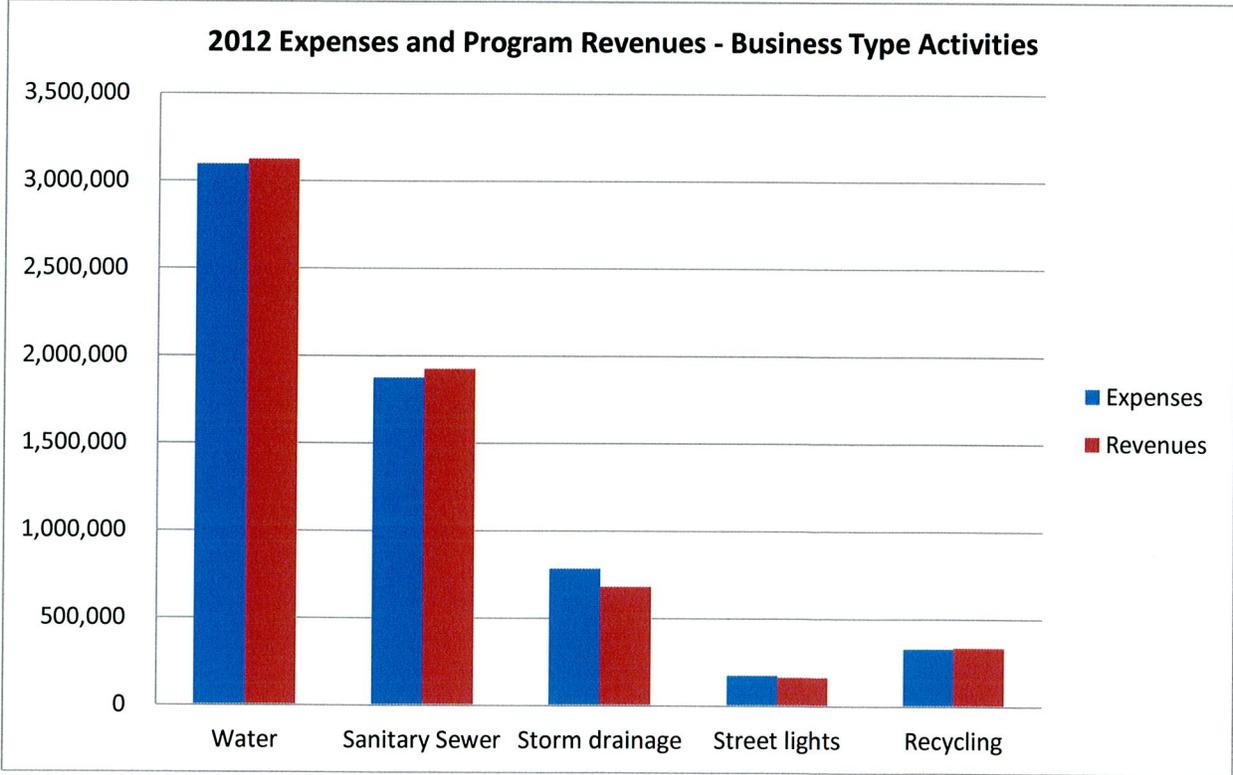
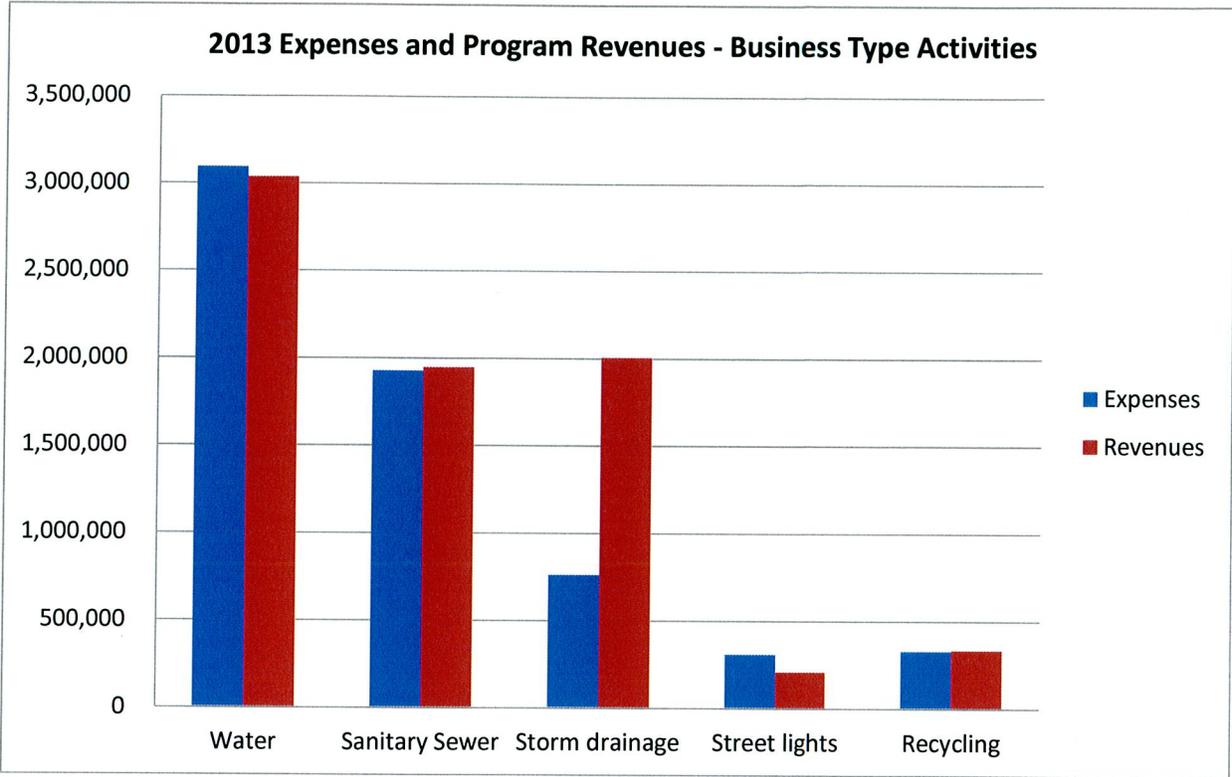
City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2013



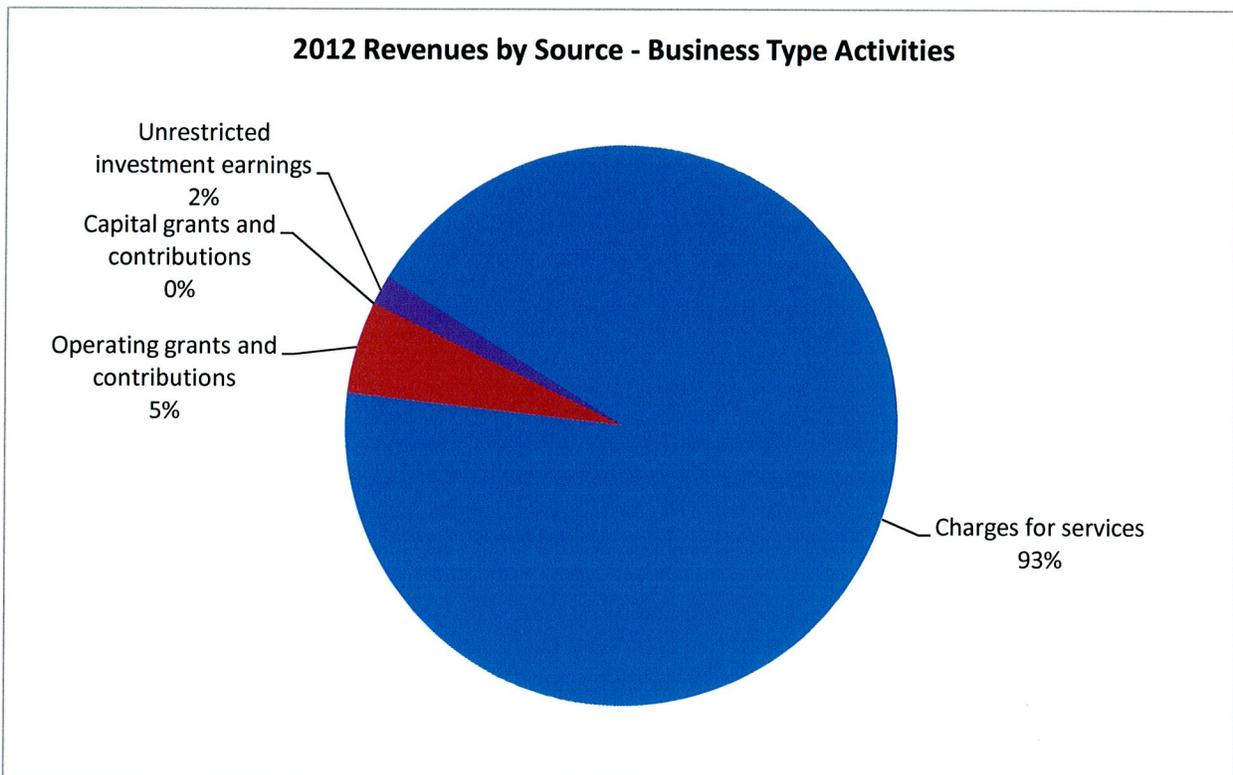
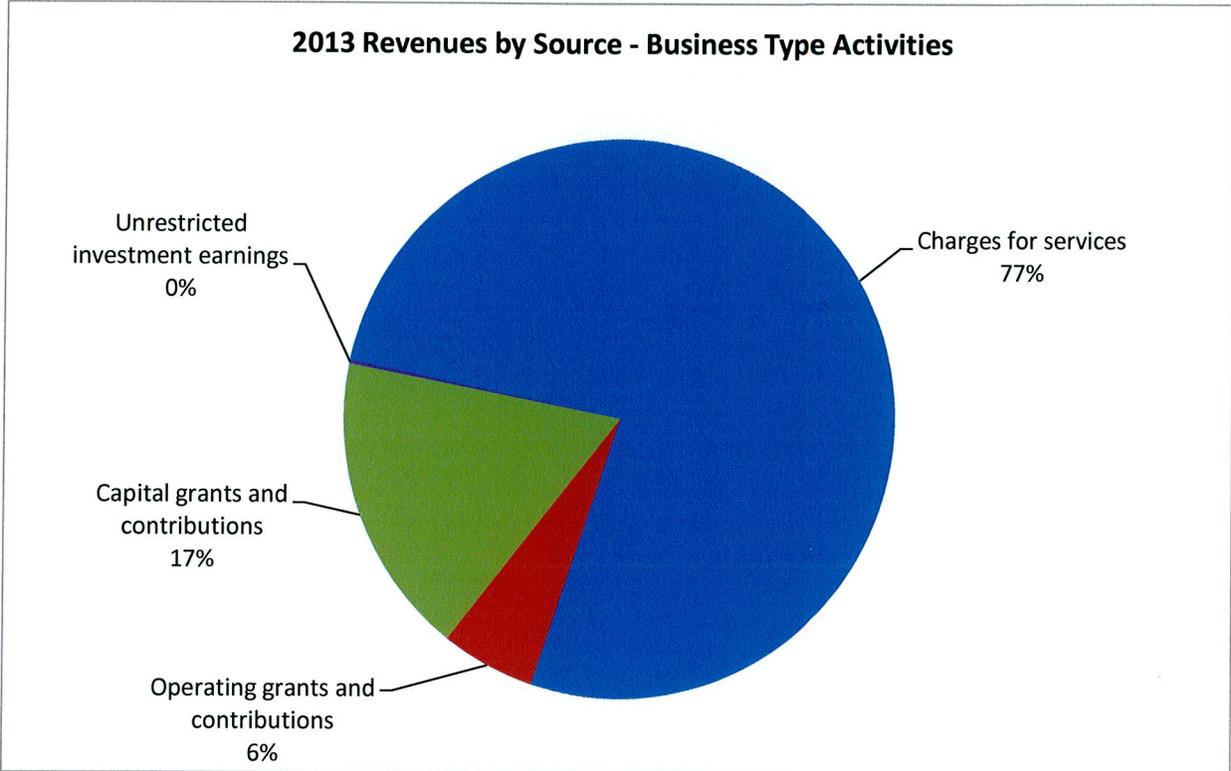
City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013



City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2013



City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013



City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Financial Analysis of the City's Funds

Governmental Funds –

At the end of the fiscal year, the City's governmental funds reported combined ending fund balances of \$45,710,973, an increase of \$1,086,857 in comparison with the prior year.

Approximately 15.01% of this total amount (\$6,862,599) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance has been classified as nonspendable (\$78,455), restricted (\$7,130,877), committed (\$31,581,938), and assigned (\$57,104).

The General Fund is the main operating fund of the City. At the end of the fiscal year, total fund balance was \$7,703,113. Unassigned fund balance was \$6,862,599 and \$840,514 was committed for compensated absences. As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Total fund balance represents 62.19% of total General Fund expenditures and transfers out. The total fund balance is slightly more than the balance called for by the City's fund balance policy. Fund balance provides working capital that supports operations until funds are received in June and July from the first current-year tax settlement.

There was an increase of \$305,646 in the fund balance of the General Fund during the current fiscal year. Total revenues were \$274,603 higher than the final budget. Revenues for property taxes; special assessments; licenses, permits, and inspections; intergovernmental; charges for services; and miscellaneous were higher than budget. Actual expenditures were \$98,413 less than the final budget, primarily due to employee turnover. Both the revenue and expenditure variances were higher than would normally be expected. Combined they produced a surplus of \$373,016.

The EDA Fund recorded an increase of \$163,053 in its fund balance during the current fiscal year. Total revenues were higher than budget by \$131,809. Intergovernmental revenues were higher than budget by \$323,819 and sale of land was lower than budget by \$193,344, accounting for much of the net increase. At the end of the fiscal year, fund balance of \$35,651 was restricted for a MURL (MN Urban and Rural Homesteading) program revolving loan. The remainder of the fund balance of \$3,914,649 was committed for economic development projects.

The Debt Service Fund has a total fund balance of \$5,440,681, all of which is restricted for the payment of debt service. The net increase in fund balance during the current fiscal year was \$1,034,739. For additional transaction details, refer to the Long Term Debt section located later in this Management's Discussion and Analysis, or to Notes 6 – 8 in the notes to the financial statements.

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

There was a decrease of \$134,650 in the fund balance of the Capital Improvement Revolving Fund during the current fiscal year. Several projects budgeted for 2013 were not completed during 2013 and will be completed in 2014. All of the fund balance of \$8,713,979 is committed.

The Street Reconstruction Fund recorded a decrease of \$202,224 in its fund balance during the current fiscal year. This was primarily because some state aid for streets related to Phase 13 won't be received until future years. Major construction work on Phase 13 of the 16-phase street reconstruction program was completed during 2013. All of the fund balance of \$2,261,153 is committed.

The Major Building Replacement Fund has a total fund balance of \$10,286,268, all of which is committed. Activity during the year included an expenditure of \$43,864 for architectural services to study the replacement of the public works facility. Fund balance decreased by \$22,695.

Proprietary Funds –

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

Unrestricted net position in the City's enterprise funds totaled \$10,114,825 at the end of the fiscal year. The sanitary sewer, storm drainage and recycling funds reported increases in net position of \$45,663, \$1,483,936, and \$5,177, respectively. The water and street lights funds reported decreases in net position of \$34,480 and \$67,609 respectively. The storm drainage utility received a capital contribution of \$1,550,646 from Hennepin County, relating to assets constructed as part of the County Highway 81 reconstruction project.

Budget Highlights

As is customary practice for the City, its budget was amended several times to reflect the occurrences of items not factored into the original budget. Significant budget amendments in the General Fund include the following:

- \$66,750 increase in the transfer to the Capital Improvement Revolving Fund.
- \$206,786 increase in revenues and \$206,786 increase in expenditures to record the receipt of fire pension aid from the State of Minnesota and payment of the aid to the Fire Relief Association.
- \$187,650 of increases in the Mayor & Council, Human Resources, Legal, Building Inspection, Housing Inspection, Street Maintenance, and Community Center departments to cover operating costs. These were offset by reductions of \$187,000 in the Administration, Police, and Park Maintenance departments.

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Capital Assets

The City's net capital assets for its governmental and business-type activities as of December 31, 2013, are \$60,044,847. This balance represents a net increase of \$6,337,781 from the prior year. Additional details of capital asset activity for the year can be found in Note 5 in the notes to the financial statements.

Major capital activity during the year included the following:

- Major work on Phase 13 of the ongoing street reconstruction project was completed during 2013. Minor finishing work will be completed in 2014.
- Construction in progress as of the close of the fiscal year decreased to \$4,866,416, compared to \$5,520,682 the prior year.
- Capital contributions from Hennepin County relating to assets constructed as part of the County Highway 81 reconstruction project. Capital contributions benefited governmental and business-type activities by \$2,449,947 and \$1,319,522, respectively.

Long-term Debt

The City's total long term debt increased by \$2,339,051, or 16.10%, during the fiscal year. Normal required annual payments were made on bonds payable, notes payable, and compensated absences. During 2013, the City issued G.O. Street Improvement Bonds, Series 2013A, to finance special assessments relating to Phase 13 street reconstruction. It also issued G.O. Street Reconstruction Bonds, Series 2013B, to finance reconstruction of the portion of County Highway 81 that runs through the City.

Additional details of long term debt activity for the year can be found in Notes 6 – 8 in the notes to the financial statements.

The City's sound financial management and strong financial position, as evidenced by favorable reserves, has earned the City an Aa2 rating from Moody's Investors Service on its G.O. debt. Moody's Investors Service last completed a rating review in 2013 with no change in the rating. The City expects to receive the Aa2 rating in the future.

State statutes limit the amount of G.O. debt a governmental entity may issued to 3% of total taxable market value. The current debt limitation for the City is \$34,103,000, which is significantly higher than the City's outstanding G.O. debt of \$1,734,920.

Economic Factors and Next Year's Budgets and Rates

Economic factors affect the preparation of annual budgets. The following factors were considered in preparing the City's budget for the 2014 fiscal year:

City of Crystal
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

- The City is acquiring property and will initiate construction of a new public works facility in 2014. This is expected to cost \$3,000,000 for land acquisition and \$10,000,000 for construction. Construction is expected to be completed in the summer of 2015. Funding will come entirely from internal sources. The Major Building Replacement Fund will provide \$10,000,000 and several other funds will make smaller contributions to the project. Although this will reduce the amount of cash and investments held by the City, about \$40,000,000 of cash and investments will remain after the project. This is more than adequate for cash flow and emergency purposes.
- The City is providing a local matching dollar amount for the rebuilding of County Highway 81, which passes through Crystal. The rebuilding will happen in two phases continuing through 2014. Property acquisition on the first and larger of the phases occurred in 2009 and construction commenced in 2010. The City's local match is expected to total approximately \$4,000,000. Funding sources will include the utility funds for \$860,000, special assessments for \$510,000, and bond issuances for \$2,600,000, to be repaid by a property tax levy.
- The 2014 budget includes a 0.59% tax levy decrease. This will be supplemented by increases in other revenues to cover an inflationary increase in the operating budget.
- The City annually updates a five year utility rate study reviewing operational and capital needs for each utility. For 2014, water rates increased 5.15%, sewer rates increased 3.86%, storm drainage rates increased 8.33%, and street light rates increased 6.90%. Recycling rates are unchanged.

Requests for Information

Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Crystal
Attn: Finance Director
4141 Douglas Drive N.
Crystal, MN 55422

**Government-Wide
Financial Statements**

City of Crystal
STATEMENT OF NET POSITION
December 31, 2013

| | Governmental Activities | Business-type Activities | Total |
|---|----------------------------|-----------------------------|----------------------|
| ASSETS | | | |
| Cash and cash equivalents | \$4,232,953 | \$719,422 | \$4,952,375 |
| Investments | 42,213,751 | 7,177,724 | 49,391,475 |
| Accrued interest | 113,618 | 21,159 | 134,777 |
| Accounts receivable | 83,610 | 1,150,783 | 1,234,393 |
| Delinquent taxes receivable | 229,956 | 0 | 229,956 |
| Special assessments receivable | 13,242,901 | 356,330 | 13,599,231 |
| Due from other governments | 350,188 | 218,653 | 568,841 |
| Inventory | 0 | 39,644 | 39,644 |
| Prepaid items | 78,455 | 0 | 78,455 |
| Other assets | 0 | 1,300 | 1,300 |
| Land held for resale | 1,403,155 | 0 | 1,403,155 |
| Notes receivable | 74,914 | 0 | 74,914 |
| Contract for deed receivable | 124,461 | 0 | 124,461 |
| Equity interest in joint venture | 2,677,560 | 934,192 | 3,611,752 |
| Capital assets (net of accumulated depreciation, where applicable) - | | | |
| Land | 3,876,867 | 759,062 | 4,635,929 |
| Buildings and structures | 4,218,393 | 59,357 | 4,277,750 |
| Improvements other than buildings | 2,650,682 | 181,008 | 2,831,690 |
| Machinery and equipment | 1,143,596 | 2,176,920 | 3,320,516 |
| Office equipment and furniture | 158,441 | 5,857 | 164,298 |
| Software | 1,304 | 0 | 1,304 |
| Vehicles and trailers | 975,344 | 78,944 | 1,054,288 |
| Infrastructure | 27,414,765 | 11,477,891 | 38,892,656 |
| Construction in progress | 3,949,632 | 916,784 | 4,866,416 |
| Total Assets | 109,214,546 | 26,275,030 | 135,489,576 |
| LIABILITIES | | | |
| Accounts payable and other current liabilities | 1,209,254 | 372,140 | 1,581,394 |
| Interest payable | 197,254 | 0 | 197,254 |
| Unearned revenue | 24,085 | 0 | 24,085 |
| Noncurrent liabilities - | | | |
| Due within one year | 1,943,584 | 24,361 | 1,967,945 |
| Due in more than one year | 14,823,462 | 75,856 | 14,899,318 |
| Net OPEB obligation | 324,384 | 32,025 | 356,409 |
| Total Liabilities | 18,522,023 | 504,382 | 19,026,405 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Unavailable revenue - licenses | 71,060 | 0 | 71,060 |
| Unavailable revenue - state aid | 282,298 | 0 | 282,298 |
| Total Deferred Inflows of Resources | 353,358 | 0 | 353,358 |
| NET POSITION | | | |
| Net investment in capital assets | 28,944,085 | 15,655,823 | 44,599,908 |
| Restricted for: | | | |
| TIF projects | 1,637,259 | 0 | 1,637,259 |
| MURL revolving fund | 35,651 | 0 | 35,651 |
| Debt service | 15,973,124 | 0 | 15,973,124 |
| Special projects | 61,302 | 0 | 61,302 |
| Unrestricted | 43,687,744 | 10,114,825 | 53,802,569 |
| Total Net Position | \$90,339,165 | \$25,770,648 | \$116,109,813 |

The notes to the financial statements are an integral part of this statement.

City of Crystal
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

| Functions / Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes In Net Position | | |
|--|---------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| Governmental Activities - | | | | | | | |
| General government | \$2,091,395 | \$256,133 | \$19,697 | \$53,371 | (\$1,762,194) | \$0 | (\$1,762,194) |
| Public safety | 5,900,593 | 429,740 | 517,652 | 11,930 | (4,941,271) | 0 | (4,941,271) |
| Public works | 2,655,529 | 9 | 32,678 | 6,382,638 | 3,759,796 | 0 | 3,759,796 |
| Parks and recreation | 2,548,785 | 500,561 | 55,451 | 1,250 | (1,991,523) | 0 | (1,991,523) |
| Community development | 1,570,132 | 902,000 | 42,144 | 428,534 | (197,454) | 0 | (197,454) |
| Interest on long-term debt | 586,388 | 0 | 0 | 0 | (586,388) | 0 | (586,388) |
| Total Governmental Activities | 15,352,822 | 2,088,443 | 667,622 | 6,877,723 | (5,719,034) | 0 | (5,719,034) |
| Business-type Activities - | | | | | | | |
| Water | 3,092,654 | 2,637,830 | 398,815 | 0 | 0 | (56,009) | (56,009) |
| Sanitary sewer | 1,927,664 | 1,939,539 | 7,655 | 0 | 0 | 19,530 | 19,530 |
| Storm drainage | 760,372 | 717,005 | 7,882 | 1,280,646 | 0 | 1,245,161 | 1,245,161 |
| Street lights | 309,396 | 169,015 | 182 | 38,876 | 0 | (101,323) | (101,323) |
| Recycling | 329,131 | 334,162 | 0 | 0 | 0 | 5,031 | 5,031 |
| Total Business-type Activities | 6,419,217 | 5,797,551 | 414,534 | 1,319,522 | 0 | 1,112,390 | 1,112,390 |
| Total Government | \$21,772,039 | \$7,885,994 | \$1,082,156 | \$8,197,245 | (5,719,034) | 1,112,390 | (4,606,644) |
| General revenues - | | | | | | | |
| Property taxes | | | | | 9,561,519 | 0 | 9,561,519 |
| Grants and contributions not restricted to specific programs | | | | | 1,472,223 | 0 | 1,472,223 |
| Unrestricted investment earnings | | | | | 96,678 | 16,241 | 112,919 |
| Gain on disposition of capital assets | | | | | 47,080 | 51,300 | 98,380 |
| Transfers | | | | | (252,756) | 252,756 | 0 |
| Total General Revenues and Transfers | | | | | 10,924,744 | 320,297 | 11,245,041 |
| Change In Net Position | | | | | 5,205,710 | 1,432,687 | 6,638,397 |
| Net Position - Beginning of Year | | | | | 85,297,635 | 24,337,961 | 109,635,596 |
| Change In Accounting Principle | | | | | (164,180) | 0 | (164,180) |
| Net Position - Beginning of Year (As Restated) | | | | | 85,133,455 | 24,337,961 | 109,471,416 |
| Net Position - End of Year | | | | | \$90,339,165 | \$25,770,648 | \$116,109,813 |

The notes to the financial statements are an integral part of this statement.

Fund Financial Statements

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BALANCE SHEET
Governmental Funds
December 31, 2013

| | General | EDA - Special Revenue | Debt Service | Capital Improvement Revolving - Capital Projects |
|--|--------------------|-----------------------------|---------------------|--|
| ASSETS | | | | |
| Cash and cash equivalents | \$740,406 | \$233,419 | \$503,701 | \$774,955 |
| Investments | 7,372,971 | 2,328,832 | 5,025,461 | 7,731,776 |
| Accrued interest | 16,531 | 5,661 | 10,480 | 22,547 |
| Accounts receivable | 81,739 | 0 | 0 | 1,871 |
| Delinquent taxes receivable | 166,799 | 5,474 | 13,667 | 0 |
| Special assessments receivable | 128,034 | 0 | 10,716,030 | 556,642 |
| Due from other governments | 154,352 | 1,879 | 20,917 | 123,602 |
| Prepaid items | 0 | 0 | 0 | 66,053 |
| Land held for resale | 0 | 1,403,155 | 0 | 0 |
| Notes receivable | 0 | 74,914 | 0 | 0 |
| Contract for deed receivable | 0 | 124,461 | 0 | 0 |
| Total Assets | \$8,660,832 | \$4,177,795 | \$16,290,256 | \$9,277,446 |
| LIABILITIES | | | | |
| Accounts payable | \$163,020 | \$4,645 | \$0 | \$2,960 |
| Due to other governments | 92,653 | 0 | 119,878 | 0 |
| Accrued salaries and wages | 310,521 | 10,198 | 0 | 0 |
| Deposits payable | 1,547 | 7,803 | 0 | 0 |
| Retainage payable | 0 | 0 | 0 | 3,865 |
| Unearned revenue | 24,085 | 0 | 0 | 0 |
| Total Liabilities | 591,826 | 22,646 | 119,878 | 6,825 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 166,799 | 5,474 | 13,667 | 0 |
| Unavailable revenue - special assessments | 128,034 | 0 | 10,716,030 | 556,642 |
| Unavailable revenue - notes receivable | 0 | 74,914 | 0 | 0 |
| Unavailable revenue - contract for deed receivable | 0 | 124,461 | 0 | 0 |
| Unavailable revenue - licenses | 71,060 | 0 | 0 | 0 |
| Unavailable revenue - state aid | 0 | 0 | 0 | 0 |
| Total Deferred Inflows Of Resources | 365,893 | 204,849 | 10,729,697 | 556,642 |
| FUND BALANCES | | | | |
| Nonspendable | 0 | 0 | 0 | 66,053 |
| Restricted | 0 | 35,651 | 5,440,681 | 0 |
| Committed | 840,514 | 3,914,649 | 0 | 8,647,926 |
| Assigned | 0 | 0 | 0 | 0 |
| Unassigned | 6,862,599 | 0 | 0 | 0 |
| Total Fund Balances | 7,703,113 | 3,950,300 | 5,440,681 | 8,713,979 |
| Total Liabilities, Deferred Inflows Of Resources, and Fund Balances | \$8,660,832 | \$4,177,795 | \$16,290,256 | \$9,277,446 |

The notes to the financial statements are an integral part of this statement.

| Street Reconstruction - Capital Projects | Major Building Replacement - Capital Projects | Other Governmental Funds | Total Governmental Funds |
|--|---|--------------------------|--------------------------|
| \$260,673 | \$935,025 | \$670,993 | \$4,119,172 |
| 2,600,755 | 9,328,814 | 6,689,938 | 41,078,547 |
| 8,448 | 27,578 | 19,188 | 110,433 |
| 0 | 0 | 0 | 83,610 |
| 0 | 0 | 44,016 | 229,956 |
| 1,696,687 | 0 | 145,508 | 13,242,901 |
| 41,213 | 0 | 8,225 | 350,188 |
| 0 | 0 | 12,402 | 78,455 |
| 0 | 0 | 0 | 1,403,155 |
| 0 | 0 | 0 | 74,914 |
| 0 | 0 | 0 | 124,461 |
| <u>\$4,607,776</u> | <u>\$10,291,417</u> | <u>\$7,590,270</u> | <u>\$60,895,792</u> |
| \$530 | \$5,149 | \$42,591 | \$218,895 |
| 0 | 0 | 2,676 | 215,207 |
| 0 | 0 | 0 | 320,719 |
| 0 | 0 | 0 | 9,350 |
| 367,108 | 0 | 0 | 370,973 |
| 0 | 0 | 0 | 24,085 |
| <u>367,638</u> | <u>5,149</u> | <u>45,267</u> | <u>1,159,229</u> |
| 0 | 0 | 44,016 | 229,956 |
| 1,696,687 | 0 | 145,508 | 13,242,901 |
| 0 | 0 | 0 | 74,914 |
| 0 | 0 | 0 | 124,461 |
| 0 | 0 | 0 | 71,060 |
| 282,298 | 0 | 0 | 282,298 |
| <u>1,978,985</u> | <u>0</u> | <u>189,524</u> | <u>14,025,590</u> |
| 0 | 0 | 12,402 | 78,455 |
| 0 | 0 | 1,654,545 | 7,130,877 |
| 2,261,153 | 10,286,268 | 5,631,428 | 31,581,938 |
| 0 | 0 | 57,104 | 57,104 |
| 0 | 0 | 0 | 6,862,599 |
| <u>2,261,153</u> | <u>10,286,268</u> | <u>7,355,479</u> | <u>45,710,973</u> |
| <u>\$4,607,776</u> | <u>\$10,291,417</u> | <u>\$7,590,270</u> | <u>\$60,895,792</u> |

City of Crystal
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2013

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$45,710,973

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets are included in net position but are excluded from fund balances because they do not represent financial resources.

| | | |
|--------------------------------|---------------------|------------|
| Cost of capital assets | \$81,350,368 | |
| Less: accumulated depreciation | <u>(36,961,344)</u> | |
| | | 44,389,024 |

Certain revenues are included in net position but are excluded from fund balances until they are available to liquidate liabilities of the current period.

| | | |
|----------------------------------|----------------|------------|
| Unavailable revenue relating to: | | |
| Delinquent taxes | 229,956 | |
| Special assessments | 13,242,901 | |
| Notes receivable | 74,914 | |
| Contract for deed receivable | <u>124,461</u> | |
| | | 13,672,232 |

Long-term liabilities are included in net position but are excluded from fund balances until due and payable.

| | | |
|--------------------------|------------------|--------------|
| Premium on debt | (121,135) | |
| Discount on debt | 71,196 | |
| Accrued interest payable | (197,254) | |
| Bonds payable | (15,876,593) | |
| Compensated absences | (840,514) | |
| Net OPEB obligation | <u>(324,384)</u> | |
| | | (17,288,684) |

Internal service funds are used by management to charge the costs of insurance and post employment health benefits to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

1,178,060

Equity interests in underlying capital assets of joint ventures associated with governmental funds are not reported in such funds because they do not represent financial assets.

| | | |
|--|--|------------------|
| Equity interest in joint venture - West Metro Fire-Rescue District | | <u>2,677,560</u> |
|--|--|------------------|

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES

\$90,339,165

The notes to the financial statements are an integral part of this statement.

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City of Crystal
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Governmental Funds
For the Year Ended December 31, 2013

| | General | EDA - Special Revenue | Debt Service | Capital Improvement Revolving - Capital Projects |
|--|--------------------|-----------------------------|--------------------|--|
| REVENUES | | | | |
| Property taxes | \$8,211,693 | \$295,242 | \$775,688 | \$0 |
| Special assessments | 232,076 | 0 | 1,936,541 | 142,503 |
| Licenses, permits and inspections | 843,741 | 0 | 0 | 0 |
| Intergovernmental | 2,019,368 | 323,819 | 0 | 74,523 |
| Charges for sales and/or services | 686,100 | 175,126 | 0 | 34,728 |
| Administrative services provided to other funds | 291,368 | 0 | 0 | 0 |
| Fines and forfeitures | 374,684 | 0 | 0 | 0 |
| Interest | 69,480 | 28,574 | 48,748 | 94,776 |
| Net increase (decrease) in fair value of investments | (56,798) | (19,449) | (36,010) | (77,469) |
| Miscellaneous | 20,504 | 20,903 | 0 | 78,030 |
| Total Revenues | 12,692,216 | 824,215 | 2,724,967 | 347,091 |
| EXPENDITURES | | | | |
| Current - | | | | |
| General government | 2,120,666 | 0 | 0 | 0 |
| Public safety | 5,617,980 | 0 | 0 | 0 |
| Public works | 1,151,659 | 0 | 0 | 0 |
| Parks and recreation | 2,022,820 | 0 | 0 | 0 |
| Community development | 630,825 | 631,948 | 0 | 0 |
| Capital outlay | 0 | 32,350 | 0 | 1,615,940 |
| Debt service - | | | | |
| Principal | 0 | 0 | 1,272,293 | 0 |
| Interest and other fees | 0 | 0 | 417,935 | 3,265 |
| Total Expenditures | 11,543,950 | 664,298 | 1,690,228 | 1,619,205 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 1,148,266 | 159,917 | 1,034,739 | (1,272,114) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of bonds | 0 | 0 | 0 | 395,000 |
| Premium on bonds issued | 0 | 0 | 0 | 0 |
| Proceeds from sale of property and equipment | 0 | 0 | 0 | 47,350 |
| Transfers in | 0 | 3,136 | 0 | 695,114 |
| Transfers out | (842,620) | 0 | 0 | 0 |
| Total Other Financing Sources (Uses) | (842,620) | 3,136 | 0 | 1,137,464 |
| NET CHANGE IN FUND BALANCES | 305,646 | 163,053 | 1,034,739 | (134,650) |
| FUND BALANCES - BEGINNING OF YEAR | 7,397,467 | 3,787,247 | 4,405,942 | 8,848,629 |
| FUND BALANCES - END OF YEAR | \$7,703,113 | \$3,950,300 | \$5,440,681 | \$8,713,979 |

The notes to the financial statements are an integral part of this statement.

| Street Reconstruction - Capital Projects | Major Building Replacement - Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|--------------------------------|--------------------------------|
| \$0 | \$0 | \$358,890 | \$9,641,513 |
| 1,110,219 | 0 | 45,904 | 3,467,243 |
| 0 | 0 | 0 | 843,741 |
| 601,059 | 0 | 27,993 | 3,046,762 |
| 0 | 0 | 3,571 | 899,525 |
| 0 | 0 | 0 | 291,368 |
| 0 | 0 | 23,075 | 397,759 |
| 35,507 | 115,920 | 80,655 | 473,660 |
| (29,023) | (94,751) | (65,926) | (379,426) |
| 320,101 | 0 | 63,340 | 502,878 |
| 2,037,863 | 21,169 | 537,502 | 19,185,023 |
| 0 | 26,824 | 10,674 | 2,158,164 |
| 0 | 0 | 61,223 | 5,679,203 |
| 0 | 0 | 160,060 | 1,311,719 |
| 0 | 0 | 6,359 | 2,029,179 |
| 0 | 0 | 201,789 | 1,464,562 |
| 5,477,987 | 17,040 | 184,560 | 7,327,877 |
| 0 | 0 | 86,518 | 1,358,811 |
| 55,726 | 0 | 87,255 | 564,181 |
| 5,533,713 | 43,864 | 798,438 | 21,893,696 |
| (3,495,850) | (22,695) | (260,936) | (2,708,673) |
| 3,235,000 | 0 | 0 | 3,630,000 |
| 58,626 | 0 | 0 | 58,626 |
| 0 | 0 | 9,960 | 57,310 |
| 0 | 0 | 197,100 | 895,350 |
| 0 | 0 | (3,136) | (845,756) |
| 3,293,626 | 0 | 203,924 | 3,795,530 |
| (202,224) | (22,695) | (57,012) | 1,086,857 |
| 2,463,377 | 10,308,963 | 7,412,491 | 44,624,116 |
| \$2,261,153 | \$10,286,268 | \$7,355,479 | \$45,710,973 |

City of Crystal
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$1,086,857

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|----------------------|--------------------|-----------|
| Capital outlay | \$7,932,288 | |
| Depreciation expense | <u>(3,274,543)</u> | 4,657,745 |

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net assets. (54,654)

Certain revenues are included in the change in net position but are excluded from the net change in fund balances until they are available to liquidate liabilities of the current period.

| | | |
|---|---------------------|-----------|
| Unavailable revenue - December 31, 2013 | 13,672,232 | |
| Unavailable revenue - December 31, 2012 | <u>(11,814,353)</u> | 1,857,879 |

Net income (loss) from joint venture - West Metro Fire-Rescue District (66,109)

The issuance of long-term debt provides current financial resources to governmental funds, while repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

| | | |
|---|-----------------|-------------|
| Proceeds from bonds issued | (3,630,000) | |
| Bond principal payments | 1,272,293 | |
| Write off outstanding balance of note payable | 35,081 | |
| Premium on bonds issued | <u>(58,626)</u> | (2,381,252) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

| | | |
|-------------------------------|-----------------|----------|
| Amortization of bond premium | 6,126 | |
| Amortization of bond discount | (6,353) | |
| Accrued interest payable | (22,207) | |
| Compensated absences | 42,428 | |
| Net OPEB obligation | <u>(50,592)</u> | (30,598) |

Internal service funds are used by management to charge the costs of insurance and post employment health benefits to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

135,842

CHANGE IN NET POSITION PER STATEMENT OF ACTIVITIES - GOVERNMENTAL ACTIVITIES

\$5,205,710

The notes to the financial statements are an integral part of this statement.

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City of Crystal
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 General Fund
 For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|---|-------------------|-------------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$8,160,000 | \$8,160,000 | \$8,211,693 | \$51,693 |
| Special assessments | 187,200 | 187,200 | 232,076 | 44,876 |
| Licenses, permits and inspections | 683,880 | 711,880 | 843,741 | 131,861 |
| Intergovernmental | 1,756,509 | 1,963,295 | 2,019,368 | 56,073 |
| Charges for sales and/or services | 707,090 | 679,090 | 686,100 | 7,010 |
| Administrative services provided to other funds | 291,148 | 291,148 | 291,368 | 220 |
| Fines and forfeitures | 347,000 | 347,000 | 374,684 | 27,684 |
| Interest | 60,000 | 60,000 | 69,480 | 9,480 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (56,798) | (56,798) |
| Miscellaneous | 18,000 | 18,000 | 20,504 | 2,504 |
| Total Revenues | 12,210,827 | 12,417,613 | 12,692,216 | 274,603 |
| EXPENDITURES | | | | |
| Current - | | | | |
| General government - | | | | |
| Mayor and council | 116,013 | 133,263 | 133,228 | 35 |
| Administration | 919,857 | 889,857 | 889,526 | 331 |
| Human resources | 57,420 | 85,620 | 85,572 | 48 |
| Assessing | 214,639 | 214,639 | 211,965 | 2,674 |
| Legal | 90,000 | 201,300 | 201,291 | 9 |
| Elections | 5,039 | 5,039 | 1,087 | 3,952 |
| Finance | 457,176 | 457,176 | 448,471 | 8,705 |
| City buildings | 173,004 | 173,004 | 149,526 | 23,478 |
| Total General Government | 2,033,148 | 2,159,898 | 2,120,666 | 39,232 |
| Public safety - | | | | |
| Police | 4,559,035 | 4,459,035 | 4,456,154 | 2,881 |
| Fire | 955,040 | 1,161,826 | 1,161,826 | 0 |
| Total Public Safety | 5,514,075 | 5,620,861 | 5,617,980 | 2,881 |
| Public works - | | | | |
| Engineering | 329,980 | 329,980 | 325,686 | 4,294 |
| Street maintenance | 822,433 | 826,033 | 825,973 | 60 |
| Total Public Works | 1,152,413 | 1,156,013 | 1,151,659 | 4,354 |
| Parks and recreation - | | | | |
| Park maintenance | 724,952 | 667,952 | 665,880 | 2,072 |
| Forestry | 158,396 | 158,396 | 128,935 | 29,461 |
| Recreation | 643,657 | 643,657 | 633,904 | 9,753 |
| Community Center | 341,964 | 362,864 | 362,824 | 40 |
| Waterslide / swimming pool | 234,491 | 234,491 | 231,277 | 3,214 |
| Total Parks and Recreation | 2,103,460 | 2,067,360 | 2,022,820 | 44,540 |

Continued . . .

City of Crystal
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
General Fund
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|
| | Original | Final | | |
| Continued from previous page . . . | | | | |
| Community development - | | | | |
| Planning and code enforcement | \$208,452 | \$208,452 | \$204,172 | \$4,280 |
| Building inspection | 248,954 | 253,254 | 253,202 | 52 |
| Housing inspection | 146,318 | 148,418 | 148,387 | 31 |
| Health department | 28,107 | 28,107 | 25,064 | 3,043 |
| Total Community Development | <u>631,831</u> | <u>638,231</u> | <u>630,825</u> | <u>7,406</u> |
| Total Expenditures | <u>11,434,927</u> | <u>11,642,363</u> | <u>11,543,950</u> | <u>98,413</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 775,900 | 775,250 | 1,148,266 | 373,016 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | <u>(775,900)</u> | <u>(842,620)</u> | <u>(842,620)</u> | <u>0</u> |
| NET CHANGE IN FUND BALANCES | 0 | (67,370) | 305,646 | 373,016 |
| FUND BALANCES - BEGINNING OF YEAR | <u>7,397,467</u> | <u>7,397,467</u> | <u>7,397,467</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$7,397,467</u></u> | <u><u>\$7,330,097</u></u> | <u><u>\$7,703,113</u></u> | <u><u>\$373,016</u></u> |

The notes to the financial statements are an integral part of this statement.

City of Crystal
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
EDA - Special Revenue
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$239,156 | \$239,156 | \$295,242 | \$56,086 |
| Intergovernmental | 0 | 0 | 323,819 | 323,819 |
| Charges for sales and/or services | 368,470 | 368,470 | 175,126 | (193,344) |
| Interest | 30,780 | 30,780 | 28,574 | (2,206) |
| Net increase (decrease) in fair value of investments | 0 | 0 | (19,449) | (19,449) |
| Miscellaneous | 54,000 | 54,000 | 20,903 | (33,097) |
| Total Revenues | 692,406 | 692,406 | 824,215 | 131,809 |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community development | 371,968 | 439,368 | 631,948 | (192,580) |
| Capital outlay | 225,000 | 225,000 | 32,350 | 192,650 |
| Total Expenditures | 596,968 | 664,368 | 664,298 | 70 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 95,438 | 28,038 | 159,917 | 131,879 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 11,000 | 11,000 | 3,136 | (7,864) |
| NET CHANGE IN FUND BALANCES | 106,438 | 39,038 | 163,053 | 124,015 |
| FUND BALANCES - BEGINNING OF YEAR | 3,787,247 | 3,787,247 | 3,787,247 | 0 |
| FUND BALANCES - END OF YEAR | <u>\$3,893,685</u> | <u>\$3,826,285</u> | <u>\$3,950,300</u> | <u>\$124,015</u> |

The notes to the financial statements are an integral part of this statement.

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City of Crystal
STATEMENT OF FUND NET POSITION
Proprietary Funds
December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | |
|---|--|--------------------|--------------------|--------------------|------------------|
| | Water | Sanitary Sewer | Storm Drainage | Street Lights | Recycling |
| ASSETS | | | | | |
| Current Assets: | | | | | |
| Cash and cash equivalents | \$195,903 | \$420,073 | \$35,789 | \$59,373 | \$8,284 |
| Investments | 1,954,534 | 4,191,097 | 357,072 | 592,372 | 82,649 |
| Accrued interest | 5,770 | 11,768 | 1,654 | 1,777 | 190 |
| Accounts receivable | 525,731 | 384,603 | 137,035 | 41,134 | 62,280 |
| Special assessments receivable | 356,330 | 0 | 0 | 0 | 0 |
| Due from other governments | 198,399 | 5,086 | 14,986 | 182 | 0 |
| Inventory | 26,884 | 8,281 | 4,479 | 0 | 0 |
| Other assets | 520 | 520 | 260 | 0 | 0 |
| Total Current Assets | 3,264,071 | 5,021,428 | 551,275 | 694,838 | 153,403 |
| Noncurrent Assets: | | | | | |
| Equity interest in joint venture | 934,192 | 0 | 0 | 0 | 0 |
| Capital Assets - | | | | | |
| Land | 42,200 | 0 | 716,862 | 0 | 0 |
| Buildings and structures | 110,924 | 110,923 | 7,618 | 0 | 0 |
| Improvements other than buildings | 0 | 0 | 170,540 | 16,861 | 0 |
| Machinery and equipment | 2,220,965 | 446,773 | 466,990 | 0 | 0 |
| Office equipment and furniture | 29,287 | 0 | 0 | 0 | 0 |
| Software | 32,888 | 32,888 | 32,888 | 0 | 0 |
| Vehicles and trailers | 96,441 | 141,025 | 197,777 | 0 | 0 |
| Infrastructure | 3,045,805 | 6,342,669 | 11,286,712 | 627,483 | 0 |
| Construction in progress | 0 | 0 | 896,784 | 20,000 | 0 |
| | 5,578,510 | 7,074,278 | 13,776,171 | 664,344 | 0 |
| Less: accumulated depreciation | (2,049,753) | (4,536,539) | (4,715,366) | (135,822) | 0 |
| Total Capital Assets (net of accumulated depreciation) | 3,528,757 | 2,537,739 | 9,060,805 | 528,522 | 0 |
| Total Noncurrent Assets | 4,462,949 | 2,537,739 | 9,060,805 | 528,522 | 0 |
| Total Assets | 7,727,020 | 7,559,167 | 9,612,080 | 1,223,360 | 153,403 |
| LIABILITIES | | | | | |
| Current Liabilities: | | | | | |
| Accounts payable | 6,453 | 4,359 | 7,349 | 3,166 | 0 |
| Due to other governments | 201,361 | 2,237 | 2,393 | 67,501 | 0 |
| Accrued salaries and wages | 12,625 | 12,625 | 6,313 | 0 | 0 |
| Deposits payable | 800 | 0 | 0 | 0 | 0 |
| Contracts payable | 31,233 | 0 | 13,039 | 0 | 0 |
| Retainage payable | 0 | 0 | 686 | 0 | 0 |
| Current portion of accrued compensated absences | 9,745 | 9,745 | 4,871 | 0 | 0 |
| Total Current Liabilities | 262,217 | 28,966 | 34,651 | 70,667 | 0 |
| Noncurrent Liabilities: | | | | | |
| Noncurrent portion of accrued compensated absences | 30,342 | 30,342 | 15,172 | 0 | 0 |
| Net OPEB obligation | 12,810 | 12,810 | 6,405 | 0 | 0 |
| Total Noncurrent Liabilities | 43,152 | 43,152 | 21,577 | 0 | 0 |
| Total Liabilities | 305,369 | 72,118 | 56,228 | 70,667 | 0 |
| NET POSITION | | | | | |
| Net investment in capital assets | 3,528,757 | 2,537,739 | 9,060,805 | 528,522 | 0 |
| Unrestricted | 3,892,894 | 4,949,310 | 495,047 | 624,171 | 153,403 |
| Total Net Position | \$7,421,651 | \$7,487,049 | \$9,555,852 | \$1,152,693 | \$153,403 |

The notes to the financial statements are an integral part of this statement.

| <u>Total</u> | <u>Governmental Activities - Internal Service Funds</u> |
|---------------------|---|
| \$719,422 | \$113,781 |
| 7,177,724 | 1,135,204 |
| 21,159 | 3,185 |
| 1,150,783 | 0 |
| 356,330 | 0 |
| 218,653 | 0 |
| 39,644 | 0 |
| 1,300 | 0 |
| <u>9,685,015</u> | <u>1,252,170</u> |
| 934,192 | 0 |
| 759,062 | 0 |
| 229,465 | 0 |
| 187,401 | 0 |
| 3,134,728 | 0 |
| 29,287 | 0 |
| 98,664 | 0 |
| 435,243 | 0 |
| 21,302,669 | 0 |
| 916,784 | 0 |
| <u>27,093,303</u> | <u>0</u> |
| <u>(11,437,480)</u> | <u>0</u> |
| <u>15,655,823</u> | <u>0</u> |
| <u>16,590,015</u> | <u>0</u> |
| 26,275,030 | 1,252,170 |
| 21,327 | 65,261 |
| 273,492 | 8,849 |
| 31,563 | 0 |
| 800 | 0 |
| 44,272 | 0 |
| 686 | 0 |
| <u>24,361</u> | <u>0</u> |
| 396,501 | 74,110 |
| 75,856 | 0 |
| <u>32,025</u> | <u>0</u> |
| <u>107,881</u> | <u>0</u> |
| <u>504,382</u> | <u>74,110</u> |
| 15,655,823 | 0 |
| <u>10,114,825</u> | <u>1,178,060</u> |
| <u>\$25,770,648</u> | <u>\$1,178,060</u> |

City of Crystal
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
Proprietary Funds
For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | |
|---|--|--------------------|--------------------|--------------------|------------------|
| | Water | Sanitary Sewer | Storm Drainage | Street Lights | Recycling |
| OPERATING REVENUES | | | | | |
| Charges for sales and/or services | \$2,637,830 | \$1,939,539 | \$717,005 | \$169,015 | \$334,162 |
| Other charges | 187,423 | 7,655 | 7,882 | 182 | 0 |
| Miscellaneous | 0 | 0 | 0 | 0 | 0 |
| Total Operating Revenues | 2,825,253 | 1,947,194 | 724,887 | 169,197 | 334,162 |
| OPERATING EXPENSES | | | | | |
| Personal services | 312,384 | 312,279 | 165,527 | 0 | 0 |
| Other services | 280,367 | 85,038 | 173,217 | 78,560 | 279 |
| Supplies | 42,227 | 37,728 | 34,793 | 10,593 | 0 |
| Water purchases | 2,081,744 | 0 | 0 | 0 | 0 |
| Sewage disposal charges | 0 | 1,270,154 | 0 | 0 | 0 |
| Electric service | 0 | 0 | 0 | 124,636 | 0 |
| Recycling charges | 0 | 0 | 0 | 0 | 323,568 |
| Depreciation | 183,573 | 103,794 | 292,012 | 30,060 | 0 |
| Administrative services charged by General Fund | 117,472 | 117,472 | 31,610 | 8,930 | 5,284 |
| Insurance | 0 | 0 | 0 | 0 | 0 |
| Total Operating Expenses | 3,017,767 | 1,926,465 | 697,159 | 252,779 | 329,131 |
| OPERATING INCOME (LOSS) | (192,514) | 20,729 | 27,728 | (83,582) | 5,031 |
| NON-OPERATING REVENUES (EXPENSES) | | | | | |
| Interest | 24,253 | 49,465 | 6,951 | 7,473 | 797 |
| Net increase (decrease) in fair value of investments | (19,824) | (40,432) | (5,682) | (6,109) | (651) |
| Gain on disposition of capital assets | 17,100 | 17,100 | 17,100 | 0 | 0 |
| (Loss) on disposition of capital assets | (74,887) | (1,199) | (63,213) | (56,617) | 0 |
| Net income (loss) from joint venture | 211,392 | 0 | 0 | 0 | 0 |
| Total Non-Operating Revenues (Expenses) | 158,034 | 24,934 | (44,844) | (55,253) | 146 |
| INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS | (34,480) | 45,663 | (17,116) | (138,835) | 5,177 |
| CAPITAL CONTRIBUTIONS | 0 | 0 | 1,550,646 | 71,226 | 0 |
| TRANSFERS OUT | 0 | 0 | (49,594) | 0 | 0 |
| CHANGE IN NET POSITION | (34,480) | 45,663 | 1,483,936 | (67,609) | 5,177 |
| NET POSITION - BEGINNING OF YEAR | 7,456,131 | 7,441,386 | 8,071,916 | 1,220,302 | 148,226 |
| NET POSITION - END OF YEAR | \$7,421,651 | \$7,487,049 | \$9,555,852 | \$1,152,693 | \$153,403 |

Change In Net Position, as Reported Above

Amount reported for business-type activities in the Statement of Activities may be different due to:

Transfers in of capital assets from governmental activities

Governmental activities capital contributions, as reported above

Change In Net Position of Business-type activities, per Statement of Activities

The notes to the financial statements are an integral part of this statement.

| <u>Total</u> | <u>Governmental Activities - Internal Service Funds</u> |
|--------------|---|
| \$5,797,551 | \$163,364 |
| 203,142 | 0 |
| 0 | 107,655 |
| 6,000,693 | 271,019 |
| 790,190 | 0 |
| 617,461 | 0 |
| 125,341 | 0 |
| 2,081,744 | 0 |
| 1,270,154 | 0 |
| 124,636 | 0 |
| 323,568 | 0 |
| 609,439 | 0 |
| 280,768 | 0 |
| 0 | 137,621 |
| 6,223,301 | 137,621 |
| (222,608) | 133,398 |
| 88,939 | 13,384 |
| (72,698) | (10,940) |
| 51,300 | 0 |
| (195,916) | 0 |
| 211,392 | 0 |
| 83,017 | 2,444 |
| (139,591) | 135,842 |
| 1,621,872 | 0 |
| (49,594) | 0 |
| 1,432,687 | 135,842 |
| 24,337,961 | 1,042,218 |
| \$25,770,648 | \$1,178,060 |
| | |
| \$1,432,687 | |
| 302,350 | |
| (302,350) | |
| \$1,432,687 | |

City of Crystal
STATEMENT OF CASH FLOWS
Proprietary Funds
For the Year Ended December 31, 2013

| | Business-type Activities - Enterprise Funds | | | | |
|---|--|-------------------|--------------------|------------------|----------------|
| | Water | Sanitary Sewer | Storm Drainage | Street Lights | Recycling |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Receipts from customers | \$2,709,769 | \$1,947,543 | \$1,112,248 | \$161,503 | \$333,660 |
| Payments to suppliers | (2,321,556) | (1,394,759) | (290,691) | (154,629) | (323,870) |
| Payments to employees | (310,210) | (310,105) | (164,440) | 0 | 0 |
| Payments for interfund services used | (117,472) | (117,472) | (31,610) | (8,930) | (5,284) |
| Net cash provided by (used for) operating activities | <u>(39,469)</u> | <u>125,207</u> | <u>625,507</u> | <u>(2,056)</u> | <u>4,506</u> |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | | |
| Transfers to other funds | 0 | 0 | (49,594) | 0 | 0 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | |
| Purchases of capital assets | 0 | (24,099) | (861,724) | (32,350) | 0 |
| Proceeds from sale of capital assets | 17,100 | 17,100 | 17,100 | 0 | 0 |
| Net cash provided by (used for) capital and related financing activities | <u>17,100</u> | <u>(6,999)</u> | <u>(844,624)</u> | <u>(32,350)</u> | <u>0</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sales and maturities of investments | 1,141,271 | 2,297,242 | 452,403 | 372,080 | 43,496 |
| Purchase of investments | (1,083,921) | (2,324,245) | (198,020) | (328,510) | (45,834) |
| Interest received | 28,898 | 55,652 | 10,014 | 8,488 | 855 |
| Net cash provided by (used for) investing activities | <u>86,248</u> | <u>28,649</u> | <u>264,397</u> | <u>52,058</u> | <u>(1,483)</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | | | | | |
| | 63,879 | 146,857 | (4,314) | 17,652 | 3,023 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | | | | | |
| | <u>132,024</u> | <u>273,216</u> | <u>40,103</u> | <u>41,721</u> | <u>5,261</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | | | | | |
| | <u>\$195,903</u> | <u>\$420,073</u> | <u>\$35,789</u> | <u>\$59,373</u> | <u>\$8,284</u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | | | |
| Operating income (loss) | (\$192,514) | \$20,729 | \$27,728 | (\$83,582) | \$5,031 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | |
| Depreciation | 183,573 | 103,794 | 292,012 | 30,060 | 0 |
| Changes in assets and liabilities - | | | | | |
| (Increase) decrease in accounts receivable | 7,065 | 5,435 | 115,776 | (7,886) | (502) |
| (Increase) decrease in special assessments receivable | 50,284 | 0 | 0 | 0 | 0 |
| (Increase) decrease in due from other governments | (172,833) | (5,086) | 271,585 | 192 | 0 |
| (Increase) decrease in inventory | 5,046 | (2,026) | (848) | 0 | 0 |
| (Increase) decrease in other assets | 0 | 0 | 34,000 | 0 | 0 |
| Increase (decrease) in accounts payable | (4,027) | 1,438 | (4,318) | (8,341) | (23) |
| Increase (decrease) in due to other governments | 50,530 | (1,251) | 649 | 67,501 | 0 |
| Increase (decrease) in accrued salaries and wages | (151) | (151) | (76) | 0 | 0 |
| Increase (decrease) in contracts payable | 31,233 | 0 | (106,556) | 0 | 0 |
| Increase (decrease) in retainage payable | 0 | 0 | (5,608) | 0 | 0 |
| Increase (decrease) in net OPEB obligation | 2,325 | 2,325 | 1,163 | 0 | 0 |
| Net cash provided by (used for) operating activities | <u>(\$39,469)</u> | <u>\$125,207</u> | <u>\$625,507</u> | <u>(\$2,056)</u> | <u>\$4,506</u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | | | |
| Net increase (decrease) in fair value of investments | <u>(\$19,824)</u> | <u>(\$40,432)</u> | <u>(\$5,682)</u> | <u>(\$6,109)</u> | <u>(\$651)</u> |
| Net income (loss) from joint venture | <u>\$211,392</u> | | | | |
| Contribution of capital assets from government | | | <u>\$270,000</u> | <u>\$32,350</u> | |
| Contribution of capital assets from other government | | | <u>\$1,280,646</u> | <u>\$38,876</u> | |

The notes to the financial statements are an integral part of this statement.

| <u>Total</u> | <u>Governmental Activities - Internal Service Funds</u> |
|--------------------|---|
| \$6,264,723 | \$271,019 |
| (4,485,505) | (291,309) |
| (784,755) | 0 |
| <u>(280,768)</u> | <u>0</u> |
| 713,695 | (20,290) |
| | |
| (49,594) | 0 |
| | |
| (918,173) | 0 |
| <u>51,300</u> | <u>0</u> |
| (866,873) | 0 |
| | |
| 4,306,492 | 671,491 |
| (3,980,530) | (629,547) |
| <u>103,907</u> | <u>14,924</u> |
| <u>429,869</u> | <u>56,868</u> |
| | |
| 227,097 | 36,578 |
| <u>492,325</u> | <u>77,203</u> |
| <u>\$719,422</u> | <u>\$113,781</u> |
| | |
| (\$222,608) | \$133,398 |
| | |
| 609,439 | 0 |
| 119,888 | 0 |
| 50,284 | 0 |
| 93,858 | 0 |
| 2,172 | 0 |
| 34,000 | 0 |
| (15,271) | (136,873) |
| 117,429 | (16,815) |
| (378) | 0 |
| (75,323) | 0 |
| (5,608) | 0 |
| <u>5,813</u> | <u>0</u> |
| <u>\$713,695</u> | <u>(\$20,290)</u> |
| | |
| <u>(\$72,698)</u> | <u>\$10,940</u> |
| <u>\$211,392</u> | |
| <u>\$302,350</u> | |
| <u>\$1,319,522</u> | |

City of Crystal
 STATEMENT OF FIDUCIARY NET POSITION
 Fiduciary Funds
 December 31, 2013

| | Hennepin Recycling Group Agency Fund |
|---------------------------------|--|
| | |
| ASSETS | |
| Cash and cash equivalents | \$186,998 |
| Investments | 1,865,698 |
| Accrued interest | 5,093 |
| Due from other governments | 678 |
| Total Assets | \$2,058,467 |
| LIABILITIES | |
| Accounts payable | \$50,160 |
| Due to other governments | 84,070 |
| Due to Hennepin Recycling Group | 1,924,237 |
| Total Liabilities | \$2,058,467 |

The notes to the financial statements are an integral part of this statement.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies

A. Reporting Entity

The City of Crystal (the City) operates under the Home Rule Charter form of government in accordance with applicable State of Minnesota statutes. The charter prescribes a Manager-Council form of organization. The governing body consists of a seven-member City Council elected at large to serve four-year staggered terms. The accompanying financial statements present the activities of the government. Certain organizations have been defined in accordance with GASB Statement No. 14 and are presented in this report as follows:

1. Blended Component Units

Blended component units, although legally separate entities, are, in substance, part of the government's operations. The City has one blended component unit which is reported as if it were part of the City.

Although the Economic Development Authority (EDA) in and for the City is legally separate from the City, the EDA is reported as if it were part of the primary government because its governing board is comprised of the City council members. The EDA was created by the City to provide housing and redevelopment assistance through the administration of various programs. It levies taxes to provide funds for redevelopment in the City. The EDA is reported as a special revenue fund.

2. Joint Ventures

A joint venture is a legal entity or other organization that results from a contractual agreement and that is owned, operated, or governed by two or more participants as a separate and specific activity subject to joint control. The participants retain either an ongoing financial interest or an ongoing financial responsibility. The City participates in two joint ventures – the Golden Valley, Crystal, New Hope Joint Water Commission and the West Metro Fire-Rescue District. Descriptions and other financial information for these organizations are included in the note entitled Joint Ventures and Jointly Governed Organizations.

3. Jointly Governed Organizations

The City has several agreements with governmental and other entities that provide reduced costs, better service and additional benefits to participants. The various programs in which the City participates in are described in the note entitled Joint Ventures and Jointly Governed Organizations.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The City does not allocate indirect expenses. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The City's fiduciary funds include an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Major revenues that are susceptible to accrual include property taxes, special assessments, intergovernmental revenues, charges for services, and investment earnings. Major revenues that are not susceptible to accrual include licenses, permits, and inspection fees, and miscellaneous revenues. Such revenues are recorded only as received because they are not measurable until collected.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The government reports the following major governmental funds:

- General Fund – This is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- EDA – Special Revenue – The EDA fund, a blended component unit, is used to account for the City’s housing and redevelopment activities. Significant revenue sources include property taxes, charges for sales, and transfers from other funds.
- Debt Service – This fund accounts for resources accumulated, and payments made, for principal and interest on long-term general obligation debt and tax increment revenue notes of governmental funds.
- Capital Improvement Revolving – Capital Projects – This fund is used to account for the majority of the City’s capital acquisitions and improvements, as they relate to operations of the City.
- Street Reconstruction – Capital Projects – This fund is used to account for ongoing street reconstruction projects in the City. A total of sixteen reconstruction phases are planned.
- Major Building Replacement – Capital Projects – This fund is used to account for major renovation and/or construction of City buildings.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

The government reports the following major proprietary funds:

- Water – This fund accounts for the provision of water to residents and customers of the City. The cities of Crystal, Golden Valley, and New Hope established a joint water commission in 1963 to provide for the creation and maintenance of a joint water supply, storage, and distribution system through which water purchased from the City of Minneapolis can be supplied to the population of the member cities.
- Sanitary Sewer – This fund accounts for the collection and pumping of sanitary sewage through a system of sewer lines and lift stations. Sewage is treated by Metropolitan Council Environmental Services (MCES).
- Storm Drainage – This fund accounts for the operation, maintenance, and improvement of the City's storm drainage system.
- Street Lights – This fund accounts for the operation, maintenance, and improvement of the City's street lights.
- Recycling – This fund accounts for the provision of recycling services to residents and customers of the City. Recycling services are provided by Hennepin Recycling Group (HRG).

Additionally, the government reports the following fund types:

- Internal Service Funds are used to account, on a cost-reimbursement basis, for the financing of uninsured risks of loss (self-insurance), as well as post employment health benefits for eligible retirees.
- The Agency Fund accounts for the collection, recycling, and disposal of solid waste activities of Hennepin Recycling Group (HRG), a jointly-governed organization in which the City participates.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. An exception to this general rule is charges between the government's enterprise funds and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation
(Continued)

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and of the government's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The government's cash and cash equivalents are considered to be change funds, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Cash balances from all funds are combined and invested to the extent available in authorized investments (Refer to note entitled Deposits and Investments). Earnings from such investments are allocated to the respective funds on the basis of applicable cash balance participation by each fund.

Investments are reported at fair value, based upon quoted market prices at the reporting date. The City invests in the Minnesota Municipal Money Market Fund, an external investment pool not registered with the Securities Exchange Commission (SEC), but that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.

2. Accounts Receivable

All utility and miscellaneous accounts receivable are shown at a gross amount. Since most uncollectible accounts are able to be certified to Hennepin County for collection with real estate taxes, no allowance for uncollectible accounts has been provided.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance
(Continued)

3. Delinquent Taxes Receivable

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

The County spreads all levies over taxable property. Such taxes become a lien on January 1. Revenues are accrued and recognized in the year collectible, net of delinquencies.

Real property taxes may be paid by taxpayers in two equal installments by May 15 and October 15 of each year. Personal property taxes may be paid by February 28 and June 30 of each year. The County provides tax settlements to cities and other taxing districts three times a year – in July, December and January of the following year.

In the fund financial statements, taxes that remain unpaid at December 31 are classified as delinquent taxes receivable. They are fully offset by a deferred inflow of resources because they are not known to be available to finance current expenditures.

4. Special Assessments Receivable

In accordance with state statutes, special assessments are levied against benefited properties for the assessable costs of improvement projects. The City normally adopts an assessment roll at the time an individual project is started. Assessments are collectible over a term of years generally consistent with the term of years of the related bond issue. The County handles collection of annual installments, including interest, in the same manner as property taxes. Property owners are allowed to prepay total future installments without interest or prepayment penalties.

In the fund financial statements, special assessments receivable include the following components, and are offset by a deferred inflow of resources:

- Delinquent – amounts billed to property owners but not yet paid
- Deferred – installments that will be billed to property owners in future years.

5. Inventory and Prepaid Items

Inventories of the enterprise funds are valued at cost using the first-in/first-out (FIFO) method. The cost of inventories is recorded using the consumption method, where costs are recorded as expenses when consumed rather than when purchased.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance
(Continued)

5. Inventory and Prepaid Items (Continued)

Prepaid items in the government-wide and fund financial statements reflect costs paid to vendors that are applicable to future accounting periods. The cost of prepaid items is recorded using the consumption method, where costs are recorded as expenditures when consumed rather than when purchased.

6. Land Held for Resale

The Crystal EDA acquires properties for redevelopment purposes. Land held for resale is reported as an asset at its net realizable value in the EDA Special Revenue Fund. Any costs incurred that are above a property's net realizable value are reported as expenditures of the current period.

7. Capital Assets

Capital assets, both tangible and intangible, which include land, buildings and structures, improvements other than buildings, machinery and equipment, office equipment and furniture, software, vehicles and trailers, and infrastructure (utility systems, traffic and transportation systems and park systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

With the initial capitalization of infrastructure assets of governmental activities, as required by the implementation of GASB Statement No. 34, the City chose to include all such items, regardless of acquisition date. Historical costs were available from an independent, city-wide asset valuation that had been completed in 1992, as well as from contractor invoices for street reconstruction projects completed subsequent to 1992.

Tangible and intangible capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest is not being capitalized on construction projects.

Tangible and intangible capital assets of the City are depreciated using the straight-line, mid-month convention. In instances in which estimated useful lives have been revised to more closely approximate historical experience, depreciation is calculated by taking the net remaining value over the remaining life (prospectively). Estimated useful lives are as follows:

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance
 (Continued)

7. Capital Assets (Continued)

| <u>Classification</u> | <u>Years</u> |
|------------------------------------|--------------|
| Buildings and structures | 5-50 |
| Improvements other than buildings | 5-30 |
| Machinery and equipment | 5-30 |
| Office equipment and furniture | 5-20 |
| Software | 5 |
| Vehicles and trailers | 3-12 |
| Infrastructure: | |
| Utility systems | 25-75 |
| Traffic and transportation systems | 10-30 |
| Park systems | 15-20 |

8. Compensated Absences Payable

The City compensates all employees for unused vacation hours upon termination. Eligible employees are compensated for accrued compensatory hours upon termination. Employees terminating their employment with the City after ten or more continuous years of service are compensated for 40% of their accumulated sick leave hours at their current base hourly rate of pay. The maximum amount of accrued sick leave hours that may be converted is 960.

Accumulated or vested vacation, compensatory, and sick time estimated to be payable as termination pay is accrued as incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

9. Long-Term Obligations

In the government-wide financial statements and in the proprietary fund types in fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Debt issuance costs are recognized as expense in the period incurred.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance
(Continued)

9. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Deferred Inflows Of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has certain items which arise only under the modified accrual basis of accounting that qualify for reporting in this category. Accordingly, these items are reported only in the governmental funds balance sheet as unavailable revenue. The governmental funds report unavailable revenues from four sources: property taxes, special assessments, notes receivable, and contract for deed receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The City also has certain items which arise under the modified accrual and full accrual basis of accounting that qualify for reporting in this category. Accordingly, these items are reported in the Statement of Net Position and governmental funds balance sheet as unavailable revenue. The Statement of Net Position and governmental funds report unavailable revenues from two sources: licenses paid in advance and state aid. These amounts are deferred and recognized as an inflow of resources in the period in which the time requirements have been met.

11. Fund Balance Classifications

In the fund financial statements, governmental funds report fund balance in classifications that disclose constraints for which amounts in those funds can be spent. Classifications of fund balance that will be used are as follows:

- *Nonspendable* – These are resources that cannot be spent because they are either not readily convertible to cash or are legally or contractually required to be maintained intact. Examples include money held in escrow, prepaid amounts, land held for resale, and long-term loans or notes receivable.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 1 – Summary of Significant Accounting Policies (Continued)

D. Assets, Liabilities, Deferred Inflows Of Resources, and Net Position/Fund Balance
(Continued)

11. Fund Balance Classifications (Continued)

- *Restricted* – These are resources whose spending is constrained externally by creditors or by laws and regulations of another government. Examples include grants, intergovernmental revenues, and resources in debt service funds that include a legally enforceable requirement that those resources be spent only for specific purposes.
- *Committed* – These are resources that can only be used for specific purposes established by the City Council. Establishment of these specific purposes must be done by a resolution adopted by the City Council and may only be changed or removed by a resolution adopted by the City Council.
- *Assigned* – These are resources that the City intends to be used for specific purposes, but are neither restricted nor committed. This intent may be expressed by a motion of the City Council or by the City Manager, upon recommendation of the Finance Director.
- *Unassigned* – These are resources that are available for any purpose of the fund. Amounts identified as cash flow resources are classified as unassigned. Only the General Fund may have a positive unassigned fund balance. A deficit fund balance in any fund must be classified as an unassigned fund balance.

When multiple classifications of resources are available for use, it is the City's policy to first use restricted resources if permitted, then committed, assigned, or unassigned resources. It is the City's policy to retain in fund balance resources that have the lowest level of constraints possible.

Note 2 – Stewardship, Compliance and Accountability

A. Budgets and Budgetary Accounting

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

- Prior to each September 15, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following January. The operating budgets include proposed expenditures and the means of financing them.
- In November, the County mails individual property tax notices to residents showing the taxes that would result from the proposed budgets of all taxing units within the City.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 2 – Stewardship, Compliance and Accountability (Continued)

A. Budgets and Budgetary Accounting (Continued)

- Prior to proposed budgets being approved, public hearings are conducted to obtain taxpayer comments.
- In December, final budgets are legally enacted by the City Council through passage of a resolution.
- During the budget year, the City Council must authorize any transfer of budgeted amounts between departments within the General Fund. City management may authorize a transfer of budgeted amounts within individual departments without obtaining approval from the City Council.
- Supplemental appropriations during the year may only be made by the City Council. These amounts must be financed by funds from the contingency reserve set up in the General Fund or by additional revenues.
- All budget amounts lapse at the end of the year to the extent they have not been expended.
- Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriated budgets are adopted for all governmental funds. The budgets are adopted on a modified accrual basis.
- Budgets are adopted on an accrual basis for all enterprise and internal service funds.
- Budgetary control is maintained at the department level for the General Fund and at the fund level for all other funds that adopt annual budgets. City management must request approval from the City Council before exceeding budget at the applicable level.

B. Excess of Expenditures over Budget

Expenditures exceeded budget in the CDBG Fund by \$3,562. The over-expenditure was fully offset by revenue.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 3 – Deposits and Investments

A. Deposits

In accordance with Minnesota Statutes, the City maintains deposits at national or state banks within the state, as authorized by the City Council. The following is considered to be 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 deposits may be lost.

Minnesota Statutes require that all City deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Authorized collateral includes treasury bills, notes, and bonds; issues of U.S. government agencies; general obligations rated “A” or better; revenue obligations rated “AA” or better; irrevocable standard letters of credit issued by the Federal Home Loan Bank; and certificates of deposit. Minnesota Statutes require that securities pledged as collateral be held in safekeeping in a restricted account at the Federal Reserve Bank or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral. During the year, all deposits and investments were collateralized in accordance with these provisions. The City has no additional deposit policies addressing custodial credit risk for deposits.

At year-end, the City’s carrying amount of deposits was \$469,182 and the bank balance was \$631,256. All of the bank balance was covered by FDIC insurance or collateralized by pledged collateral held in the City’s name at the Federal Reserve Bank.

The City’s policy is to comply with Minnesota Statutes, which require that all deposits be protected by federal deposit insurance, corporate surety bond, or collateral. The market value of collateral pledged must equal 110% of the deposits not covered by federal deposit insurance or corporate surety bonds. Minnesota Statutes require that securities pledged as collateral be held in safekeeping by the City Treasurer or in a financial institution other than that furnishing the collateral.

B. Investments

The City has a formal investment policy to establish guidelines for the prudent investment of City funds. Funds of the City will be invested in compliance with the provisions of Minnesota Statutes Chapter 118A. Allowable investments include the following:

- Bonds, notes, bills, mortgages, and other securities that are direct obligations or are guaranteed or insured issues of the United States, its agencies, instrumentalities, or organizations created by Congress.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 3 – Deposits and Investments (Continued)

B. Investments (Continued)

- State and local securities, including:
 - any security that is a general obligation of any state or local government with taxing powers and is rated “A” or better by a national bond rating agency
 - any security that is a revenue obligation of any state or local government with taxing powers and is rated “AA” or better by a national bond rating agency
- Commercial paper issued by United States corporations or their Canadian subsidiaries that is rated in the highest quality category by at least two nationally recognized rating agencies and that matures in 270 days or less.
- Time deposits that are fully insured by the Federal Depository Insurance Corporation.
- Bankers’ acceptances of United States banks.
- Money market mutual funds.
- Government investment pools, including the Minnesota Municipal Money Market Fund.

As of December 31, 2013, the City had the following investments and maturities:

| Investment Type | Fair Value | Investment Maturities (in Years) | | | |
|-------------------------------|---------------------|----------------------------------|---------------------|---------------------|--------------------|
| | | 2014 | 2015 | 2016 through 2017 | 2018 through 2019 |
| Certificates of Deposit | \$28,914,742 | \$12,142,370 | \$8,692,161 | \$7,352,603 | \$727,608 |
| Federal Farm Credit Notes | 995,682 | 0 | 0 | 995,682 | 0 |
| Federal Home Loan Mtge. Corp. | 1,091,441 | 0 | 0 | 1,091,441 | 0 |
| Federal Natl. Mortgage Assoc. | 2,678,590 | 0 | 0 | 2,489,188 | 189,402 |
| State & Local Govt. Bonds | <u>18,311,718</u> | <u>5,956,661</u> | <u>4,257,554</u> | <u>6,544,501</u> | <u>1,553,002</u> |
| Subtotal | 51,992,173 | 18,099,031 | 12,949,715 | 18,473,415 | 2,470,012 |
| Money Market Accounts * | <u>3,933,313</u> | <u>3,933,313</u> | N/A | N/A | N/A |
| Total | <u>\$55,925,486</u> | <u>\$22,032,344</u> | <u>\$12,949,715</u> | <u>\$18,473,415</u> | <u>\$2,470,012</u> |

** Includes \$1,895,442 invested in the Minnesota Municipal Money Market Fund, which is regulated by Minnesota Statutes and the Board of Directors of the League of Minnesota Cities and is an external investment pool not registered with the Securities Exchange Commission (SEC), that follows the same regulatory rules of the SEC under rule 2a7. The fair value of the position in the pool is the same as the value of the pool shares.*

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 3 – Deposits and Investments (Continued)

B. Investments (Continued)

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 states that "the City will minimize Interest Rate Risk by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations."

Credit Risk – This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. This risk is addressed by confining investments to those securities specifically authorized by state statute and the City's investment policy. As of December 31, 2013, the City's investments in U.S. Agencies were rated AA+ by Standard and Poor's and Aaa by Moody's Investors Service. The City's investments in G.O. state and local government bonds were rated A2 or better by Moody's and A or better by Standard and Poor's. The City's investments in state and local government revenue bonds were rated Aa3 or better by Moody's and AA- or better by Standard and Poor's. The City's investments in certificates of deposit were covered by FDIC insurance.

Custodial Credit Risk – For investments, this is the risk that in the event of a failure of the counterparty to an investment transaction (typically a broker-dealer) the City would not be able to recover the value of its investments that are in the possession of an outside party. The City's investment policy states that the bank or broker is required to have insurance through FDIC and SIPC or transfer the security to a custodian bank.

Concentration of Credit Risk – This is the risk associated with investing a significant portion of the City's investments (considered to be 5% or more) in the securities of a single issuer. The City's investment policy does not limit investments in any one issuer. At December 31, 2013, no investment exceeded 5% of the City's total investments.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 3 – Deposits and Investments (Continued)

B. Investments (Continued)

The following summary reconciles cash and investments to the financial statements:

| | |
|--|----------------------------|
| Cash on hand | \$1,878 |
| Carrying amount of deposits | 469,182 |
| Carrying amount of cash-equivalent investments | 735,000 |
| Carrying amount of investments | <u>55,190,486</u> |
| | <u><u>\$56,396,546</u></u> |
| <u>Total Cash, Cash Equivalents, and Investments</u> | |
| Per Statement of Net Position - | |
| Cash and cash equivalents | \$4,952,375 |
| Investments | 49,391,475 |
| Per Statement of Changes in Assets and Liabilities - | |
| Agency Fund: Hennepin Recycling Group - | |
| Cash and cash equivalents | 186,998 |
| Investments | <u>1,865,698</u> |
| | <u><u>\$56,396,546</u></u> |

Note 4 – Interfund Transfers

| | Transfers In | | | |
|---------------------------------|---------------------------|-------------------------------------|------------------------------------|-----------------------------|
| | EDA | Capital Improvement Revolving | Non-major Governmental Funds | |
| <u>Transfers Out</u> | | | | |
| General | \$0 | \$645,520 | \$197,100 | \$842,620 |
| Non-major Governmental Funds | 3,136 | 0 | 0 | 3,136 |
| Storm Drainage | <u>0</u> | <u>49,594</u> | <u>0</u> | <u>49,594</u> |
| Total | <u><u>\$3,136</u></u> | <u><u>\$695,114</u></u> | <u><u>\$197,100</u></u> | <u><u>\$895,350</u></u> |

Transfers are used to 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, 2) move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments become due, and 3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds, in accordance with budgetary authorizations.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 5 – Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------------|----------------------|---------------------|
| <u>Governmental Activities</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$3,876,867 | \$0 | \$0 | \$3,876,867 |
| Construction in progress | 4,232,197 | 3,734,844 | (4,017,409) | 3,949,632 |
| Total Capital Assets Not Being Depreciated | <u>8,109,064</u> | <u>3,734,844</u> | <u>(4,017,409)</u> | <u>7,826,499</u> |
| Capital Assets Being Depreciated: | | | | |
| Buildings and structures | 10,547,425 | 115,650 | 0 | 10,663,075 |
| Improvements other than buildings | 5,278,340 | 38,350 | 0 | 5,316,690 |
| Machinery and equipment | 3,125,254 | 307,908 | (131,496) | 3,301,666 |
| Office equipment and furniture | 596,359 | 0 | 0 | 596,359 |
| Software | 111,793 | 0 | (62,005) | 49,788 |
| Vehicles and trailers | 2,180,794 | 360,136 | (148,495) | 2,392,435 |
| Infrastructure - | | | | |
| Traffic and transportation systems | 45,286,310 | 7,392,809 | (1,666,801) | 51,012,318 |
| Park systems | 191,538 | 0 | 0 | 191,538 |
| Total Capital Assets Being Depreciated | <u>67,317,813</u> | <u>8,214,853</u> | <u>(2,008,797)</u> | <u>73,523,869</u> |
| Less Accumulated Depreciation for: | | | | |
| Buildings and structures | (6,179,141) | (265,541) | 0 | (6,444,682) |
| Improvements other than buildings | (2,485,095) | (180,913) | 0 | (2,666,008) |
| Machinery and equipment | (2,086,397) | (197,262) | 125,589 | (2,158,070) |
| Office equipment and furniture | (389,491) | (48,427) | 0 | (437,918) |
| Software | (71,721) | (3,632) | 26,869 | (48,484) |
| Vehicles and trailers | (1,307,792) | (244,183) | 134,884 | (1,417,091) |
| Infrastructure - | | | | |
| Traffic and transportation systems | (23,045,400) | (2,323,194) | 1,666,801 | (23,701,793) |
| Park systems | (75,907) | (11,391) | 0 | (87,298) |
| Total Accumulated Depreciation | <u>(35,640,944)</u> | <u>(3,274,543)</u> | <u>1,954,143</u> | <u>(36,961,344)</u> |
| Total Capital Assets Being Depreciated, Net | <u>31,676,869</u> | <u>4,940,310</u> | <u>(54,654)</u> | <u>36,562,525</u> |
| Governmental Activities Capital Assets, Net | <u>\$39,785,933</u> | <u>\$8,675,154</u> | <u>(\$4,072,063)</u> | <u>\$44,389,024</u> |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 5 – Capital Assets (Continued)

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------------|----------------------|---------------------|
| <u>Business-type Activities</u> | | | | |
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$759,062 | \$0 | \$0 | \$759,062 |
| Improvements other than buildings | 170,540 | 0 | 0 | 170,540 |
| Construction in progress | 1,288,485 | 916,784 | (1,288,485) | 916,784 |
| Total Capital Assets Not Being Depreciated | 2,218,087 | 916,784 | (1,288,485) | 1,846,386 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and structures | 229,465 | 0 | 0 | 229,465 |
| Improvements other than buildings | 16,861 | 0 | 0 | 16,861 |
| Machinery and equipment | 3,026,536 | 206,516 | (98,324) | 3,134,728 |
| Office equipment and furniture | 29,287 | 0 | 0 | 29,287 |
| Software | 98,664 | 0 | 0 | 98,664 |
| Vehicles and trailers | 427,133 | 25,774 | (17,664) | 435,243 |
| Infrastructure - | | | | |
| Utility systems | 18,378,564 | 2,343,946 | (47,324) | 20,675,186 |
| Traffic and transportation systems | 481,611 | 145,872 | 0 | 627,483 |
| Total Capital Assets Being Depreciated | 22,688,121 | 2,722,108 | (163,312) | 25,246,917 |
| Less Accumulated Depreciation for: | | | | |
| Buildings and structures | (162,292) | (7,816) | 0 | (170,108) |
| Improvements other than buildings | (5,550) | (843) | 0 | (6,393) |
| Machinery and equipment | (887,837) | (167,095) | 97,124 | (957,808) |
| Office equipment and furniture | (17,572) | (5,858) | 0 | (23,430) |
| Software | (98,664) | 0 | 0 | (98,664) |
| Vehicles and trailers | (345,550) | (28,413) | 17,664 | (356,299) |
| Infrastructure - | | | | |
| Utility systems | (9,367,399) | (370,196) | 42,246 | (9,695,349) |
| Traffic and transportation systems | (100,211) | (29,218) | 0 | (129,429) |
| Total Accumulated Depreciation | (10,985,075) | (609,439) | 157,034 | (11,437,480) |
| Total Capital Assets Being Depreciated, Net | 11,703,046 | 2,112,669 | (6,278) | 13,809,437 |
| Business-type Activities Capital Assets, Net | \$13,921,133 | \$3,029,453 | (\$1,294,763) | \$15,655,823 |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 5 – Capital Assets (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|---|--------------------|
| Governmental Activities - | |
| General government | \$190,093 |
| Public safety | 165,729 |
| Public works | 2,487,305 |
| Parks and recreation | 429,222 |
| Community development | 2,194 |
| Total Depreciation Expense - Governmental Activities | <u>\$3,274,543</u> |
| Business-type Activities - | |
| Water | \$183,573 |
| Sanitary sewer | 103,794 |
| Storm drainage | 292,012 |
| Street lights | 30,060 |
| Total Depreciation Expense - Business-type Activities | <u>\$609,439</u> |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 6 – Long-Term Debt

The government issues general obligation (G.O.) bonds (including certificates of indebtedness), tax increment bonds, and special assessment bonds to provide funding for the acquisition of capital assets, tax increment projects, and street improvements, respectively. G.O. bonds are direct obligations and pledge the full faith and credit of the government. Details of long-term debt currently outstanding are as follows:

| Purpose | Maturity Dates | Interest Rates | Original Issue Amount | Amount Outstanding |
|---|-------------------|-------------------|-----------------------------|-----------------------|
| Governmental activities - | | | | |
| G.O. aquatic center bonds - 2005B | 2006 - 2020 | 3.50 - 4.00% | \$2,395,000 | \$1,260,000 |
| G.O. street refunding and reconstruction bonds - 2010B | 2012 - 2014 | 0% | 1,587,678 | 86,593 |
| G.O. street reconstruction bonds - 2013B | 2014 | 0% | 395,000 | 395,000 |
| | | | <u>4,377,678</u> | <u>1,741,593</u> |
| Governmental activities - special assessments - | | | | |
| Improvement & refunding bonds - 2004A | 2005 - 2020 | 4.50 - 4.75% | 2,045,000 | 700,000 |
| Improvement bonds - 2005A | 2007 - 2021 | 3.50 - 4.00% | 1,440,000 | 720,000 |
| Improvement bonds - 2006A | 2008 - 2022 | 3.75 - 4.20% | 1,855,000 | 1,020,000 |
| Improvement bonds - 2008A | 2010 - 2024 | 3.50 - 4.35% | 2,190,000 | 1,495,000 |
| Improvement bonds - 2009A | 2011 - 2030 | 2.00 - 4.50% | 3,360,000 | 2,770,000 |
| Improvement bonds - 2011A | 2013 - 2027 | 0.50 - 3.55% | 1,705,000 | 1,560,000 |
| Improvement bonds - 2012A | 2014 - 2028 | 1.50 - 2.13% | 2,635,000 | 2,635,000 |
| Improvement bonds - 2013A | 2015 - 2029 | 2.00 - 3.50% | 3,235,000 | 3,235,000 |
| | | | <u>18,465,000</u> | <u>14,135,000</u> |
| Governmental activities - note payable - | | | | |
| LOGIS - public safety application software | 2011 - 2013 | 3.00% | 58,501 | 0 |
| | | | <u>58,501</u> | <u>0</u> |
| Total | | | <u>\$22,901,179</u> | <u>\$15,876,593</u> |

Interest paid on most of the debt issued by the City is exempt from federal income tax. As a result, purchasers of this debt are willing to accept lower interest rates than they would on taxable debt. The City pools the proceeds of bond issues held in construction funds and the accumulated cash in debt service funds with all other available cash and invests it according to the City's cash management policies and practices. This sometimes produces a higher yield on the investments than is being paid on the related debt. The federal tax code refers to this higher yield as arbitrage. Under some circumstances the earnings from these higher yields must be rebated to the federal government. Federal law requires that arbitrage be calculated and rebated at the end of each five-year period that tax exempt debt is outstanding, as well as at maturity. The City does not report arbitrage until the liability is due and payable.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 6 – Long-Term Debt (Continued)

Changes in long-term debt during 2013 are summarized as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|----------------------|--------------------|----------------------|---------------------|------------------------|
| <u>Governmental Activities</u> | | | | | |
| Bonds Payable - | | | | | |
| G.O. bonds - | | | | | |
| Aquatic center bonds - 2005B | \$1,415,000 | \$0 | (\$155,000) | \$1,260,000 | \$160,000 |
| Street refunding and reconstruction bonds - 2010B | 333,886 | 0 | (247,293) | 86,593 | 86,593 |
| Street reconstruction bonds - 2013B | 0 | 395,000 | 0 | 395,000 | 395,000 |
| | 1,748,886 | 395,000 | (402,293) | 1,741,593 | 641,593 |
| Bond discounts | (7,665) | 0 | 992 | (6,673) | (992) |
| Sub-total | 1,741,221 | 395,000 | (401,301) | 1,734,920 | 640,601 |
| G.O. special assessment bonds with government commitment - | | | | | |
| Improvement & refunding bonds - 2004A | 845,000 | 0 | (145,000) | 700,000 | 140,000 |
| Improvement bonds - 2005A | 820,000 | 0 | (100,000) | 720,000 | 95,000 |
| Improvement bonds - 2006A | 1,145,000 | 0 | (125,000) | 1,020,000 | 125,000 |
| Improvement bonds - 2008A | 1,650,000 | 0 | (155,000) | 1,495,000 | 155,000 |
| Improvement bonds - 2009A | 2,970,000 | 0 | (200,000) | 2,770,000 | 195,000 |
| Improvement bonds - 2011A | 1,705,000 | 0 | (145,000) | 1,560,000 | 140,000 |
| Improvement bonds - 2012A | 2,635,000 | 0 | 0 | 2,635,000 | 225,000 |
| Improvement bonds - 2013A | 0 | 3,235,000 | 0 | 3,235,000 | 0 |
| | 11,770,000 | 3,235,000 | (870,000) | 14,135,000 | 1,075,000 |
| Bond premiums | 68,635 | 58,626 | (6,126) | 121,135 | 8,332 |
| Bond discounts | (69,884) | 0 | 5,361 | (64,523) | (5,361) |
| Sub-total | 11,768,751 | 3,293,626 | (870,765) | 14,191,612 | 1,077,971 |
| Total Bonds Payable | 13,509,972 | 3,688,626 | (1,272,066) | 15,926,532 | 1,718,572 |
| Note payable - | | | | | |
| LOGIS - public safety application software | 35,081 | 0 | (35,081) | 0 | 0 |
| Compensated absences | 882,942 | 719,266 | (761,694) | 840,514 | 225,012 |
| Governmental Activity Long-term Liabilities | <u>\$14,427,995</u> | <u>\$4,407,892</u> | <u>(\$2,068,841)</u> | <u>\$16,767,046</u> | <u>\$1,943,584</u> |
| <u>Business-type Activities</u> | | | | | |
| Compensated absences | <u>\$100,217</u> | <u>\$62,965</u> | <u>(\$62,965)</u> | <u>\$100,217</u> | <u>\$24,361</u> |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 6 – Long-Term Debt (Continued)

G.O. aquatic center bonds were issued to finance the reconstruction of the municipal pool and waterslide.

G.O. street refunding and reconstruction bonds, Series 2010B, were issued to finance reconstruction of the portion of Hennepin County Highway 81 that runs through the City. The bonds were sold to Hennepin County at a zero interest rate.

G.O. street reconstruction bonds, Series 2013B, were issued to finance reconstruction of the portion of Hennepin County Highway 81 that runs through the City. The bonds were sold to Hennepin County at a zero interest rate.

Bond payments will be funded by property taxes and interest earnings. Annual debt service requirements to maturity for G.O. bonds are as follows:

| Year Ending December 31 | Governmental Activities - | |
|----------------------------|---------------------------|-----------|
| | G.O. Bonds | |
| | Principal | Interest |
| 2014 | \$641,593 | \$47,200 |
| 2015 | 165,000 | 40,700 |
| 2016 | 170,000 | 34,000 |
| 2017 | 180,000 | 27,000 |
| 2018 | 185,000 | 19,700 |
| 2019-2020 | 400,000 | 16,200 |
| | \$1,741,593 | \$184,800 |

G.O. special assessment bond payments will be funded by special assessments levied against property owners benefited by street improvements as well as interest earnings. Annual debt service requirements to maturity for G.O. special assessment bonds are as follows:

| Year Ending December 31 | Governmental Activities - | |
|----------------------------|---------------------------|-------------|
| | G.O. Special | |
| | Principal | Interest |
| 2014 | \$1,075,000 | \$412,524 |
| 2015 | 1,215,000 | 382,496 |
| 2016 | 1,220,000 | 349,629 |
| 2017 | 1,190,000 | 315,655 |
| 2018 | 1,160,000 | 281,411 |
| 2019-2023 | 4,835,000 | 917,813 |
| 2024-2028 | 2,980,000 | 316,744 |
| 2029-2031 | 460,000 | 15,431 |
| | \$14,135,000 | \$2,991,703 |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 6 – Long-Term Debt (Continued)

Total delinquent special assessments receivable for all funds for the years ending December 31, 2013 and 2012 were \$195,345 and \$234,174, respectively.

Compensated absences are liquidated by either the General Fund or enterprise funds, depending upon where employees' time is assigned.

Note 7 – Tax Increment Financing Revenue Notes

The City has entered into several private redevelopment agreements regarding certain tax increment properties. Reimbursements for these agreements are in the form of tax increment revenue notes.

These notes provide for the payment of principal, equal to the project redevelopment costs, plus interest at various rates. Payments on the notes will be made at the lesser of the note payment or the actual net tax increment received (or a reduced percentage received in certain cases), as stated in the agreement. Payments are first applied to accrued interest and then to principal balances. The notes are cancelled at the end of the agreement term whether or not they have been repaid in full.

The outstanding principal balances as of December 31, 2013, are as follows:

| | <u>Maturity Dates</u> | <u>Interest Rates</u> | <u>Amount Outstanding</u> |
|------------------------------------|---------------------------|---------------------------|-------------------------------|
| Tax Increment Revenue Note - 1995A | 1997 - 2016 | 8.50% | \$437,878 |
| Tax Increment Revenue Note - 1995B | 1997 - 2016 | 8.50% | 73,480 |
| Tax Increment Revenue Note - 1996A | 1999 - 2016 | 8.50% | 99,695 |
| Tax Increment Revenue Note - 2002 | 2002 - 2016 | 7.00% | <u>434,948</u> |
| | | | <u>\$1,046,001</u> |

Due to the nature of these notes (in that repayment is required only if sufficient tax increments are received), the outstanding amount is not reported in the accompanying financial statements. The City's position is that these are obligations to assign future and uncertain revenue sources and, as such, is not actual debt in substance. Payments of principal and interest on tax increment revenue notes are paid out of the TIF Districts special revenue fund.

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 8 – Conduit Debt Obligations

From time to time, the City has issued revenue bonds to provide financial assistance to private-sector entities for the acquisition and construction of facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issue. Neither the City or the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of December 31, 2013, there were five debt issues outstanding. The aggregate original issue amounts and principal balances outstanding as of December 31, 2013, are as follows:

| <u>Name of Issue</u> | <u>Year</u> | <u>Original Issue</u> | <u>Principal Balance</u> |
|--|-------------|---------------------------|------------------------------|
| Crystal Apts. Multi Family Housing Refunding Bonds | 1997 | \$5,825,000 | \$5,825,000 |
| Calibre Chase Multi Family Housing Refunding Bonds | 2004 | 2,910,000 | 2,910,000 |
| St. Therese at Oxbow Lake Housing Revenue Notes | 2005 | 4,600,000 | 3,715,788 |
| LOGIS Government Facilities Revenue Bonds | 2006 | 6,000,000 | 4,537,787 |
| Crystal Leased Housing Multi Family Housing Bonds | 2013 | 13,800,000 | 13,800,000 |
| | | <u>\$33,135,000</u> | <u>\$30,788,575</u> |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 9 – Fund Balance

A. Classifications

A summary of governmental fund balance classifications at December 31, 2013, is as follows:

| | Major Funds | | | | | | | Total |
|--|----------------------|--------------------|--------------------|----------------------------|------------------------|----------------------------|--------------------|---------------------|
| | Special Revenue Fund | | Debt Service | Capital Project Funds | | | Other Funds | |
| | General Fund | EDA | | Capital Improve. Revolving | Street Recon-struction | Major Building Replacement | | |
| Fund Balances | | | | | | | | |
| Nonspendable - | | | | | | | | |
| Prepaid items | \$0 | \$0 | \$0 | \$66,053 | \$0 | \$0 | \$12,402 | \$78,455 |
| Total Nonspendable | 0 | 0 | 0 | 66,053 | 0 | 0 | 12,402 | 78,455 |
| Restricted - | | | | | | | | |
| Housing and redevelopment assistance | 0 | 0 | 0 | 0 | 0 | 0 | 1,593,243 | 1,593,243 |
| MURL revolving fund | 0 | 35,651 | 0 | 0 | 0 | 0 | 0 | 35,651 |
| Debt service | 0 | 0 | 5,440,681 | 0 | 0 | 0 | 0 | 5,440,681 |
| 10% lawful gambling contrib. | 0 | 0 | 0 | 0 | 0 | 0 | 1,945 | 1,945 |
| DWI-related enforcement, training, and education | 0 | 0 | 0 | 0 | 0 | 0 | 59,357 | 59,357 |
| Total Restricted | 0 | 35,651 | 5,440,681 | 0 | 0 | 0 | 1,654,545 | 7,130,877 |
| Committed - | | | | | | | | |
| Compensated absences | 840,514 | 0 | 0 | 0 | 0 | 0 | 0 | 840,514 |
| Housing and redevelopment assistance | 0 | 3,914,649 | 0 | 0 | 0 | 0 | 0 | 3,914,649 |
| Cap. outlay - city wide | 0 | 0 | 0 | 8,647,926 | 0 | 0 | 0 | 8,647,926 |
| Cap. outlay - street reconstruction | 0 | 0 | 0 | 0 | 2,261,153 | 0 | 0 | 2,261,153 |
| Cap. outlay - replace. and renovation of city bldgs. | 0 | 0 | 0 | 0 | 0 | 10,286,268 | 0 | 10,286,268 |
| Cap. outlay - police dept. | 0 | 0 | 0 | 0 | 0 | 0 | 3,138,748 | 3,138,748 |
| Cap. outlay - fire dept. | 0 | 0 | 0 | 0 | 0 | 0 | 637,970 | 637,970 |
| Cap. outlay - street maint. | 0 | 0 | 0 | 0 | 0 | 0 | 1,854,710 | 1,854,710 |
| Total Committed | 840,514 | 3,914,649 | 0 | 8,647,926 | 2,261,153 | 10,286,268 | 5,631,428 | 31,581,938 |
| Assigned - | | | | | | | | |
| Police dept. purposes | 0 | 0 | 0 | 0 | 0 | 0 | 18,531 | 18,531 |
| Park and rec. dept. purposes | 0 | 0 | 0 | 0 | 0 | 0 | 26,718 | 26,718 |
| Other purposes | 0 | 0 | 0 | 0 | 0 | 0 | 11,855 | 11,855 |
| Total Assigned | 0 | 0 | 0 | 0 | 0 | 0 | 57,104 | 57,104 |
| Unassigned | 6,862,599 | 0 | 0 | 0 | 0 | 0 | 0 | 6,862,599 |
| Total Fund Balances | <u>\$7,703,113</u> | <u>\$3,950,300</u> | <u>\$5,440,681</u> | <u>\$8,713,979</u> | <u>\$2,261,153</u> | <u>\$10,286,268</u> | <u>\$7,355,479</u> | <u>\$45,710,973</u> |

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 9 – Fund Balance (Continued)

B. Minimum Unassigned Fund Balance Policy

The City Council has formally adopted a policy regarding the minimum unassigned fund balance for the General Fund. The most significant revenue source of the General Fund is property taxes. This revenue source is received in two installments during the year – June and December. As such, it is the City's goal to begin each fiscal year with sufficient cash flow reserves to fund operations between each semi-annual receipt of property taxes.

The policy states that when fund balance at the end of a year exceeds non-spendable fund balance, restricted fund balance, liability for compensated absences of employees, assigned fund balance, and 45% of the subsequent year's budget, the City Council shall consider transferring at least 25% of the excess fund balance to one of the capital project funds. At any time during the year the City Council may consider transferring any or all of the excess fund balance to any other fund of the City, as needed.

At December 31, 2013, the minimum fund balance required was \$6,496,577, leaving an excess available for transfer of \$1,206,536.

Note 10 – Defined Benefit Pension Plans

A. Plan Description

All full-time and certain part-time employees of the City are covered by defined benefit plans administered by the Public Employees Retirement Association of Minnesota (PERA). PERA administers the General Employees Retirement Fund (GERF) and the Public Employees Police and Fire Fund (PEPFF), which are cost-sharing, multiple-employer retirement plans. These plans are established and administered in accordance with Minnesota Statutes, Chapters 353 and 356.

GERF members belong to either the Coordinated Plan or the Basic Plan. Coordinated Plan members are covered by Social Security and Basic Plan members are not. All new members must participate in the Coordinated Plan. All police officers, fire-fighters, and peace officers who qualify for membership by statute are covered by the PEPFF.

PERA provides retirement benefits as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by state statute and vest after five years of credited service. The defined retirement 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.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 10 – Defined Benefit Pension Plans (Continued)

A. Plan Description (Continued)

Two methods are used to compute benefits for PERA's Coordinated and Basic Plan members. The retiring member receives the higher of a step-rate benefit accrual formula (Method 1) or a level accrual formula (Method 2). Under Method 1, the annuity accrual rate for a Basic Plan member is 2.2% of average salary for each of the first 10 years of service and 2.7% for each remaining year. The annuity accrual rate for a Coordinated Plan member is 1.2% of average salary for each of the first 10 years and 1.7% for each remaining year. Under Method 2, the annuity accrual rate is 2.7% of average salary for Basic Plan members and 1.7% for Coordinated Plan members for each year of service. For PEPFF members, the annuity accrual rate is 3% for each year of service. For all PEPFF members and GERF members hired prior to July 1, 1989, whose annuity is calculated using Method 1, a full annuity is available when age plus years of service equal 90. Normal retirement age is 55 for PEPFF members and 65 for Basic and Coordinated members hired prior to July 1, 1989. Normal retirement age is the age for unreduced Social Security benefits capped at 66 for Coordinated members hired on or after July 1, 1989. A reduced retirement annuity is also available to eligible members seeking early retirement.

There are different types of annuities available to members upon retirement. A single-life annuity is a lifetime annuity that ceases upon the death of the retiree; no survivor annuity is payable. There are also various types of joint and survivor annuity options available which will be payable over joint lives. Members may also leave their contributions in the fund upon termination of public service in order to qualify for a deferred annuity at retirement age. Refunds of contributions are available at any time to members who leave public service, but before retirement benefits begin.

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

PERA issues a publicly available financial report that includes financial statements and required supplementary information for GERF and PEPFF. That report may be obtained on the Internet at www.mnpera.org, by writing to PERA at 60 Empire Drive #200, St. Paul, Minnesota, 55103-2088, or by calling (651) 296-7460 or 1-800-652-9026.

B. Funding Policy

Minnesota Statutes Chapter 353 sets the rates for employer and employee contributions. These statutes are established and amended by the state legislature. The City makes annual contributions to the pension plans equal to the amount required by state statutes. GERF Basic Plan members and Coordinated Plan members were required to contribute 9.1% and 6.25%, respectively, of their annual covered salary in 2013. PEPFF members were required to contribute 9.6% of their annual covered salary in 2013. In 2013, the City was required to contribute the following percentages of annual covered payroll: 7.25% for Coordinated Plan

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 10 – Defined Benefit Pension Plans (Continued)

B. Funding Policy (Continued)

members and 14.4% for PEPFF members. The City's contributions to the Public Employees Retirement Fund for the years ending December 31, 2013, 2012, and 2011 were \$288,445, \$280,757, and \$276,233, respectively. The City's contributions to the Public Employees Police & Fire Fund for the years ending December 31, 2013, 2012, and 2011 were \$331,004, \$333,909, and \$327,229, respectively. The City's contributions were equal to the contractually required contributions for each year as set by state statute.

Note 11 – Defined Contribution Plan

Seven council members of the City are covered by the Public Employees Defined Contribution Plan (PEDCP), a multiple-employer deferred compensation plan administered by the Public Employees Retirement Association of Minnesota (PERA). The PEDCP is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. Minnesota Statutes, Chapter 353D.03, specifies 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. 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 1% of the assets in each member's account annually.

Total contributions made by the City during fiscal year 2013 were:

| Contribution Amount | | Percentage of Covered Payroll | | Required Rates |
|---------------------|----------|-------------------------------|----------|----------------|
| Employee | Employer | Employee | Employer | |
| \$2,952 | \$2,952 | 5% | 5% | 5% |

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 12 – Post Employment Health Benefits Plan

A. Plan Description

The City provides a single-employer defined benefit healthcare plan to eligible retirees and their spouses. The plan offers medical coverage, which is administered by Blue Cross Blue Shield of Minnesota (BCBS). It is the City's policy to periodically review its medical coverage and to obtain requests for proposals in order to provide the most favorable benefits and premiums for City employees and retirees.

B. Funding Policy

Retirees and their spouses contribute to the healthcare plan at the same rate as City employees. This results in retirees receiving an implicit rate subsidy. Contribution requirements are established by the City based on contract terms with BCBS. Required contributions are based on projected pay-as-you-go financing requirements. For fiscal year 2013, the City contributed \$74,732 to the plan. As of January 1, 2013, there were 13 retirees or dependents receiving health benefits from the City's health plan.

C. Annual OPEB Cost and Net OPEB Obligation

The City's annual Other Post Employment Benefit (OPEB) cost (expense) is calculated based on the Annual Required Contribution (ARC) of the City, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The City prospectively implemented this Statement during 2008. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation to the plan.

| | Net OPEB Obligation |
|---|------------------------|
| Annual required contribution (ARC) | \$ 129,216 |
| Interest on net OPEB obligation | 13,500 |
| Adjustment to annual required contributions | (11,579) |
| Annual OPEB cost (expense) | 131,137 |
| Employer contributions | (74,732) |
| Increase in net OPEB obligation | 56,405 |
| Net OPEB obligation - beginning of year | 300,004 |
| Net OPEB obligation - end of year | \$ 356,409 |

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 12 – Post Employment Health Benefits Plan (Continued)

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current and past two years are as follows:

| Schedule of Employer Contributions | | | | | |
|------------------------------------|-------------------------------|---------------------------------|---|---|---|
| Fiscal Year Ended | Annual OPEB Cost (a) | Employer Contribution (b) | % Of Annual OPEB Cost Contributed (b/a) | Increase (Decrease) In Net OPEB Obligation (a-b) | Cumulative Net OPEB Obligation |
| 12/31/11 | \$133,133 | \$92,143 | 69% | \$40,990 | \$245,846 |
| 12/31/12 | 128,474 | 74,316 | 58% | 54,158 | 300,004 |
| 12/31/13 | 131,137 | 74,732 | 57% | 56,405 | 356,409 |

D. Funded Status and Funding Progress

As of January 1, 2013, the most recent actuarial valuation date, the City had no assets deposited to fund the plan. The actuarial accrued liability for benefits was \$1,224,995 and the actuarial value of plan assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,224,995. The estimated covered payroll (annual payroll of active employees covered by the plan) was \$6,016,892, and the ratio of the UAAL to covered payroll was 20 percent.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 12 – Post Employment Health Benefits Plan (Continued)

E. Actuarial Methods and Assumptions

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

In the January 1, 2013 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5% discount rate, which is based on the investment yield expected to finance benefits. The City currently does not plan to prefund for this benefit. At the actuarial valuation date, the annual healthcare cost trend rate was calculated to be 8.67% initially, reduced incrementally to an ultimate rate of 5% after eleven years. Both rates included a 3% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a 30-year open period, with a single base at each measurement date equal to the UAAL.

Note 13 – 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. As such, the City participates in the League of Minnesota Cities Insurance Trust (LMCIT), a public entity risk pool currently operating as a common risk management and insurance program for cities that are parties to a joint powers agreement.

The LMCIT is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of pre-determined amounts. The LMCIT provides coverage for liability, errors and omissions, worker's compensation, auto, and other miscellaneous types of coverage.

The City's Self-Insurance Fund (an internal service fund) is used to account for and finance its uninsured risks of loss. The Self-Insurance Fund provides coverage for up to a maximum of \$25,000 for each general liability or property damage claim, up to \$75,000 per year. The City purchases commercial insurance for claims in excess of coverage provided by this fund, as well as for all other risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There were no significant reductions in insurance coverage during 2013.

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 13 – Risk Management (Continued)

All funds of the City contribute to the Self-Insurance Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability of \$60,730 is included in accounts payable of the Self-Insurance Fund at December 31, 2013. The liability amount is based on the requirements of GASB Statement No. 10, which requires that a liability for claims be reported when information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred as of the date of the financial statements and the amount of the loss can be reasonably estimated. The estimate of the liability also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expenses, regardless of whether allocated to specific claims. Estimated recoveries, for example from salvage or subrogation, are another component of the claims liability estimate.

The maximum liability for any one year is \$75,000. The total liability may exceed \$75,000 if claims are open from more than one year.

Changes in claims liability for 2013 and 2012 are as follows:

| Year | Claims Liability - Beginning Of Year | Current Year Claims and Changes In Estimates | Payments on Claims | Claims Liability - End Of Year |
|------|--|---|-----------------------|---|
| 2012 | \$249,469 | (\$30,807) | \$50,000 | \$168,662 |
| 2013 | 168,662 | (75,507) | 32,425 | 60,730 |

Note 14 – Joint Ventures and Jointly Governed Organizations

A. Joint Ventures

1. Golden Valley, Crystal, and New Hope Joint Water Commission

The City is a member of a joint powers agreement, together with the cities of Golden Valley and New Hope, which established a Joint Water Commission (JWC). The JWC was created in 1963 to provide for the creation and maintenance of a joint water supply, distribution, and support system through which water purchased from the City of Minneapolis can be supplied to the population of the member cities.

The city council of each member city is entitled to appoint one member to the JWC. Original construction costs were allocated to the member cities based on percentages agreed upon in the joint powers agreement. All property acquired under this agreement is owned by the members in proportion to the amount of construction costs paid by each member city. All subsequent operating and maintenance costs are apportioned to, and paid by, each member city on the basis of water usage.

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 14 – Joint Ventures and Jointly Governed Organizations (Continued)

A. Joint Ventures (Continued)

1. Golden Valley, Crystal, and New Hope Joint Water Commission (Continued)

The City's equity interest and its share of the net income (loss) of the JWC are reported in the City's Water Fund (an Enterprise Fund). The City's equity interest in the JWC at December 31, 2013 is \$934,192.

Due to concurrent timing of the City's fiscal year end and audit of the JWC, the City reports its equity interest in the JWC with a one-year lag. The following financial information is from the JWC's audited financial statements for the year ended December 31, 2012:

| | |
|-------------------------------------|----------------------------|
| TOTAL ASSETS | \$ 4,223,876 |
| TOTAL LIABILITIES | <u>866,561</u> |
| NET POSITION | |
| Net investment in capital assets | 1,308,509 |
| Restricted for capital improvements | 1,203,916 |
| Unrestricted | <u>844,890</u> |
| Total Net Position | <u><u>\$ 3,357,315</u></u> |
| | |
| TOTAL PROGRAM EXPENSES | \$ 8,039,752 |
| TOTAL PROGRAM REVENUES | <u>8,687,310</u> |
| NET PROGRAM REVENUE | 647,558 |
| TOTAL GENERAL REVENUES | <u>124,060</u> |
| CHANGE IN NET POSITION | 771,618 |
| NET POSITION | |
| Beginning of year | <u>2,585,697</u> |
| End of year | <u><u>\$ 3,357,315</u></u> |

JWC audited financial statements are available from the City of Golden Valley, Finance Department, 7800 Golden Valley Road, Golden Valley, MN 55427.

2. West Metro Fire-Rescue District

Effective January 2, 1998, the City entered into a joint powers agreement with the City of New Hope for the purpose of consolidating fire departments of the two cities. Operations commenced in July 1988 under the name of West Metro Fire-Rescue District (the District).

The District is governed by a seven-member board of directors that includes one Crystal City Council member who is appointed by resolution, one public member appointed by the City Council, and the City Manager, who serves ex officio.

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 14 – Joint Ventures and Jointly Governed Organizations (Continued)

A. Joint Ventures (Continued)

2. West Metro Fire-Rescue District (Continued)

As required by the agreement, the City transferred fire department equipment to the District, retaining its rights to these assets in the event of the District's dissolution. The equipment transferred had a cost value of \$1,923,820. The District recorded only the rolling stock received and recorded it at its estimated fair value. Other equipment items were not capitalized.

The City's equity interest and its share of the net income (loss) of the District are reported only in the government-wide financial statements. It is not reported in the General Fund because the equity interest represents equity primarily in capital assets vs. financial resources. The City's equity interest in the District at December 31, 2013 is \$2,677,560.

Due to concurrent timing of the City's fiscal year end and audit of the District, the City reports its equity interest in the District with a one-year lag. The following financial information is from the District's audited financial statements for the year ended December 31, 2012:

| | |
|--|----------------------------|
| TOTAL ASSETS | \$ 5,737,969 |
| TOTAL LIABILITIES | <u>525,092</u> |
| NET POSITION | |
| Net investment in capital assets | 4,075,937 |
| Restricted for donor approved purposes | 181,120 |
| Unrestricted | <u>955,820</u> |
| Total Net Position | <u><u>\$ 5,212,877</u></u> |
| | |
| TOTAL PROGRAM EXPENSES | \$ 2,225,221 |
| TOTAL PROGRAM REVENUES | <u>2,028,762</u> |
| NET PROGRAM REVENUE (EXPENSE) | (196,459) |
| TOTAL GENERAL REVENUES | <u>65,103</u> |
| CHANGE IN NET POSITION | (131,356) |
| NET POSITION | |
| Beginning of year | <u>5,344,233</u> |
| End of year | <u><u>\$ 5,212,877</u></u> |

The activities of the District will continue to be funded entirely by the cities of Crystal and New Hope, with each city contributing its proportionate share of the annual operating budget in monthly installments. According to a formula in the agreement, the City's share of the District's operating budget is 50%.

Audited financial statements are available from West Metro Fire-Rescue District, 4251 Xylon Avenue N., New Hope, MN 55428.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 14 – Joint Ventures and Jointly Governed Organizations (Continued)

B. Jointly Governed Organizations

1. Local Government Information Systems Association (LOGIS)

The City is a member of LOGIS, a consortium of Minnesota government entities that provides computerized data processing and support services to its members. LOGIS is legally separate from the City, the City does not appoint a voting majority of the Board, and it is fiscally independent of the City. The amount paid to LOGIS for services received in 2013 was \$309,153, which was allocated to various funds based on application usage.

2. LOGIS Insurance Group

This group provides cooperative purchasing of health and life insurance benefits for over 40 government entities. The amount paid for 2013 health and life insurance benefits was \$983,786.55.

3. Pets Under Police Security (PUPS)

The City is party to a joint powers agreement, together with five other cities, which created an organization to provide for the efficient and economical impoundment of animals in a jointly owned and operated facility. The amount paid to PUPS for services received in 2013 was \$15,079.

4. Bassett Creek Watershed Management Commission (BCWMC)

The City is party to a joint powers agreement, together with eight other cities, the purpose of which is to provide for cooperative planning, usage, and improvement of the Bassett Creek watershed. The amount paid to BCWMC in 2013 was \$27,424.

5. Shingle Creek Watershed Management Commission (SCWMC)

The City is party to a joint powers agreement, together with eight other cities, which was created to protect and manage the water resources of the Shingle Creek watershed. The amount paid to SCWMC in 2013 was \$24,361.

6. Hennepin Recycling Group (HRG)

The City is party to a joint powers agreement, together with the cities of Brooklyn Center and New Hope, which established HRG. HRG was created to provide for the efficient and economical collection, recycling, and disposal of solid waste within the cities. HRG contracts for collection and recycling activities and the participating cities are billed for services provided to its residents.

The amount paid to HRG for services received in 2013 was \$323,568. Accounting services for HRG were provided by the City, which has reported the financial accounts of HRG in an Agency Fund in these financial statements.

City of Crystal
 NOTES TO THE FINANCIAL STATEMENTS
 For the Year Ended December 31, 2013

Note 15 – Facility Use Agreement

On August 24, 2004, the City entered into a licensor-licensee relationship with ISD 281. Per terms of the agreement, the City contributed \$900,000 towards the cost of constructing and equipping a gymnasium. In return, the City is entitled to use the space for public recreation, as well as programs and services for its residents. The agreement is for a term of 40 years, from September 1, 2005 through August 31, 2045. ISD 281 has title to the property and is responsible for all subsequent operations and maintenance costs.

Note 16 – Funds Opened and Closed During the Current Year

The Community Development Block Grant (CDBG) Fund was re-opened and re-closed during the current year to account for additional activity. Net sale proceeds from the sale of one residential property were passed through to Hennepin County, administrator of the CDBG program. Because net sale proceeds revert to Hennepin County, the net realizable value of CDBG properties are not included in Land Held for Resale.

Note 17 – Commitments

At December 31, 2013, the City had the following construction contract commitments outstanding:

| <u>Project</u> | <u>Contractor</u> | <u>Contract Amount</u> | <u>Remaining Commitment</u> |
|---|------------------------------|------------------------|-----------------------------|
| Phase 13 street reconstruction | Palda & Sons, Inc. | \$5,729,006 | \$786,851 |
| Partial roof replacement on City Hall bldg. | McPhillips Bros. Roofing Co. | 83,827 | 6,536 |
| 639W Wetland restoration | Blackstone Contractors, LLC | 14,850 | 1,125 |

In addition, the City is party to a cost-sharing agreement with Hennepin County to reconstruct the portion of Hennepin County Highway 81 which runs through the City. The cost-sharing agreement relates to property acquisition and construction for this multi-year project, which began in 2009 and is expected to run through 2014. The best estimate of the City's total costs at this point in time is \$4 million (including \$2,600,000 of existing and planned bonded debt issued to Hennepin County). As of December 31, 2013, \$3,285,492 (including \$2,118,407 of payments on bonded debt) had been paid under the cost-sharing agreement and the unspecified balance will be paid in subsequent years.

Note 18 – Contingent Liabilities

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's attorney that resolution of these matters will not have a material adverse effect on the financial condition of the City.

City of Crystal
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2013

Note 19 – Change In Accounting Principle

For the year ended December 31, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This resulted in the reclassification of items previously reported as Deferred Revenue (for property taxes, special assessments, long-term receivables, and state aid) to Deferred Inflows Of Resources.

It also resulted in an adjustment of \$164,180 to Net Position – Beginning of Year on the Statement Of Activities, to eliminate Deferred Charges for Bond Issuance Costs which are no longer required to be capitalized.

Note 20 – Subsequent Events

Subsequent to December 31, 2013, the City Council approved the following significant contracts:

| <u>Project</u> | <u>Contractor</u> | <u>Contract Amount</u> |
|--|--|------------------------|
| City council chambers upgrade - Audio / Video Lighting | Alpha Video & Audio, Inc. Peoples Electric Co, Inc. | \$204,013 |

Note 21 – GASB Statements Issued But Not Yet Implemented

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, will replace the requirements of GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as GASB Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pension benefits through pension plans administered as trusts or similar arrangements that meet certain criteria.

GASB Statement No. 68 requires governments providing defined benefit pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The provisions of GASB Statement No. 68 are effective for fiscal years beginning after June 15, 2014.

**Required
Supplementary
Information**

City of Crystal
 REQUIRED SUPPLEMENTARY INFORMATION
 Schedule of Funding Progress
 December 31, 2013

Schedule of Funding Progress

| Actuarial Valuation Date | Actuarial Value Of Plan Assets (a) | Actuarial Accrued Liability (b) | Unfunded Actuarial Accrued Liability (UAAL) (b-a) | Funded Ratio (a/b) | Estimated Covered Payroll (c) | UAAL As A % Of Covered Payroll ((b-a) / c) |
|--------------------------------|--|--|--|--------------------------|--|--|
| 01/01/11 * | \$0 | \$1,373,699 | \$1,373,699 | 0% | \$5,891,381 | 23% |
| 01/01/12 | 0 | 1,164,949 | 1,164,949 | 0% | 5,799,414 | 20% |
| 01/01/13 * | 0 | 1,224,995 | 1,224,995 | 0% | 6,016,892 | 20% |

* Because an actuarial valuation is being performed once every two years (in even years), the liabilities and annual costs are based on the same population as the previous year's liabilities and annual costs.

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Combining & Individual Funds

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are restricted to expenditures for particular purposes.

TIF Districts – This fund accounts for activities of the City's tax increment financing (TIF) districts. The main financing sources include tax increment revenue and interest.

CDBG – This fund accounts for activities of the Community Development Block Grant (CDBG) program. The main financing source is net sale proceeds, derived from the sale of residential properties previously purchased with grant funding.

Special Projects – This fund is used to account for miscellaneous grants as well as revenues and expenditures relating to DWI-forfeited vehicles. In addition, this fund is used to account for revenues and expenditures of funds donated for ongoing, city-specified projects that may otherwise not be accomplished due to lack of funding.

Capital Projects Funds

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities of the City, with the exception of those financed by Proprietary Funds.

Police Equipment Revolving – This fund is used to account for capital acquisitions of the City's police department. The fund was initially funded by a 1999 refund of the City's proportionate share of residual assets in the overfunded PERA police consolidation account, which was merged with the PERA Police and Fire Fund. Financing sources may include transfers from other funds, interest, and proceeds from the sale of equipment.

Fire Equipment Revolving – This fund is used to accumulate funds to pay for the replacement of fire trucks. Financing sources may include transfers from other funds as well as interest.

Street Maintenance – This fund is used to account for transactions and reserves relating to street sealcoat projects in areas of the City where streets have previously been reconstructed. In addition, miscellaneous mill and overlay and pavement maintenance projects are accounted for in this fund. Financing sources may include transfers from the General Fund, special assessments, cost reimbursements, and interest.

City of Crystal
COMBINING BALANCE SHEET
 Nonmajor Governmental Funds
 December 31, 2013

| | Special Revenue | | | Total |
|--|---------------------------|-------------------|-------------------------|---------------------------|
| | TIF Districts | CDBG | Special Projects | |
| ASSETS | | | | |
| Cash and cash equivalents | \$148,649 | \$0 | \$10,778 | \$159,427 |
| Investments | 1,483,084 | 0 | 102,922 | 1,586,006 |
| Accrued interest | 4,165 | 0 | 0 | 4,165 |
| Delinquent taxes receivable | 44,016 | 0 | 0 | 44,016 |
| Special assessments receivable | 0 | 0 | 0 | 0 |
| Due from other governments | 0 | 0 | 7,318 | 7,318 |
| Prepaid items | 0 | 0 | 0 | 0 |
| Total Assets | <u>\$1,679,914</u> | <u>\$0</u> | <u>\$121,018</u> | <u>\$1,800,932</u> |
| LIABILITIES | | | | |
| Accounts payable | \$39,979 | \$0 | \$2,612 | \$42,591 |
| Due to other governments | 2,676 | 0 | 0 | 2,676 |
| Total Liabilities | 42,655 | 0 | 2,612 | 45,267 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 44,016 | 0 | 0 | 44,016 |
| Unavailable revenue - special assessments | 0 | 0 | 0 | 0 |
| Total Deferred Inflows Of Resources | 44,016 | 0 | 0 | 44,016 |
| FUND BALANCES | | | | |
| Nonspendable | 0 | 0 | 0 | 0 |
| Restricted | 1,593,243 | 0 | 61,302 | 1,654,545 |
| Committed | 0 | 0 | 0 | 0 |
| Assigned | 0 | 0 | 57,104 | 57,104 |
| Total Fund Balances | <u>1,593,243</u> | <u>0</u> | <u>118,406</u> | <u>1,711,649</u> |
| Total Liabilities, Deferred Inflows Of Resources, and Fund Balances | <u>\$1,679,914</u> | <u>\$0</u> | <u>\$121,018</u> | <u>\$1,800,932</u> |

| Capital Projects | | | | Total |
|----------------------------------|--------------------------------|-----------------------|--------------------|-----------------------------------|
| Police Equipment Revolving | Fire Equipment Revolving | Street Maintenance | Total | Nonmajor Governmental Funds |
| \$285,176 | \$57,963 | \$168,427 | \$511,566 | \$670,993 |
| 2,845,224 | 578,302 | 1,680,406 | 5,103,932 | 6,689,938 |
| 8,348 | 1,705 | 4,970 | 15,023 | 19,188 |
| 0 | 0 | 0 | 0 | 44,016 |
| 0 | 0 | 145,508 | 145,508 | 145,508 |
| 0 | 0 | 907 | 907 | 8,225 |
| 12,402 | 0 | 0 | 12,402 | 12,402 |
| <u>\$3,151,150</u> | <u>\$637,970</u> | <u>\$2,000,218</u> | <u>\$5,789,338</u> | <u>\$7,590,270</u> |
| \$0 | \$0 | \$0 | \$0 | \$42,591 |
| 0 | 0 | 0 | 0 | 2,676 |
| 0 | 0 | 0 | 0 | 45,267 |
| 0 | 0 | 0 | 0 | 44,016 |
| 0 | 0 | 145,508 | 145,508 | 145,508 |
| 0 | 0 | 145,508 | 145,508 | 189,524 |
| 12,402 | 0 | 0 | 12,402 | 12,402 |
| 0 | 0 | 0 | 0 | 1,654,545 |
| 3,138,748 | 637,970 | 1,854,710 | 5,631,428 | 5,631,428 |
| 0 | 0 | 0 | 0 | 57,104 |
| <u>3,151,150</u> | <u>637,970</u> | <u>1,854,710</u> | <u>5,643,830</u> | <u>7,355,479</u> |
| <u>\$3,151,150</u> | <u>\$637,970</u> | <u>\$2,000,218</u> | <u>\$5,789,338</u> | <u>\$7,590,270</u> |

City of Crystal
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Nonmajor Governmental Funds
 For the Year Ended December 31, 2013

| | Special Revenue | | | Total |
|--|--------------------|--------------|---------------------|--------------------|
| | TIF Districts | CDBG | Special Projects | |
| REVENUES | | | | |
| Property taxes | \$356,135 | \$0 | \$2,755 | \$358,890 |
| Special assessments | 0 | 0 | 0 | 0 |
| Intergovernmental | 0 | 0 | 27,993 | 27,993 |
| Charges for sales and/or services | 0 | 3,562 | 0 | 3,562 |
| Fines and forfeitures | 0 | 0 | 23,075 | 23,075 |
| Interest | 17,507 | 0 | 0 | 17,507 |
| Net increase (decrease) in fair value of investments | (14,310) | 0 | 0 | (14,310) |
| Miscellaneous | 13,191 | 0 | 25,632 | 38,823 |
| Total Revenues | 372,523 | 3,562 | 79,455 | 455,540 |
| EXPENDITURES | | | | |
| Current - | | | | |
| General government | 0 | 0 | 10,674 | 10,674 |
| Public safety | 0 | 0 | 59,768 | 59,768 |
| Public works | 0 | 0 | 0 | 0 |
| Parks and recreation | 0 | 0 | 6,359 | 6,359 |
| Community development | 198,227 | 3,562 | 0 | 201,789 |
| Capital outlay | 0 | 0 | 0 | 0 |
| Debt service - | | | | |
| Principal | 86,518 | 0 | 0 | 86,518 |
| Interest and other fees | 87,255 | 0 | 0 | 87,255 |
| Total Expenditures | 372,000 | 3,562 | 76,801 | 452,363 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 523 | 0 | 2,654 | 3,177 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of property and equipment | 0 | 0 | 0 | 0 |
| Transfers in | 0 | 0 | 0 | 0 |
| Transfers out | (3,136) | 0 | 0 | (3,136) |
| Total Other Financing Sources (Uses) | (3,136) | 0 | 0 | (3,136) |
| NET CHANGE IN FUND BALANCES | (2,613) | 0 | 2,654 | 41 |
| FUND BALANCES - BEGINNING OF YEAR | 1,595,856 | 0 | 115,752 | 1,711,608 |
| FUND BALANCES - END OF YEAR | \$1,593,243 | \$0 | \$118,406 | \$1,711,649 |

| Capital Projects | | | | Total |
|----------------------------------|--------------------------------|-----------------------|--------------------|-----------------------------------|
| Police Equipment Revolving | Fire Equipment Revolving | Street Maintenance | Total | Nonmajor Governmental Funds |
| \$0 | \$0 | \$0 | \$0 | \$358,890 |
| 0 | 0 | 45,904 | 45,904 | 45,904 |
| 0 | 0 | 0 | 0 | 27,993 |
| 0 | 0 | 9 | 9 | 3,571 |
| 0 | 0 | 0 | 0 | 23,075 |
| 35,091 | 7,167 | 20,890 | 63,148 | 80,655 |
| (28,683) | (5,858) | (17,075) | (51,616) | (65,926) |
| 3,800 | 0 | 20,717 | 24,517 | 63,340 |
| 10,208 | 1,309 | 70,445 | 81,962 | 537,502 |
| 0 | 0 | 0 | 0 | 10,674 |
| 1,455 | 0 | 0 | 1,455 | 61,223 |
| 0 | 0 | 160,060 | 160,060 | 160,060 |
| 0 | 0 | 0 | 0 | 6,359 |
| 0 | 0 | 0 | 0 | 201,789 |
| 184,560 | 0 | 0 | 184,560 | 184,560 |
| 0 | 0 | 0 | 0 | 86,518 |
| 0 | 0 | 0 | 0 | 87,255 |
| 186,015 | 0 | 160,060 | 346,075 | 798,438 |
| (175,807) | 1,309 | (89,615) | (264,113) | (260,936) |
| 9,960 | 0 | 0 | 9,960 | 9,960 |
| 125,700 | 0 | 71,400 | 197,100 | 197,100 |
| 0 | 0 | 0 | 0 | (3,136) |
| 135,660 | 0 | 71,400 | 207,060 | 203,924 |
| (40,147) | 1,309 | (18,215) | (57,053) | (57,012) |
| 3,191,297 | 636,661 | 1,872,925 | 5,700,883 | 7,412,491 |
| <u>\$3,151,150</u> | <u>\$637,970</u> | <u>\$1,854,710</u> | <u>\$5,643,830</u> | <u>\$7,355,479</u> |

City of Crystal
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 TIF Districts - Special Revenue
 For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$387,000 | \$387,000 | \$356,135 | (\$30,865) |
| Interest | 5,200 | 5,200 | 17,507 | 12,307 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (14,310) | (14,310) |
| Miscellaneous | 0 | 0 | 13,191 | 13,191 |
| Total Revenues | <u>392,200</u> | <u>392,200</u> | <u>372,523</u> | <u>(19,677)</u> |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community development | 247,333 | 280,162 | 198,227 | 81,935 |
| Debt service - | | | | |
| Principal | 95,569 | 98,169 | 86,518 | 11,651 |
| Interest and other fees | 87,500 | 87,500 | 87,255 | 245 |
| Total Expenditures | <u>430,402</u> | <u>465,831</u> | <u>372,000</u> | <u>93,831</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (38,202) | (73,631) | 523 | 74,154 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (11,000) | (11,000) | (3,136) | 7,864 |
| NET CHANGE IN FUND BALANCES | (49,202) | (84,631) | (2,613) | 82,018 |
| FUND BALANCES - BEGINNING OF YEAR | <u>1,595,856</u> | <u>1,595,856</u> | <u>1,595,856</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$1,546,654</u></u> | <u><u>\$1,511,225</u></u> | <u><u>\$1,593,243</u></u> | <u><u>\$82,018</u></u> |

City of Crystal
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 CDBG - Special Revenue
 For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget</u> |
|--|-------------------------|-------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Charges for sales and/or services | \$0 | \$0 | \$3,562 | \$3,562 |
| EXPENDITURES | | | | |
| Current - | | | | |
| Community development | <u>0</u> | <u>0</u> | <u>3,562</u> | <u>(3,562)</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 0 | 0 | 0 | 0 |
| FUND BALANCES - BEGINNING OF YEAR | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> | <u><u>\$0</u></u> |

City of Crystal
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Special Projects - Special Revenue
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|------------------|-----------------|-------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$0 | \$0 | \$2,755 | \$2,755 |
| Intergovernmental | 18,000 | 18,000 | 27,993 | 9,993 |
| Fines and forfeitures | 18,000 | 18,000 | 23,075 | 5,075 |
| Miscellaneous | 27,000 | 27,000 | 25,632 | (1,368) |
| Total Revenues | 63,000 | 63,000 | 79,455 | 16,455 |
| EXPENDITURES | | | | |
| Current - | | | | |
| General government | 6,000 | 6,000 | 10,674 | (4,674) |
| Public safety | 76,500 | 76,500 | 59,768 | 16,732 |
| Parks and recreation | 9,000 | 9,000 | 6,359 | 2,641 |
| Total Expenditures | 91,500 | 91,500 | 76,801 | 14,699 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (28,500) | (28,500) | 2,654 | 31,154 |
| FUND BALANCES - BEGINNING OF YEAR | 115,752 | 115,752 | 115,752 | 0 |
| FUND BALANCES - END OF YEAR | <u>\$87,252</u> | <u>\$87,252</u> | <u>\$118,406</u> | <u>\$31,154</u> |

City of Crystal
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Police Equipment Revolving - Capital Projects
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$28,136 | \$28,136 | \$35,091 | \$6,955 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (28,683) | (28,683) |
| Miscellaneous | 0 | 0 | 3,800 | 3,800 |
| Total Revenues | 28,136 | 28,136 | 10,208 | (17,928) |
| EXPENDITURES | | | | |
| Current - | | | | |
| Public safety | 0 | 0 | 1,455 | (1,455) |
| Capital outlay | 157,800 | 173,800 | 184,560 | (10,760) |
| Debt service - | | | | |
| Principal | 11,350 | 11,350 | 0 | 11,350 |
| Interest | 1,052 | 1,052 | 0 | 1,052 |
| Total Expenditures | 170,202 | 186,202 | 186,015 | 187 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (142,066) | (158,066) | (175,807) | (17,741) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Proceeds from sale of property and equipment | 15,000 | 15,000 | 9,960 | (5,040) |
| Transfers in | 125,700 | 125,700 | 125,700 | 0 |
| Total Other Financing Sources (Uses) | 140,700 | 140,700 | 135,660 | (5,040) |
| NET CHANGE IN FUND BALANCES | (1,366) | (17,366) | (40,147) | (22,781) |
| FUND BALANCES - BEGINNING OF YEAR | 3,191,297 | 3,191,297 | 3,191,297 | 0 |
| FUND BALANCES - END OF YEAR | <u>\$3,189,931</u> | <u>\$3,173,931</u> | <u>\$3,151,150</u> | <u>(\$22,781)</u> |

City of Crystal
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 Fire Equipment Revolving - Capital Projects
 For the Year Ended December 31, 2013

| | <u>Budgeted Amounts</u> | | <u>Actual Amounts</u> | <u>Variance With Final Budget</u> |
|---|-------------------------|-------------------------|---------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| REVENUES | | | | |
| Interest | \$6,300 | \$6,300 | \$7,167 | \$867 |
| Net increase (decrease) in fair value of investments | <u>0</u> | <u>0</u> | <u>(5,858)</u> | <u>(5,858)</u> |
| Total Revenues | 6,300 | 6,300 | 1,309 | (4,991) |
| FUND BALANCES - BEGINNING OF YEAR | <u>636,661</u> | <u>636,661</u> | <u>636,661</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$642,961</u></u> | <u><u>\$642,961</u></u> | <u><u>\$637,970</u></u> | <u><u>(\$4,991)</u></u> |

City of Crystal
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Street Maintenance - Capital Projects
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$33,437 | \$33,437 | \$45,904 | \$12,467 |
| Charges for sales and/or services | 27,643 | 27,643 | 9 | (27,634) |
| Interest | | | 20,890 | 20,890 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (17,075) | (17,075) |
| Miscellaneous | 0 | 0 | 20,717 | 20,717 |
| Total Revenues | 61,080 | 61,080 | 70,445 | 9,365 |
| EXPENDITURES | | | | |
| Current - Public works | 99,370 | 160,070 | 160,060 | 10 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (38,290) | (98,990) | (89,615) | 9,375 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 71,400 | 71,400 | 71,400 | 0 |
| NET CHANGE IN FUND BALANCES | 33,110 | (27,590) | (18,215) | 9,375 |
| FUND BALANCES - BEGINNING OF YEAR | 1,872,925 | 1,872,925 | 1,872,925 | 0 |
| FUND BALANCES - END OF YEAR | <u>\$1,906,035</u> | <u>\$1,845,335</u> | <u>\$1,854,710</u> | <u>\$9,375</u> |

City of Crystal
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Debt Service
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|---------------------------|---------------------------|---------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Property taxes | \$773,553 | \$773,553 | \$775,688 | \$2,135 |
| Special assessments | 1,559,899 | 1,559,899 | 1,936,541 | 376,642 |
| Interest | 35,478 | 35,478 | 48,748 | 13,270 |
| Net increase (decrease) in fair value of investments | <u>0</u> | <u>0</u> | <u>(36,010)</u> | <u>(36,010)</u> |
| Total Revenues | 2,368,930 | 2,368,930 | 2,724,967 | 356,037 |
| EXPENDITURES | | | | |
| Debt service - | | | | |
| Principal | 1,217,549 | 1,275,549 | 1,272,293 | 3,256 |
| Interest and other fees | <u>375,192</u> | <u>426,492</u> | <u>417,935</u> | <u>8,557</u> |
| Total Expenditures | <u>1,592,741</u> | <u>1,702,041</u> | <u>1,690,228</u> | <u>11,813</u> |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | 776,189 | 666,889 | 1,034,739 | 367,850 |
| FUND BALANCES - BEGINNING OF YEAR | <u>4,405,942</u> | <u>4,405,942</u> | <u>4,405,942</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$5,182,131</u></u> | <u><u>\$5,072,831</u></u> | <u><u>\$5,440,681</u></u> | <u><u>\$367,850</u></u> |

City of Crystal
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
Capital Improvement Revolving - Capital Projects
For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$132,600 | \$140,000 | \$142,503 | \$2,503 |
| Intergovernmental | 39,700 | 74,081 | 74,523 | 442 |
| Charges for sales and/or services | 0 | 34,728 | 34,728 | 0 |
| Interest | 73,350 | 73,350 | 94,776 | 21,426 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (77,469) | (77,469) |
| Miscellaneous | 0 | 77,110 | 78,030 | 920 |
| Total Revenues | 245,650 | 399,269 | 347,091 | (52,178) |
| EXPENDITURES | | | | |
| Capital Outlay | 1,067,600 | 1,854,417 | 1,615,940 | 238,477 |
| Debt service - Interest and other fees | 0 | 0 | 3,265 | (3,265) |
| Total Expenditures | 1,067,600 | 1,854,417 | 1,619,205 | 235,212 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (821,950) | (1,455,148) | (1,272,114) | 183,034 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of bonds | 75,000 | 395,000 | 395,000 | 0 |
| Proceeds from sale of property and equipment | 0 | 47,350 | 47,350 | 0 |
| Transfers in | 647,200 | 713,920 | 695,114 | (18,806) |
| Total Other Financing Sources (Uses) | 722,200 | 1,156,270 | 1,137,464 | (18,806) |
| NET CHANGE IN FUND BALANCES | (99,750) | (298,878) | (134,650) | 164,228 |
| FUND BALANCES - BEGINNING OF YEAR | 8,848,629 | 8,848,629 | 8,848,629 | 0 |
| FUND BALANCES - END OF YEAR | <u>\$8,748,879</u> | <u>\$8,549,751</u> | <u>\$8,713,979</u> | <u>\$164,228</u> |

City of Crystal
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 Street Reconstruction - Capital Projects
 For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|--------------------|--------------------|--------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Special assessments | \$1,205,805 | \$1,205,805 | \$1,110,219 | (\$95,586) |
| Intergovernmental | 100,000 | 100,000 | 601,059 | 501,059 |
| Interest | 25,017 | 25,017 | 35,507 | 10,490 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (29,023) | (29,023) |
| Miscellaneous | 203,846 | 203,846 | 320,101 | 116,255 |
| Total Revenues | 1,534,668 | 1,534,668 | 2,037,863 | 503,195 |
| EXPENDITURES | | | | |
| Capital outlay | 5,664,931 | 5,664,931 | 5,477,987 | 186,944 |
| Debt service - Interest and other fees | 57,489 | 57,489 | 55,726 | 1,763 |
| Total Expenditures | 5,722,420 | 5,722,420 | 5,533,713 | 188,707 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (4,187,752) | (4,187,752) | (3,495,850) | 691,902 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Issuance of bonds | 2,931,928 | 2,931,928 | 3,235,000 | 303,072 |
| Premium on bonds issued | 0 | 0 | 58,626 | 58,626 |
| Total Other Financing Sources (Uses) | 2,931,928 | 2,931,928 | 3,293,626 | 361,698 |
| NET CHANGE IN FUND BALANCES | (1,255,824) | (1,255,824) | (202,224) | 1,053,600 |
| FUND BALANCES - BEGINNING OF YEAR | 2,463,377 | 2,463,377 | 2,463,377 | 0 |
| FUND BALANCES - END OF YEAR | \$1,207,553 | \$1,207,553 | \$2,261,153 | \$1,053,600 |

City of Crystal
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCES - BUDGET AND ACTUAL
 Major Building Replacement - Capital Projects
 For the Year Ended December 31, 2013

| | Budgeted Amounts | | Actual Amounts | Variance With Final Budget |
|--|----------------------------|----------------------------|----------------------------|-------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Interest | \$96,000 | \$96,000 | \$115,920 | \$19,920 |
| Net increase (decrease) in fair value of investments | 0 | 0 | (94,751) | (94,751) |
| Total Revenues | 96,000 | 96,000 | 21,169 | (74,831) |
| EXPENDITURES | | | | |
| Current - | | | | |
| General government | 0 | 26,900 | 26,824 | 76 |
| Capital outlay | 0 | 17,100 | 17,040 | 60 |
| Total Expenditures | 0 | 44,000 | 43,864 | 136 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | | | | |
| | 96,000 | 52,000 | (22,695) | (74,695) |
| FUND BALANCES - BEGINNING OF YEAR | <u>10,308,963</u> | <u>10,308,963</u> | <u>10,308,963</u> | <u>0</u> |
| FUND BALANCES - END OF YEAR | <u><u>\$10,404,963</u></u> | <u><u>\$10,360,963</u></u> | <u><u>\$10,286,268</u></u> | <u><u>(\$74,695)</u></u> |

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Internal Service Funds

Internal Service Funds are used to account, on a cost-reimbursement basis, for the financing of goods or services provided by one department to other departments of the City.

Self-Insurance – This fund is used to account for and finance the City's uninsured risks of loss. Charges are made to various funds of the City to recoup insurance premiums and claims paid.

Post Employment Health Benefits – This fund is used to account for and finance the City's liability associated with providing post employment health benefits to eligible retirees of the City. Currently, no charges are being made to various funds of the City to recoup premiums paid, as the existing net position of the fund is deemed sufficient to provide required benefits for the remaining retirees into the foreseeable future. The need to resume charges for services will be evaluated on an ongoing, annual basis.

City of Crystal
 COMBINING STATEMENT OF NET POSITION
 Internal Service Funds
 December 31, 2013

| | <u>Self- Insurance</u> | <u>Post Employment Health Benefits</u> | <u>Total</u> |
|---------------------------|----------------------------|--|--------------------|
| ASSETS | | | |
| Current Assets: | | | |
| Cash and cash equivalents | \$97,674 | \$16,107 | \$113,781 |
| Investments | 974,502 | 160,702 | 1,135,204 |
| Accrued interest | <u>2,696</u> | <u>489</u> | <u>3,185</u> |
| Total Assets | 1,074,872 | 177,298 | 1,252,170 |
| LIABILITIES | | | |
| Current Liabilities: | | | |
| Accounts payable | 61,654 | 3,607 | 65,261 |
| Due to other governments | <u>8,849</u> | <u>0</u> | <u>8,849</u> |
| Total Liabilities | <u>70,503</u> | <u>3,607</u> | <u>74,110</u> |
| NET POSITION | | | |
| Unrestricted | <u>\$1,004,369</u> | <u>\$173,691</u> | <u>\$1,178,060</u> |

City of Crystal
**COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION**
Internal Service Funds
For the Year Ended December 31, 2013

| | <u>Self- Insurance</u> | <u>Post Employment Health Benefits</u> | <u>Total</u> |
|--|----------------------------|--|---------------------------|
| OPERATING REVENUES | | | |
| Charges for sales and/or services | \$163,364 | \$0 | \$163,364 |
| Miscellaneous | <u>92,696</u> | <u>14,959</u> | <u>107,655</u> |
| Total Operating Revenues | 256,060 | 14,959 | 271,019 |
| OPERATING EXPENSES | | | |
| Insurance | <u>137,621</u> | <u>0</u> | <u>137,621</u> |
| OPERATING INCOME (LOSS) | 118,439 | 14,959 | 133,398 |
| NON-OPERATING REVENUES (EXPENSES) | | | |
| Interest | 11,330 | 2,054 | 13,384 |
| Net increase (decrease) in fair value of investments | <u>(9,261)</u> | <u>(1,679)</u> | <u>(10,940)</u> |
| Total Non-Operating Revenues (Expenses) | <u>2,069</u> | <u>375</u> | <u>2,444</u> |
| CHANGE IN NET POSITION | 120,508 | 15,334 | 135,842 |
| NET POSITION - BEGINNING OF YEAR | <u>883,861</u> | <u>158,357</u> | <u>1,042,218</u> |
| NET POSITION - END OF YEAR | <u><u>\$1,004,369</u></u> | <u><u>\$173,691</u></u> | <u><u>\$1,178,060</u></u> |

City of Crystal
COMBINING STATEMENT OF CASH FLOWS
Internal Service Funds
For the Year Ended December 31, 2013

| | <u>Self- Insurance</u> | <u>Post Employment Health Benefits</u> | <u>Total</u> |
|---|----------------------------|--|--------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | \$256,060 | \$14,959 | \$271,019 |
| Payments to suppliers | <u>(262,336)</u> | <u>(28,973)</u> | <u>(291,309)</u> |
| Net cash provided by (used for) operating activities | (6,276) | (14,014) | (20,290) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sales and maturities of investments | 566,231 | 105,260 | 671,491 |
| Purchase of investments | (540,427) | (89,120) | (629,547) |
| Interest received | <u>12,543</u> | <u>2,381</u> | <u>14,924</u> |
| Net cash provided by (used for) investing activities | <u>38,347</u> | <u>18,521</u> | <u>56,868</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 32,071 | 4,507 | 36,578 |
| CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR | <u>65,603</u> | <u>11,600</u> | <u>77,203</u> |
| CASH AND CASH EQUIVALENTS - END OF YEAR | <u><u>\$97,674</u></u> | <u><u>\$16,107</u></u> | <u><u>\$113,781</u></u> |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES | | | |
| Operating income (loss) | \$118,439 | \$14,959 | \$133,398 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Changes in assets and liabilities - | | | |
| Increase (decrease) in accounts payable | (107,900) | (28,973) | (136,873) |
| Increase (decrease) in due to other governments | <u>(16,815)</u> | <u>0</u> | <u>(16,815)</u> |
| Net cash provided by (used for) operating activities | <u><u>(\$6,276)</u></u> | <u><u>(\$14,014)</u></u> | <u><u>(\$20,290)</u></u> |
| NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES | | | |
| Net increase (decrease) in fair value of investments | <u><u>(\$9,261)</u></u> | <u><u>(\$1,679)</u></u> | <u><u>(\$10,940)</u></u> |

Agency Funds

Agency funds are used to account for resources held by the City in a purely custodial capacity (assets equal liabilities).

Hennepin Recycling Group – This fund is used to account for the collection, recycling and disposal of solid waste activities of the Hennepin Recycling Group.

City of Crystal
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
 Agency Fund - Hennepin Recycling Group
 For the Year Ended December 31, 2013

| | <u>Balance</u> 01/01/13 | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> 12/31/13 |
|---------------------------------|----------------------------|---------------------------|---------------------------|----------------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$108,377 | \$327,985 | \$249,364 | \$186,998 |
| Investments | 1,667,821 | 1,034,655 | 836,778 | 1,865,698 |
| Accrued interest | 6,552 | 39,754 | 41,213 | 5,093 |
| Accounts receivable | 0 | 477,938 | 477,938 | 0 |
| Due from other governments | <u>0</u> | <u>678</u> | <u>0</u> | <u>678</u> |
| TOTAL ASSETS | <u><u>\$1,782,750</u></u> | <u><u>\$1,881,010</u></u> | <u><u>\$1,605,293</u></u> | <u><u>\$2,058,467</u></u> |
| LIABILITIES | | | | |
| Accounts payable | \$50,589 | \$815,478 | \$815,907 | \$50,160 |
| Due to other governments | 70,506 | 84,070 | 70,506 | 84,070 |
| Due to Hennepin Recycling Group | <u>1,661,655</u> | <u>981,462</u> | <u>718,880</u> | <u>1,924,237</u> |
| TOTAL LIABILITIES | <u><u>\$1,782,750</u></u> | <u><u>\$1,881,010</u></u> | <u><u>\$1,605,293</u></u> | <u><u>\$2,058,467</u></u> |

**STATISTICAL
SECTION**

Statistical Section

This part of the City of Crystal's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents:

| | |
|---|-------------|
| Financial Trends – <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i> | Tables 1-4 |
| Revenue Capacity – <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i> | Tables 5-8 |
| Debt Capacity – <i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i> | Tables 9-12 |
| Demographic and Economic Information – <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i> | Table 13-14 |
| Operating Information – <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i> | Table 15-17 |

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

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Table 1

City of Crystal
NET POSITION BY COMPONENT
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Governmental Activities - | | | | | | | | | | |
| Net investment in capital assets | \$25,571,609 | \$20,273,145 | \$24,893,699 | \$25,180,513 | \$26,770,028 | \$26,770,714 | \$26,510,303 | \$25,896,999 | \$26,574,766 | \$28,944,085 |
| Restricted | 8,149,259 | 9,886,610 | 10,586,201 | 10,629,979 | 11,819,634 | 13,971,055 | 13,110,714 | 13,618,934 | 14,772,670 | 17,707,336 |
| Unrestricted | 31,632,310 | 38,666,664 | 37,472,039 | 39,131,250 | 39,002,515 | 39,960,809 | 39,847,074 | 43,259,125 | 43,950,199 | 43,687,744 |
| Total Governmental Activities Net Position | \$65,353,178 | \$68,826,419 | \$72,951,939 | \$74,941,742 | \$77,592,177 | \$80,702,578 | \$79,468,091 | \$82,775,058 | \$85,297,635 | \$90,339,165 |
| Business-type Activities - | | | | | | | | | | |
| Net investment in capital assets | \$6,967,534 | \$6,986,059 | \$7,401,411 | \$7,382,275 | \$8,327,940 | \$11,482,129 | \$11,450,442 | \$12,763,559 | \$13,321,133 | \$15,655,823 |
| Restricted | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Unrestricted | 8,698,622 | 9,521,039 | 10,720,803 | 12,682,951 | 13,815,233 | 10,912,321 | 11,563,188 | 11,319,800 | 10,416,828 | 10,114,825 |
| Total Business-type Activities Net Position | \$15,666,156 | \$16,507,098 | \$18,122,214 | \$20,065,226 | \$22,143,173 | \$22,394,450 | \$23,013,630 | \$24,083,359 | \$24,337,961 | \$25,770,648 |
| Primary Government - | | | | | | | | | | |
| Net investment in capital assets | \$32,539,143 | \$27,259,204 | \$32,295,110 | \$32,562,788 | \$35,097,968 | \$38,252,843 | \$37,960,745 | \$38,660,558 | \$40,495,899 | \$44,599,908 |
| Restricted | 8,149,259 | 9,886,610 | 10,586,201 | 10,629,979 | 11,819,634 | 13,971,055 | 13,110,714 | 13,618,934 | 14,772,670 | 17,707,336 |
| Unrestricted | 40,330,932 | 48,187,703 | 48,192,842 | 51,814,201 | 52,817,748 | 50,873,130 | 51,410,262 | 54,578,925 | 54,367,027 | 53,802,569 |
| Total Primary Government Net Position | \$81,019,334 | \$85,333,517 | \$91,074,153 | \$95,006,968 | \$99,735,550 | \$103,097,028 | \$102,481,721 | \$106,858,417 | \$109,635,596 | \$116,109,813 |

City of Crystal
CHANGES IN NET POSITION
 (Accrual Basis of Accounting)
 Last Ten Fiscal Years
 (unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| EXPENSES: | | | | | | | | | | |
| Governmental Activities - | | | | | | | | | | |
| General Government | \$1,607,256 | \$1,941,958 | \$1,824,361 | \$1,868,163 | \$2,244,098 | \$2,087,275 | \$2,115,117 | \$2,084,038 | \$1,992,060 | \$2,091,395 |
| Public safety | 4,094,076 | 3,870,998 | 4,114,543 | 4,758,208 | 5,205,078 | 5,317,912 | 5,979,472 | 6,247,062 | 5,605,172 | 5,900,593 |
| Public works | 3,476,393 | 3,993,615 | 3,556,148 | 2,954,963 | 3,520,939 | 5,646,176 | 6,075,243 | 3,997,978 | 4,345,225 | 2,655,529 |
| Parks and recreation | 1,837,108 | 2,617,174 | 2,043,862 | 2,359,280 | 2,481,244 | 2,487,528 | 2,494,542 | 2,475,881 | 2,110,078 | 2,548,785 |
| Community development | 1,661,519 | 1,562,509 | 2,679,817 | 2,633,846 | 3,348,828 | 2,839,775 | 1,656,365 | 2,168,725 | 2,180,213 | 1,570,132 |
| Interest on long-term debt | 707,947 | 580,027 | 859,785 | 556,108 | 603,715 | 501,300 | 531,889 | 503,301 | 498,884 | 586,388 |
| Total Governmental Activities Expenses | 13,384,299 | 14,566,281 | 15,078,516 | 15,130,568 | 17,403,902 | 18,829,966 | 18,852,428 | 17,477,005 | 16,731,632 | 15,352,822 |
| Business-type Activities - | | | | | | | | | | |
| Water | 2,200,233 | 2,252,779 | 2,228,956 | 2,275,410 | 2,199,371 | 2,679,141 | 2,482,146 | 2,930,591 | 3,094,744 | 3,092,654 |
| Sanitary sewer | 1,541,613 | 1,845,653 | 1,724,731 | 1,791,915 | 1,879,187 | 2,073,968 | 1,934,868 | 1,928,975 | 1,874,699 | 1,927,664 |
| Storm drainage | 530,620 | 604,916 | 603,584 | 420,085 | 429,906 | 1,019,228 | 501,194 | 600,371 | 782,897 | 760,372 |
| Street lights | 154,149 | 159,493 | 133,285 | 131,804 | 177,313 | 170,521 | 148,627 | 186,991 | 173,308 | 309,396 |
| Recycling | 0 | 0 | 0 | 299,587 | 303,729 | 318,487 | 322,072 | 331,918 | 329,106 | 329,131 |
| Total Business-type Activities Expenses | 4,426,615 | 4,862,841 | 4,690,556 | 4,918,801 | 4,989,506 | 6,261,345 | 5,388,907 | 5,978,846 | 6,254,754 | 6,419,217 |
| Total Primary Government Expenses | \$17,810,914 | \$19,429,122 | \$19,769,072 | \$20,049,369 | \$22,393,408 | \$25,091,311 | \$24,241,335 | \$23,455,851 | \$22,986,386 | \$21,772,039 |
| PROGRAM REVENUES: | | | | | | | | | | |
| Governmental Activities - | | | | | | | | | | |
| Charges for Services - | | | | | | | | | | |
| General government | \$210,866 | \$247,810 | \$241,056 | \$237,059 | \$285,934 | \$232,748 | \$205,696 | \$278,336 | \$240,501 | \$256,133 |
| Public safety | 172,321 | 199,428 | 224,366 | 248,284 | 299,699 | 324,387 | 305,692 | 357,536 | 389,769 | 429,740 |
| Public works | 123,779 | 681,887 | 219,278 | 2,924 | 0 | 14,504 | 13,832 | 0 | 0 | 9 |
| Parks and recreation | 342,138 | 259,623 | 461,215 | 507,166 | 488,544 | 433,300 | 447,166 | 437,259 | 463,259 | 500,561 |
| Community development | 596,620 | 500,512 | 473,186 | 543,194 | 1,683,780 | 1,066,609 | 848,120 | 668,666 | 665,503 | 902,000 |
| Operating Grants and Contributions | 265,649 | 748,332 | 324,984 | 390,218 | 451,677 | 554,288 | 854,645 | 1,140,876 | 1,164,000 | 667,622 |
| Capital Grants and Contributions | 5,478,896 | 3,805,601 | 6,252,233 | 2,238,767 | 4,461,854 | 6,550,860 | 2,977,318 | 5,750,178 | 6,008,708 | 6,877,723 |
| Total Governmental Activities Program Revenues | 7,190,269 | 6,443,193 | 8,206,318 | 4,167,612 | 7,671,488 | 9,176,696 | 5,652,469 | 8,632,851 | 8,931,740 | 9,633,788 |
| Business-type Activities - | | | | | | | | | | |
| Charges for Services - | | | | | | | | | | |
| Water | 2,449,373 | 2,242,256 | 2,486,581 | 2,669,137 | 2,690,721 | 2,872,639 | 2,607,834 | 2,549,324 | 2,790,363 | 2,637,830 |
| Sanitary sewer | 1,877,891 | 1,879,105 | 1,897,566 | 1,882,054 | 1,890,849 | 1,887,052 | 1,856,830 | 1,913,165 | 1,919,725 | 1,939,539 |
| Storm drainage | 491,664 | 545,923 | 610,537 | 612,811 | 622,182 | 641,031 | 648,338 | 653,009 | 676,265 | 717,005 |
| Street lights | 148,771 | 150,197 | 149,440 | 150,711 | 150,936 | 154,708 | 161,702 | 162,722 | 162,119 | 169,015 |
| Recycling | 0 | 0 | 0 | 336,080 | 315,173 | 330,628 | 324,935 | 334,654 | 336,214 | 334,162 |
| Operating Grants and Contributions | 70,148 | 330,070 | 123,622 | 226,259 | 191,073 | 153,868 | 171,337 | 375,631 | 336,103 | 414,534 |
| Capital Grants and Contributions | 0 | 0 | 0 | 0 | 0 | 0 | 71,385 | 938,060 | 1,695 | 1,319,522 |
| Total Business-type Activities Program Revenues | 5,037,847 | 5,147,551 | 5,267,746 | 5,877,052 | 5,860,934 | 6,039,924 | 5,842,361 | 6,926,565 | 6,221,484 | 7,531,607 |
| Total Primary Government Program Revenues | \$12,228,116 | \$11,590,744 | \$13,474,064 | \$10,044,664 | \$13,532,422 | \$15,216,620 | \$11,494,830 | \$15,559,416 | \$15,153,224 | \$17,165,395 |

Continued . . .

City of Crystal
CHANGES IN NET POSITION
(Accrual Basis of Accounting)
Last Ten Fiscal Years
(unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| Continued from previous page . . . | | | | | | | | | | |
| NET (EXPENSE) REVENUE | | | | | | | | | | |
| Governmental Activities | (\$6,194,030) | (\$8,123,088) | (\$6,872,198) | (\$10,962,956) | (\$9,732,414) | (\$9,653,270) | (\$13,199,959) | (\$8,844,154) | (\$7,798,892) | (\$5,719,034) |
| Business-type Activities | 611,232 | 284,710 | 577,190 | 958,251 | 871,428 | (221,421) | 453,454 | 947,719 | (33,270) | 1,112,390 |
| Total Primary Government Net Expense | (\$5,582,798) | (\$7,838,378) | (\$6,295,008) | (\$10,004,705) | (\$8,860,986) | (\$9,874,691) | (\$12,746,505) | (\$7,896,435) | (\$7,833,162) | (\$4,606,644) |
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | | | | | | | |
| Governmental Activities - | | | | | | | | | | |
| Property taxes | \$7,346,926 | \$7,955,577 | \$8,581,070 | \$9,107,674 | \$9,478,922 | \$9,854,813 | \$9,231,751 | \$9,318,013 | \$9,710,807 | \$9,561,519 |
| Grants and contributions not restricted to specific programs | 2,055,580 | 1,495,373 | 1,401,110 | 1,757,264 | 1,821,550 | 2,074,108 | 1,616,214 | 1,618,291 | 1,478,220 | 1,472,223 |
| Unrestricted investment earnings | 1,292,440 | 1,126,365 | 1,635,607 | 2,411,120 | 1,773,833 | 991,016 | 1,025,552 | 1,036,201 | 540,883 | 96,678 |
| Gain on disposition of capital assets | 8,505 | 17,500 | 40,399 | 18,941 | 11,690 | 28,242 | 21,072 | 38,413 | 45,139 | 47,080 |
| Transfers | (452,574) | (143,963) | (660,468) | (342,240) | (703,146) | (184,508) | 70,983 | 140,203 | (177,580) | (252,756) |
| Total Governmental Activities | 10,250,877 | 10,450,862 | 10,997,718 | 12,952,759 | 12,382,849 | 12,763,671 | 11,965,472 | 12,151,121 | 11,597,469 | 10,924,744 |
| Business-type Activities - | | | | | | | | | | |
| Unrestricted investment earnings | 239,384 | 231,799 | 377,458 | 642,521 | 500,723 | 283,159 | 236,609 | 240,213 | 108,888 | 16,241 |
| Gain on disposition of capital assets | 32,035 | 0 | 0 | 0 | 2,650 | 5,031 | 0 | 22,000 | 1,404 | 51,300 |
| Transfers | 452,574 | 143,963 | 660,468 | 342,240 | 703,146 | 184,508 | (70,883) | (140,203) | 177,580 | 252,756 |
| Total Business-type Activities | 723,993 | 375,762 | 1,037,926 | 984,761 | 1,206,519 | 472,698 | 165,726 | 122,010 | 287,872 | 320,297 |
| Total Primary Government | \$10,974,870 | \$10,826,614 | \$12,035,644 | \$13,937,520 | \$13,589,368 | \$13,236,369 | \$12,131,198 | \$12,273,131 | \$11,885,341 | \$11,245,041 |
| CHANGE IN NET POSITION | | | | | | | | | | |
| Governmental Activities | \$4,056,847 | \$2,327,764 | \$4,125,520 | \$1,989,803 | \$2,650,435 | \$3,110,401 | (\$1,234,487) | \$3,306,967 | \$3,797,577 | \$5,205,710 |
| Business-type Activities | 1,335,225 | 660,472 | 1,615,116 | 1,943,012 | 2,077,947 | 251,277 | 619,180 | 1,069,729 | 254,602 | 1,432,687 |
| Total Primary Government | \$5,392,072 | \$2,988,236 | \$5,740,636 | \$3,932,815 | \$4,728,382 | \$3,361,678 | (\$615,307) | \$4,376,696 | \$4,052,179 | \$6,638,397 |

City of Crystal
FUND BALANCES OF GOVERNMENTAL FUNDS
 (Modified Accrual Basis of Accounting)
 Last Ten Fiscal Years
 (unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund - | | | | | | | | | | |
| Committed - | | | | | | | | | | |
| Compensated absences | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$869,801 | \$882,942 | \$840,514 |
| Unreserved | 8,466,198 | 6,552,752 | 6,654,021 | 6,846,050 | 6,713,244 | 7,405,422 | 7,613,583 | 0 | 0 | 0 |
| Unassigned | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,645,169 | 6,514,525 | 6,862,599 |
| Total General Fund | \$8,466,198 | \$6,552,752 | \$6,654,021 | \$6,846,050 | \$6,713,244 | \$7,405,422 | \$7,613,583 | \$7,514,970 | \$7,397,467 | \$7,703,113 |
| All Other Governmental Funds - | | | | | | | | | | |
| Reserved | \$5,293,639 | \$5,154,628 | \$4,272,234 | \$5,179,892 | \$4,127,667 | \$5,252,033 | \$5,383,786 | \$0 | \$0 | \$0 |
| Nonspendable - | | | | | | | | | | |
| Prepaid items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 78,455 |
| Restricted - | | | | | | | | | | |
| Housing and redevelopment assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,468,311 | 1,595,856 | 1,593,243 |
| MURL revolving fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 29,775 | 32,852 | 35,651 |
| Debt service | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,831,273 | 4,405,942 | 5,440,681 |
| 10% lawful gambling contrib. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6,323 | 3,795 | 1,945 |
| DWI-related enforcement, training, and education | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 38,188 | 41,723 | 59,357 |
| Committed - | | | | | | | | | | |
| Housing and redevelopment assistance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,541,003 | 3,754,395 | 3,914,649 |
| Cap. outlay - city wide | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 8,607,284 | 8,848,629 | 8,647,926 |
| Cap. outlay - street reconstruction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4,028,317 | 2,463,377 | 2,261,153 |
| Cap. outlay - replace, and renovation of city bldgs. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9,645,755 | 10,308,963 | 10,286,268 |
| Cap. outlay - police dept. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 3,184,679 | 3,191,297 | 3,138,748 |
| Cap. outlay - fire dept. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 629,063 | 636,661 | 637,970 |
| Cap. outlay - street maint. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,908,638 | 1,872,925 | 1,854,710 |
| Assigned - | | | | | | | | | | |
| Police dept. purposes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 7,138 | 32,058 | 18,531 |
| Park and rec. dept. purposes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 33,275 | 25,805 | 26,718 |
| Other purposes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 12,275 | 12,371 | 11,855 |
| Unreserved, reported in - | | | | | | | | | | |
| Special revenue funds | 7,075,442 | 4,416,604 | 5,238,693 | 4,495,551 | 5,127,735 | 4,702,340 | 5,158,888 | 0 | 0 | 0 |
| Capital projects funds | 19,447,001 | 24,823,846 | 23,267,549 | 25,648,147 | 26,055,543 | 26,544,020 | 25,553,862 | 0 | 0 | 0 |
| Total All Other Governmental Funds | \$31,816,082 | \$34,395,078 | \$32,778,476 | \$35,323,590 | \$35,310,945 | \$36,498,393 | \$36,096,536 | \$37,971,297 | \$37,226,649 | \$38,007,860 |

Note: GASB Statement No. 54 was implemented for 2011. 2011 and all subsequent years will be reported in compliance with GASB Statement No. 54. Prior years are reported as previously stated.

Table 4

City of Crystal
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 (Modified Accrual Basis of Accounting)
 Last Ten Fiscal Years
 (unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|--------------------|--------------------|----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| REVENUES | | | | | | | | | | |
| Property taxes | \$7,334,443 | \$7,903,358 | \$8,552,947 | \$9,059,372 | \$9,433,491 | \$9,844,690 | \$9,200,159 | \$9,323,325 | \$9,714,591 | \$9,641,513 |
| Special assessments | 2,232,600 | 1,930,603 | 2,326,492 | 1,453,148 | 2,121,616 | 3,034,025 | 2,102,306 | 2,718,038 | 3,540,032 | 3,467,243 |
| Licenses, permits and inspections | 701,191 | 600,363 | 584,695 | 653,873 | 674,256 | 616,527 | 666,542 | 674,693 | 670,162 | 843,741 |
| Intergovernmental | 3,631,809 | 2,471,031 | 2,286,995 | 3,453,291 | 2,562,007 | 2,553,124 | 3,043,371 | 3,944,380 | 2,508,451 | 3,046,762 |
| Charges for sales and/or services | 339,325 | 312,645 | 535,311 | 585,665 | 1,849,086 | 1,085,841 | 769,153 | 759,262 | 826,023 | 899,525 |
| Administrative services provided to other funds | 0 | 0 | 0 | 251,426 | 260,226 | 303,159 | 273,653 | 294,594 | 278,835 | 291,368 |
| Fines and forfeitures | 158,237 | 148,644 | 168,838 | 175,386 | 269,345 | 404,871 | 426,922 | 353,125 | 316,496 | 397,759 |
| Interest | 1,507,653 | 1,549,089 | 1,781,864 | 1,863,578 | 1,736,086 | 1,165,835 | 913,481 | 801,534 | 669,524 | 473,660 |
| Net increase (decrease) in fair value of investments | (215,213) | (422,724) | (146,258) | 547,542 | 37,747 | (202,228) | 84,828 | 206,953 | (142,882) | (379,426) |
| Miscellaneous | 287,364 | 900,148 | 451,991 | 253,485 | 287,955 | 1,036,102 | 484,731 | 379,636 | 450,274 | 502,878 |
| Total Revenues | 15,977,409 | 15,393,157 | 16,542,875 | 18,296,766 | 19,231,815 | 19,841,946 | 17,965,146 | 19,455,540 | 18,831,506 | 19,185,023 |
| EXPENDITURES | | | | | | | | | | |
| Current - | | | | | | | | | | |
| General government | 1,434,287 | 1,493,240 | 1,549,204 | 1,889,229 | 2,036,128 | 2,062,105 | 2,019,487 | 1,898,990 | 2,030,717 | 2,158,164 |
| Public safety | 3,932,540 | 3,689,022 | 3,971,734 | 4,312,806 | 4,942,650 | 5,068,676 | 5,722,179 | 5,992,955 | 5,429,833 | 5,679,203 |
| Public works | 843,200 | 896,946 | 922,469 | 1,016,856 | 1,070,172 | 1,169,753 | 1,912,121 | 1,450,552 | 1,315,019 | 1,311,719 |
| Parks and recreation | 1,580,343 | 1,915,601 | 1,698,184 | 1,849,827 | 1,946,874 | 1,919,783 | 1,948,874 | 1,955,070 | 1,978,397 | 2,029,179 |
| Community development | 920,435 | 903,027 | 1,194,351 | 1,581,223 | 1,131,500 | 1,451,652 | 1,425,627 | 1,382,770 | 1,408,056 | 1,464,562 |
| Capital outlay | 5,756,186 | 7,074,164 | 9,276,943 | 2,992,661 | 7,838,976 | 9,247,869 | 4,112,480 | 4,528,799 | 7,052,365 | 7,327,877 |
| Debt service - | | | | | | | | | | |
| Principal | 2,601,378 | 1,484,191 | 2,248,238 | 1,641,041 | 2,464,034 | 1,118,889 | 1,599,619 | 1,810,083 | 1,500,882 | 1,358,811 |
| Interest and other fees | 703,730 | 596,145 | 817,560 | 562,842 | 608,505 | 507,246 | 549,775 | 529,299 | 538,947 | 564,181 |
| Total Expenditures | 17,772,099 | 18,052,336 | 21,678,683 | 15,846,485 | 22,038,639 | 22,545,973 | 19,290,223 | 19,548,518 | 21,254,016 | 21,893,696 |
| EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES | (1,794,690) | (2,659,179) | (5,135,808) | 2,450,281 | (2,807,024) | (2,704,027) | (1,325,077) | (92,978) | (2,422,510) | (2,708,673) |
| OTHER FINANCING SOURCES (USES) | | | | | | | | | | |
| Issuance of bonds | 1,991,000 | 3,835,000 | 1,855,000 | 0 | 2,190,000 | 4,564,778 | 1,000,222 | 1,705,000 | 2,635,000 | 3,630,000 |
| Issuance of refunding bonds | 464,000 | 0 | 0 | 0 | 0 | 0 | 1,204,778 | 0 | 0 | 0 |
| Issuance of certificates of indebtedness | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Issuance of notes payable | 0 | 0 | 0 | 0 | 0 | 0 | 58,501 | 0 | 0 | 0 |
| Payment to refunded bond escrow agent | (995,000) | (940,000) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Refunded bonds redeemed | 0 | 0 | 0 | 0 | 0 | 0 | (1,204,778) | 0 | 0 | 0 |
| Premium on debt issued | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proceeds from sale of property and equipment | 890,454 | 452,999 | 1,745,991 | 336,571 | 18,716 | 28,592 | 32,158 | 41,314 | 70,531 | 58,626 |
| Discount on debt issued | (14,100) | (23,270) | (10,516) | 0 | (1,069) | (43,680) | 0 | (17,391) | 56,169 | 57,310 |
| Transfers in | 2,871,037 | 3,924,152 | 2,632,348 | 10,006,272 | 2,974,226 | 987,463 | 1,135,907 | 1,646,572 | 2,865,486 | 895,350 |
| Transfers out | (2,871,037) | (3,924,152) | (2,602,348) | (10,055,981) | (2,520,300) | (953,500) | (1,095,407) | (1,506,369) | (2,791,827) | (845,756) |
| Total Other Financing Sources (Uses) | 2,336,354 | 3,324,129 | 3,620,475 | 286,862 | 2,661,573 | 4,583,653 | 1,131,381 | 1,969,126 | 2,835,359 | 3,795,530 |
| NET CHANGE IN FUND BALANCES | \$541,664 | \$665,550 | (\$1,515,333) | \$2,737,143 | (\$145,451) | \$1,879,626 | (\$193,696) | \$1,776,148 | \$412,849 | \$1,086,857 |
| Debt service as a percentage of noncapital expenditures | 24% | 15% | 20% | 15% | 17% | 9% | 13% | 14% | 13% | 14% |

Table 5

City of Crystal
TAXABLE AND ESTIMATED MARKET VALUES OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (unaudited)

| Fiscal Year | Real Property | | | Personal Property | Total Taxable Market Value | Total Direct Tax Rate | Estimated Actual Market Value | Total Taxable Market Value as a Percent of Estimated Actual Market Value |
|-------------|-----------------|---------------|-----------------------|-------------------|----------------------------|-----------------------|-------------------------------|--|
| | Residential | Appartments | Commercial Industrial | | | | | |
| 2004 | \$1,074,183,200 | \$106,903,000 | \$128,108,800 | \$12,242,400 | \$1,321,437,400 | 41.451 | \$1,474,676,200 | 89.61% |
| 2005 | 1,235,659,800 | 113,941,000 | 132,701,600 | 12,579,000 | 1,494,881,400 | 39.589 | 1,569,727,700 | 95.23% |
| 2006 | 1,404,411,200 | 114,698,000 | 153,640,900 | 12,588,500 | 1,685,338,600 | 37.887 | 1,705,226,200 | 98.83% |
| 2007 | 1,509,899,500 | 114,201,000 | 172,061,800 | 12,698,800 | 1,808,861,100 | 37.174 | 1,818,843,400 | 99.45% |
| 2008 | 1,557,426,100 | 112,622,000 | 190,934,900 | 12,133,500 | 1,873,116,500 | 36.564 | 1,875,651,300 | 99.86% |
| 2009 | 1,480,780,567 | 111,623,000 | 190,548,200 | 11,717,000 | 1,794,668,767 | 39.789 | 1,799,864,267 | 99.71% |
| 2010 | 1,359,108,500 | 109,744,000 | 177,950,600 | 11,371,300 | 1,658,174,400 | 44.270 | 1,663,404,700 | 99.69% |
| 2011 | 1,214,915,800 | 101,790,000 | 162,932,900 | 11,554,800 | 1,491,193,500 | 48.764 | 1,496,063,900 | 99.67% |
| 2012 | 1,019,240,647 | 100,691,000 | 161,022,000 | 11,783,600 | 1,292,737,247 | 52.929 | 1,457,765,100 | 88.68% |
| 2013 | 864,841,494 | 100,076,440 | 159,257,200 | 12,586,700 | 1,136,761,834 | 57.630 | 1,311,691,400 | 86.66% |

Source: Hennepin County

City of Crystal
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(unaudited)

| Fiscal Year | City Direct Tax Rates | | | Total City Direct Tax Rate | Robbinsdale ISD #281 | Hennepin County | Special Districts * | Total Tax Capacity Tax Rate | Crystal Debt Service Market Value Rate | Robbinsdale ISD #281 Market Value Rate | Total Overlapping Tax Rate |
|-------------|-----------------------|-------|-------------------|----------------------------|----------------------|-----------------|---------------------|-----------------------------|--|--|----------------------------|
| | Basic Rate | HRA | G.O. Debt Service | | | | | | | | |
| 2004 | 40.218 | 1.233 | 0.000 | 41.451 | 34.258 | 47.324 | 7.488 | 130.521 | 0.000 | 0.166 | 130.687 |
| 2005 | 38.334 | 1.255 | 0.000 | 39.589 | 29.989 | 44.172 | 7.382 | 121.132 | 0.015 | 0.150 | 121.297 |
| 2006 | 36.748 | 1.139 | 0.000 | 37.887 | 28.489 | 41.016 | 6.998 | 114.390 | 0.013 | 0.163 | 114.566 |
| 2007 | 36.059 | 1.115 | 0.000 | 37.174 | 28.750 | 39.110 | 7.310 | 112.344 | 0.012 | 0.143 | 112.499 |
| 2008 | 35.441 | 1.123 | 0.000 | 36.564 | 27.243 | 38.571 | 7.397 | 109.775 | 0.012 | 0.137 | 109.924 |
| 2009 | 38.288 | 1.501 | 0.000 | 39.789 | 27.214 | 40.413 | 7.154 | 114.570 | 0.012 | 0.237 | 114.819 |
| 2010 | 40.285 | 1.400 | 2.585 | 44.270 | 28.621 | 42.640 | 8.138 | 123.669 | 0.013 | 0.229 | 123.911 |
| 2011 | 44.529 | 1.418 | 2.817 | 48.764 | 34.387 | 45.840 | 9.172 | 138.163 | 0.014 | 0.231 | 138.408 |
| 2012 | 48.219 | 1.588 | 3.122 | 52.929 | 32.810 | 48.231 | 9.523 | 143.493 | 0.015 | 0.276 | 143.784 |
| 2013 | 52.520 | 1.480 | 3.630 | 57.630 | 32.347 | 49.461 | 10.089 | 149.527 | 0.016 | 0.297 | 149.840 |

Note: Information reflects total tax rates levied by each entity. Tax rates are expressed in terms of "net tax capacity." A property's tax capacity is determined by multiplying its taxable market value by a state-determined class rate. Class rates vary by property type and change periodically based on state legislation.

* Includes Metropolitan Council, Metropolitan Transit, Metropolitan Mosquito Control, Hennepin Parks, Park Museum, and the Hennepin County Regional Railroad Authority.

Source: Hennepin County

City of Crystal
PRINCIPAL PROPERTY TAXPAYERS
 Current Year and Nine Years Ago
 (unaudited)

| Taxpayer | Type of Property | 2013 | | | 2014 | | |
|-----------------------------------|------------------------------------|---------------------|------|----------------------------------|---------------------|------|----------------------------------|
| | | Tax Capacity * | Rank | Percentage of Total Tax Capacity | Tax Capacity * | Rank | Percentage of Total Tax Capacity |
| Crystal Shopping Center Assoc. | Shopping Center | \$389,250 | 1 | 2.45% | \$239,250 | 2 | 1.45% |
| Lanel Financial Group | Apartments | 368,913 | 2 | 2.33% | 175,913 | 4 | 1.06% |
| Crystal Village Apartments, LLC | Apartments | 268,789 | 3 | 1.69% | 265,839 | 1 | 1.61% |
| Target Corporation | Department Store | 188,250 | 4 | 1.19% | 117,250 | 9 | 0.71% |
| SuperValu, Inc. | Grocery Store | 161,250 | 5 | 1.02% | 149,250 | 5 | 0.90% |
| Crystal Medical Building LLC | Office/clinic | 154,630 | 6 | 0.97% | | | |
| Smith-Sturm Investment Co. | Apartments | 133,263 | 7 | 0.84% | 130,038 | 6 | 0.79% |
| Winpark One Two LLC | Industrial | 126,250 | 8 | 0.80% | | | |
| Bass Lake Road Retail Assoc., LLP | Apartments | 109,770 | 9 | 0.69% | 120,350 | 8 | 0.73% |
| Industrial Equities Group, LLC | Office/Warehouse | 93,090 | 10 | 0.59% | 102,572 | 10 | 0.62% |
| Crystal Gallery Developers | Shopping Center | | | | 125,470 | 7 | 0.76% |
| Calliber-Chase Partners | Apartments | | | | 238,813 | 3 | 1.44% |
| | | <u>\$1,993,455</u> | | <u>12.57%</u> | <u>\$1,664,745</u> | | <u>10.07%</u> |
| | Total City of Crystal Tax Capacity | <u>\$15,865,985</u> | | | <u>\$16,543,871</u> | | |

* Tax Capacity is computed by applying class rate percentages, specific to each type of property classification, against Taxable Market Value. Class rate percentages vary depending upon the type of property. The formulas and class rates for converting Taxable Market Value into Tax Capacity represent a basic element of the Minnesota property tax system and are subject to annual revisions by the State.

Source: Hennepin County

Table 8

City of Crystal
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years
(unaudited)

| Fiscal Year | Tax Levy | Current Tax Collections | Percentage of Levy Collected | Delinquent Tax Collections | Total Tax Collections | Total Tax | Total Collections as a % of Tax Levy | Outstanding Delinquent Taxes | Delinquent Taxes as a % of Tax Levy |
|-------------|-------------|-------------------------|------------------------------|----------------------------|-----------------------|-------------|--------------------------------------|------------------------------|-------------------------------------|
| | | | | | | | | | |
| 2004 | \$5,807,190 | \$5,740,509 | 98.85% | \$66,681 | \$5,807,190 | \$5,807,190 | 100.00% | \$0 | 0.00% |
| 2005 | 6,549,526 | 6,428,986 | 98.16% | 120,540 | 6,549,526 | 6,549,526 | 100.00% | 0 | 0.00% |
| 2006 | 7,016,240 | 6,879,114 | 98.05% | 137,126 | 7,016,240 | 7,016,240 | 100.00% | 0 | 0.00% |
| 2007 | 7,382,712 | 7,223,391 | 97.84% | 159,321 | 7,382,712 | 7,382,712 | 100.00% | 0 | 0.00% |
| 2008 | 7,612,282 | 7,448,064 | 97.84% | 164,218 | 7,612,282 | 7,612,282 | 100.00% | 0 | 0.00% |
| 2009 | 7,937,517 | 7,787,343 | 98.11% | 108,368 | 7,895,711 | 7,895,711 | 99.47% | 41,806 | 0.53% |
| 2010 | 8,849,440 | 8,675,169 | 98.03% | 145,618 | 8,820,787 | 8,820,787 | 99.68% | 28,653 | 0.32% |
| 2011 | 8,900,044 | 8,780,526 | 98.66% | 84,971 | 8,865,497 | 8,865,497 | 99.61% | 34,547 | 0.39% |
| 2012 | 9,258,402 | 9,139,252 | 98.71% | 69,206 | 9,208,458 | 9,208,458 | 99.46% | 49,944 | 0.54% |
| 2013 | 9,159,895 | 9,090,927 | 99.25% | 0 | 9,090,927 | 9,090,927 | 99.25% | 75,006 | 0.82% |

Source: City of Crystal Finance Department records

Table 9

City of Crystal
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years
(unaudited)

| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Taxable market value - amounts expressed in thousands | <u>\$1,321,437</u> | <u>\$1,494,881</u> | <u>\$1,685,339</u> | <u>\$1,808,861</u> | <u>\$1,873,116</u> | <u>\$1,794,668</u> | <u>\$1,658,174</u> | <u>\$1,491,193</u> | <u>\$1,292,737</u> | <u>\$1,136,761</u> |
| Debt limit (3% of taxable market value) | \$39,643,000 | \$44,846,000 | \$50,560,000 | \$54,266,000 | \$56,193,000 | \$53,840,000 | \$49,745,000 | \$44,736,000 | \$38,782,000 | \$34,103,000 |
| Less debt applicable to debt limit: | | | | | | | | | | |
| Total bonded debt | 9,880,000 | 11,410,000 | 11,095,000 | 9,515,000 | 9,305,000 | 12,824,778 | 12,310,891 | 12,282,995 | 13,518,886 | 15,926,532 |
| Deductions - | | | | | | | | | | |
| Tax increment bonds | 4,030,000 | 3,205,000 | 2,330,000 | 1,485,000 | 665,000 | 260,000 | 0 | 0 | 0 | 0 |
| Special assessment bonds | 5,305,000 | 5,395,000 | 6,265,000 | 5,795,000 | 6,675,000 | 9,525,000 | 8,915,000 | 9,880,000 | 11,770,000 | 14,191,612 |
| | <u>9,335,000</u> | <u>8,600,000</u> | <u>8,595,000</u> | <u>7,280,000</u> | <u>7,340,000</u> | <u>9,785,000</u> | <u>8,915,000</u> | <u>9,880,000</u> | <u>11,770,000</u> | <u>14,191,612</u> |
| Total debt applicable to debt limit | 545,000 | 2,810,000 | 2,500,000 | 2,235,000 | 1,965,000 | 3,039,778 | 3,395,891 | 2,402,995 | 1,748,886 | 1,734,920 |
| Legal debt margin | <u>\$39,098,000</u> | <u>\$42,036,000</u> | <u>\$48,060,000</u> | <u>\$52,031,000</u> | <u>\$54,228,000</u> | <u>\$50,800,222</u> | <u>\$46,349,109</u> | <u>\$42,333,005</u> | <u>\$37,033,114</u> | <u>\$32,368,080</u> |
| Total debt applicable to the debt limit as a percentage of the debt limit | <u>1.4%</u> | <u>6.3%</u> | <u>4.9%</u> | <u>4.1%</u> | <u>3.5%</u> | <u>5.6%</u> | <u>6.8%</u> | <u>5.4%</u> | <u>4.5%</u> | <u>5.1%</u> |

Source: City of Crystal Finance Department records

City of Crystal
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years
(unaudited)

| Fiscal Year | Governmental Activities | | | | Business Type Activities | | Total Primary Government | Percentage Of Taxable Market Value | Percentage Of Personal Income | Per Capita |
|-------------|-------------------------|----------------------------|-------------------------------|-------------------------------|--------------------------|--------------------|--------------------------|------------------------------------|-------------------------------|------------|
| | G.O. Bonds | | G.O. Special Assessment Bonds | | G.O. Notes Payable | | | | | |
| | G.O. Bonds | G.O. Tax Incremental Bonds | G.O. Bonds | G.O. Special Assessment Bonds | G.O. Notes Payable | G.O. Notes Payable | | | | |
| 2004 | \$545,000 | \$4,030,000 | \$5,305,000 | \$64,239 | \$0 | \$9,944,239 | 0.75% | 0.89% | \$436 | |
| 2005 | 2,810,000 | 3,205,000 | 5,395,000 | 7,182 | 0 | 11,417,182 | 0.76% | 1.00% | 505 | |
| 2006 | 2,500,000 | 2,330,000 | 6,265,000 | 0 | 0 | 11,095,000 | 0.66% | 0.92% | 497 | |
| 2007 | 2,235,000 | 1,485,000 | 5,795,000 | 0 | 0 | 9,515,000 | 0.53% | 0.77% | 430 | |
| 2008 | 1,965,000 | 665,000 | 6,675,000 | 0 | 0 | 9,305,000 | 0.50% | 0.73% | 420 | |
| 2009 | 3,039,778 | 260,000 | 9,525,000 | 0 | 0 | 12,824,778 | 0.71% | 1.10% | 583 | |
| 2010 | 3,395,891 | 0 | 8,915,000 | 46,100 | 0 | 12,356,991 | 0.75% | 1.02% | 558 | |
| 2011 | 2,402,995 | 0 | 9,880,000 | 46,100 | 0 | 12,329,095 | 0.83% | 0.97% | 556 | |
| 2012 | 1,741,221 | 0 | 11,768,751 | 35,081 | 0 | 13,545,053 | 1.05% | 1.03% | 604 | |
| 2013 | 1,734,920 | 0 | 14,191,612 | 0 | 0 | 15,926,532 | 1.40% | 1.21% | 710 | |

Sources: Outstanding Debt - City of Crystal Finance Department Records
 Taxable Market Value - Hennepin County Assessor Department
 Personal Income - U.S. Department of Commerce, Bureau of Economic Analysis
 Population - U.S. Census Bureau for census years and estimates by Metropolitan Council for non-census years

Table 11

City of Crystal
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Fiscal Years
 (unaudited)

| Fiscal Year | G.O. Bonds | Less Amount Restricted for Debt Service | Total | Percentage of Taxable Market Value Of Property | Per Capita |
|-------------|------------|---|-----------|--|------------|
| 2004 | \$545,000 | \$178,154 | \$366,846 | 0.03% | \$15.94 |
| 2005 | 2,810,000 | 309,084 | 2,500,916 | 0.17% | 109.54 |
| 2006 | 2,500,000 | 290,175 | 2,209,825 | 0.13% | 97.80 |
| 2007 | 2,235,000 | 313,513 | 1,921,487 | 0.11% | 86.14 |
| 2008 | 1,965,000 | 265,576 | 1,699,424 | 0.09% | 76.77 |
| 2009 | 3,039,778 | 272,006 | 2,767,772 | 0.15% | 124.86 |
| 2010 | 3,395,891 | 272,312 | 3,123,579 | 0.19% | 141.89 |
| 2011 | 2,402,995 | 282,456 | 2,120,539 | 0.14% | 95.73 |
| 2012 | 1,741,221 | 291,284 | 1,449,937 | 0.11% | 65.41 |
| 2013 | 1,734,920 | 294,217 | 1,440,703 | 0.13% | 64.27 |

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

Sources: Property value data is from Table 5 - Taxable and Estimated Market Values Of Taxable Property
 Population data is from Table 13 - Demographic and Economic Statistics

Table 12

City of Crystal
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As Of December 31, 2013
 (unaudited)

| Jurisdiction | Net General Obligation Bonded Debt Outstanding | Percentage Applicable To Government * | Amount Applicable To Government |
|---------------------------------|---|---|---------------------------------------|
| Direct - | | | |
| City of Crystal | \$15,926,532 | 100.00% | \$15,926,532 |
| Overlapping - | | | |
| Robbinsdale ISD #281 | 152,926,696 | 17.20% | 26,303,392 |
| Hennepin County | 723,264,582 | 0.95% | 6,871,014 |
| Hennepin Suburban Park District | 54,166,123 | 1.30% | 704,160 |
| Hennepin Regional RR Authority | 37,350,216 | 1.30% | 485,553 |
| Metropolitan Council / Transit | 158,664,771 | 0.44% | 698,125 |
| | <u>1,126,372,388</u> | | <u>35,062,244</u> |
| Total | <u>\$1,142,298,920</u> | | <u>\$50,988,776</u> |

* Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Crystal. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Crystal. This process recognizes that, when considering the City of Crystal's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.

The percentage of overlapping debt is estimated using tax capacity. Applicable percentages were estimated by determining the portion of each overlapping government's tax capacity within the City of Crystal's boundaries and dividing it by that government's total tax capacity.

Source: City of Crystal Finance Department records and Hennepin County

City of Crystal
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years
 (unaudited)

| Fiscal Year | Population | Per Capita Personal Income | Total City Personal Income | District-Wide School Enrollment | Unemployment Rate |
|-------------|------------|----------------------------|----------------------------|---------------------------------|-------------------|
| 2004 | 22,831 | \$48,781 | \$1,113,719,011 | 13,150 | 5.9% |
| 2005 | 22,595 | 50,469 | 1,140,347,055 | 13,121 | 5.0% |
| 2006 | 22,306 | 53,872 | 1,201,668,832 | 12,924 | 5.1% |
| 2007 | 22,138 | 56,006 | 1,239,860,828 | 12,590 | 6.1% |
| 2008 | 22,167 | 57,693 | 1,278,880,731 | 12,106 | 6.7% |
| 2009 | 22,014 | 52,999 | 1,166,719,986 | 11,644 | 10.4% |
| 2010 | 22,151 | 54,949 | 1,217,175,299 | 11,662 | 9.3% |
| 2011 | 22,168 | 57,476 | 1,274,127,968 | 11,734 | 8.2% |
| 2012 | 22,417 | 58,898 | 1,320,316,466 | 11,720 | 5.9% |
| 2013 | 22,417 | 58,898 | 1,320,316,466 | 11,827 | 5.2% |

Sources:

Population - U.S. Census Bureau for census years and estimates by Metropolitan Council for non-census years. The current year is reported same as the prior year due to data not yet being available at the time this report was prepared.

Per capita personal income - U.S. Department of Commerce, Bureau of Economic Analysis. The per capita personal income used is that for Hennepin County, MN, in which the City resides. It is the smallest region applicable to the City that this information is available for. The current year is reported same as the prior year due to data not yet being available at the time this report was prepared.

Total City personal income - These estimated amounts are derived by multiplying the per capita personal income amount by the City's population for each applicable year.

District-wide school enrollment - Counts are provided by Robbinsdale ISD #281 as of December 31 of each year. ISD #281 serves households in all or parts of Crystal, Brooklyn Center, Brooklyn Park, Golden Valley, New Hope, Plymouth and Robbinsdale.

Unemployment rate - Minnesota Department of Employment and Economic Development. Rates are an adjusted yearly average.

Table 14

City of Crystal
PRINCIPAL EMPLOYERS
Current Year and Nine Years Ago
(unaudited)

| Employer | 2013 | | | 2004 | | |
|---|---------------------|------|-------------------------------------|---------------------|------|-------------------------------------|
| | Number Of Employees | Rank | Percentage Of Total City Employment | Number Of Employees | Rank | Percentage Of Total City Employment |
| Volunteers of America - Crystal Care Center | 200 | 1 | 4.78% | 170 | 3 | 3.19% |
| Cub Foods | 200 | 2 | 4.78% | 190 | 2 | 3.57% |
| Target | 185 | 3 | 4.42% | 220 | 1 | 4.13% |
| City of Crystal | 102 | 4 | 2.44% | 93 | 5 | 1.75% |
| RFG Distributing | 98 | 5 | 2.34% | | | |
| Kilmer Electric Co., Inc. | 68 | 6 | 1.62% | | | |
| Metropolitan Transportation Network Inc. | 68 | 7 | 1.62% | | | |
| Almsted's Crystal Super Value | 63 | 8 | 1.51% | 75 | 7 | 1.41% |
| Buffalo Wild Wings | 52 | 9 | 1.24% | | | |
| McDonald's | 45 | 10 | 1.08% | | | |
| Qwest (now CenturyLink) | | | | 115 | 4 | 2.16% |
| Timesavers, Inc. | | | | 80 | 6 | 1.50% |
| Thrift-Way Supermarket | | | | 65 | 8 | 1.22% |
| Featherlite Exhibits | | | | 40 | 9 | 0.75% |
| Wells Fargo | | | | 27 | 10 | 0.51% |
| Estimated Total Employment | <u>1,081</u> | | <u>25.83%</u> | <u>1,075</u> | | <u>20.19%</u> |
| | | | <u>4,185</u> | | | <u>5,322</u> |

Sources: Principal employers are a result of telephone surveys of employers by Springsted, Inc., in conjunction with city bond sales.

Estimated Total Employment is per the Minnesota Department of Employment and Economic Development web site.

City of Crystal
FULL-TIME CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Fiscal Years
 (unaudited)

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government | 11 | 11 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 |
| Public Safety - | | | | | | | | | | |
| Police - | | | | | | | | | | |
| Officers | 25 | 27 | 27 | 27 | 29 | 29 | 28 | 30 | 30 | 28 |
| Civilians | 6 | 6 | 6 | 7 | 8 | 7 | 6 | 8 | 6 | 6 |
| Public Works - | | | | | | | | | | |
| Engineering | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Maintenance | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 7 | 8 | 8 |
| Parks and Recreation - | | | | | | | | | | |
| Park maintenance | 5 | 5 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Recreation | 5 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Community Development | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 | 6 |
| Utilities - | | | | | | | | | | |
| Water / Sanitary Sewer / Storm Drainage | 8 | 8 | 8 | 8 | 8 | 8 | 9 | 9 | 8 | 9 |
| | <u>79</u> | <u>80</u> | <u>83</u> | <u>84</u> | <u>87</u> | <u>86</u> | <u>83</u> | <u>86</u> | <u>83</u> | <u>82</u> |

Source: City of Crystal Finance Department records

Table 16

City of Crystal
OPERATING INDICATORS BY FUNCTION
 Last Ten Fiscal Years
 (unaudited)

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| General Government - Administration - Employee recruitments | * | * | * | 15 | 13 | 15 | 11 | 16 | 19 | 19 |
| Licenses issued | 968 | 1,006 | 945 | 952 | 1,018 | 1,110 | 1,238 | 1,249 | 1,300 | 1,394 |
| Public Safety - Police - | | | | | | | | | | |
| Calls for service | 25,716 | 25,833 | 29,047 | 24,427 | 29,395 | 30,007 | 30,681 | 32,464 | 31,878 | 31,624 |
| Citations issued | * | * | * | 2,843 | 4,651 | 5,548 | 5,369 | 6,199 | 6,133 | 6,622 |
| Criminal cases investigated | * | * | 1,220 | 1,090 | 1,848 | 1,490 | 1,426 | 1,261 | 1,771 | 1,123 |
| Total arrests | 1,026 | 1,066 | 1,014 | 1,050 | 1,158 | 1,265 | 1,081 | 1,184 | 1,226 | 925 |
| Animal control incidents | 780 | 694 | 921 | 932 | 783 | 709 | 334 | 501 | 471 | 469 |
| Dog licenses issued | * | * | * | 476 | 455 | 350 | 344 | 315 | 287 | 219 |
| Fire (West Metro Fire-Rescue District) | | | | | | | | | | |
| Calls for service | * | * | * | 1,052 | 977 | 1,346 | 1,451 | 1,641 | 1,349 | 1,448 |
| Inspections/re-inspections, plan reviews and consultations | * | * | * | 821 | 792 | 768 | 796 | 899 | 734 | 747 |
| Public Works - | | | | | | | | | | |
| Miles of streets sealcoated | 12 | 0 | 0 | 4 | 0 | 4 | 5 | 12 | 6 | 5 |
| Miles of streets reconstructed - Phase of 16-phase street project > | 6 | 4 | 5 | 0 | 5 | 7 | 0 | 4 | 6 | 6 |
| | Phase 6 | Phase 7 | Phase 8 | Phase 9 | Phase 10 | Phase 11 | Phase 12 | Phase 13 | | |
| Parks and Recreation - | | | | | | | | | | |
| Recreation program participants | * | * | * | 8,195 | 8,377 | 8,375 | 8,459 | 9,301 | 9,132 | 10,600 |
| No. of teams in team sports | * | * | * | 121 | 129 | 155 | 172 | 195 | 221 | 212 |
| No. of participants in special events | * | * | * | 3,000 | 2,548 | 3,822 | 4,040 | 4,647 | 4,142 | 3,897 |
| Park facility permits | * | * | * | 262 | 166 | 162 | 228 | 208 | 185 | 229 |
| Community Center permits | * | * | * | 746 | 768 | 672 | 659 | 600 | 657 | 684 |
| Pool attendance | * | * | * | 43,345 | 43,658 | 33,413 | 35,681 | 33,220 | 31,127 | 30,009 |
| Community Development - | | | | | | | | | | |
| Permit inspections | * | * | * | 2,542 | 3,230 | 3,065 | 2,664 | 2,331 | 2,350 | 2,868 |
| Code enforcement incidents | * | * | * | 1,287 | 1,301 | 1,604 | 1,434 | 1,378 | 1,319 | 1,332 |
| Rental housing - no. of licensed units | * | * | * | 1,901 | 2,394 | 2,343 | 2,431 | 2,457 | 2,575 | 2,788 |
| Point of sale inspections/re-inspections | * | * | * | 665 | 664 | 726 | 416 | 424 | 385 | 468 |
| Planning Commission applications | * | * | * | 15 | 18 | 19 | 8 | 18 | 8 | 16 |
| Utilities - | | | | | | | | | | |
| Water system - Average residential consumption (million gallons / day) | 1.57 Mg/d | 1.50 Mg/d | 1.52 Mg/d | 1.58 Mg/d | 1.26 Mg/d | 1.53 Mg/d | 1.45 Mg/d | 1.33 Mg/d | 1.46 Mg/d | 1.34 Mg/d |

* Data is not readily available for prior years. It will be presented on a prospective basis.

Source: Various city departments

City of Crystal
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Fiscal Years
 (unaudited)

| Function | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 |
|--|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Public Safety - Police - Number of stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works - Street maintenance - Miles of city street | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 92 | 91 | 91 |
| Parks and Recreation - Recreation - Number of park acres | 243 | 243 | 243 | 243 | 243 | 243 | 243 | 244 | 253 | 253 |
| Number of parks | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| Number of parks with playground apparatus | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 20 | 20 | 20 |
| Number of tennis courts | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 12 | 12 |
| Number of supervised ice skating rinks - Hockey | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| General use | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Number of baseball fields | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Number of softball fields - Reservable | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 16 | 15 |
| Non-reservable | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Number of soccer fields | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 |
| Number of skateboard parks | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Community Center - Number of centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Waterslide / swimming pool - Number of facilities | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Utilities - Water system - Miles of water main (owned by city) | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 | 90 |
| Number of service connections | 7,796 | 7,872 | 7,898 | 7,861 | 7,868 | 7,864 | 7,865 | 7,888 | 7,803 | 7,812 |
| Number of fire hydrants | 808 | 808 | 808 | 808 | 808 | 808 | 809 | 819 | 820 | 821 |
| Sewer system - Miles of sanitary sewer | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 | 87 |
| Number of service connections | 7,820 | 7,820 | 7,820 | 7,892 | 7,913 | 7,912 | 7,910 | 7,911 | 7,821 | 7,827 |
| Number of lift stations | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Storm drainage system - Miles of storm sewer | 50 | 54 | 56 | 58 | 58 | 60 | 64 | 64 | 66 | 74 |
| Number of lift stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

Note: No capital asset indicators are available for the general government and community development functions.

Source: Various city departments

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